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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 11 COUNTY OF LOS ANGELES

12 SANTA BARBARA CHANNELKEEPER, a
 13 California non-profit corporation,

14 Petitioner,

15 v.

16 STATE WATER RESOURCES CONTROL
 17 BOARD, a California State Agency; CITY OF
 18 SAN BUENAVENTURA, a California
 municipal corporation, incorrectly named as
 CITY OF BUENAVENTURA,

19 Respondents.

20 CITY OF SAN BUENAVENTURA, a
 21 California municipal corporation,

22 Cross-Complainant,

23 v.

24 DUNCAN ABBOTT, an individual, et al.,

25 Cross-Defendants.
 26
 27

Case No. 19STCP01176

Judge: Hon. William F. Highberger
 Dept. 10 (South Spring Courthouse)

**CROSS-DEFENDANT THE WOOD
 CLAEYSSSENS FOUNDATION'S
 REQUEST FOR JUDICIAL NOTICE IN
 SUPPORT OF JOINDER IN THE CITY
 OF SAN BUENAVENTURA'S
 OPPOSITION AND SUPPLEMENTAL
 OPPOSITION TO THE CITY OF
 OJAI'S MOTION FOR JUDGMENT ON
 THE PLEADINGS; MEMORANDUM
 OF POINTS AND AUTHORITIES;
 DECLARATION OF BRADLEY J.
 HERREMA**

Date: January 18, 2021
 Time: 1:30 p.m.
 Dept.: SS10

Action Filed: Sept. 19, 2014
 Trial Date: Feb. 14, 2022

[Filed concurrently herewith: Joinder and
 Supplemental Opposition to the City of
 Ojai's Motion for Judgment on the
 Pleadings]

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Pursuant to California Evidence Code section 452 as further specified below, Cross-Defendant The Wood-Claeyssens Foundation (“Foundation”) requests that this Court take judicial notice of the following evidence in support of its Joinder in the City of San Buenaventura’s Opposition and Supplemental Opposition to the City of Ojai’s Motion for Judgment on the Pleadings (“Joinder”).

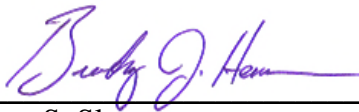
1. Ojai Basin Groundwater Management Plan - 2018 Update, dated August 30, 2018. This document will aid the Court in understanding the Foundation’s argument in its Joinder that the Ojai Basin Groundwater Management Agency (“OBGMA”) does not have exclusive authority to manage the groundwater resources in the Ojai Basin.

2. The compiled legislative history of Statutes of 1991, Chapter 750, Senate Bill 534 (enacting the formation of the OBGMA). This document will aid the Court in understanding the legislative intent of the OBGMA Act.

3. The compiled legislative history of Statutes of 2018, Chapter 68, Assembly Bill 1794 (amending the OBGMA Act). This document will aid the Court in understanding the legislative intent of the OBGMA Act.

Dated: January 4, 2022

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By: 

Scott S. Slater
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Christopher R. Guillen
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THE WOOD-CLAEYSSENS FOUNDATION

MEMORANDUM OF POINTS AND AUTHORITIES

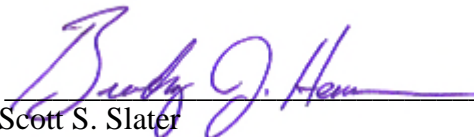
Pursuant to Evidence Code section 453, a court shall take judicial notice of items set forth in Evidence Code section 452 on the request of a party, if a party gives sufficient notice to the opposing party and furnishes the court with sufficient information to take judicial notice. (Evid. Code, § 453.) The Court may take judicial notice of official acts of the legislative and executive department of any state of the United States, and of facts and propositions that are not reasonably subject to dispute and are capable of immediate and accurate determination by resort to sources of reasonably indisputable accuracy. (Evid. Code, § 452, subdvs. (c) & (h).)

Exhibit A is an official act of a special act agency and is maintained on the OBGMA’s publicly-available website making it beyond reasonable dispute and capable of immediate and accurate determination. (See Declaration of Bradley J. Herrema, ¶ 2.) Exhibit B is the compiled legislative history of Statutes of 1991, Chapter 750, Senate Bill 534. Exhibit C is the compiled legislative history of Statutes of 2018, Chapter 68, Assembly Bill 1794. As legislative history materials, Exhibits B and C are properly subject to judicial notice. (See, e.g., *Global Financial Distributors Inc. v. Superior Court* (2019) 35 Cal.App.5th 179, n.4; *Mission Beverage Co. v. Pabst Brewing Co., LLC* (2017) 15 Cal.App.5th 686, 707 n.6; *Arya Group, Inc. v. Cher* (2000) 77 Cal.App.4th 610, 614 n.3.)

By this request, the Foundation gives all parties sufficient notice and gives the Court sufficient information to enable it to take judicial notice of the records attached hereto as Exhibits A through C. The Foundation therefore respectfully requests the Court take judicial notice of Exhibits A through C.

Dated: January 4, 2022

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By: 
Scott S. Slater
Bradley J. Herrema
Christopher R. Guillen
Attorneys For Cross-Defendant
THE WOOD-CLAEYSSSENS FOUNDATION

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DECLARATION OF BRADLEY J. HERREMA

I, Bradley J. Herrema, declare as follows.

1. I am counsel of record for Cross-Defendant The Wood-Claeyssens Foundation. I know the matters stated herein of my own personal knowledge and if called as a witness herein, I could and would testify competently thereto.

2. A true and correct copy of Exhibit A for which judicial notice is requested was downloaded from the Ojai Basin Groundwater Management Agency’s publicly-available webpage: <http://obgma.com/>.

3. Exhibit B is true and correct copy of the compiled legislative history of Statutes of 1991, Chapter 750, Senate Bill 534, downloaded from Legislative Intent Service, Inc.’s public website at www.legintent.com on December 28, 2021.

4. Exhibit C is true and correct copy of the compiled legislative history of Statutes of 2018, Chapter 68, Assembly Bill 1794, downloaded from Legislative Intent Service, Inc.’s public website at www.legintent.com on December 28, 2021.

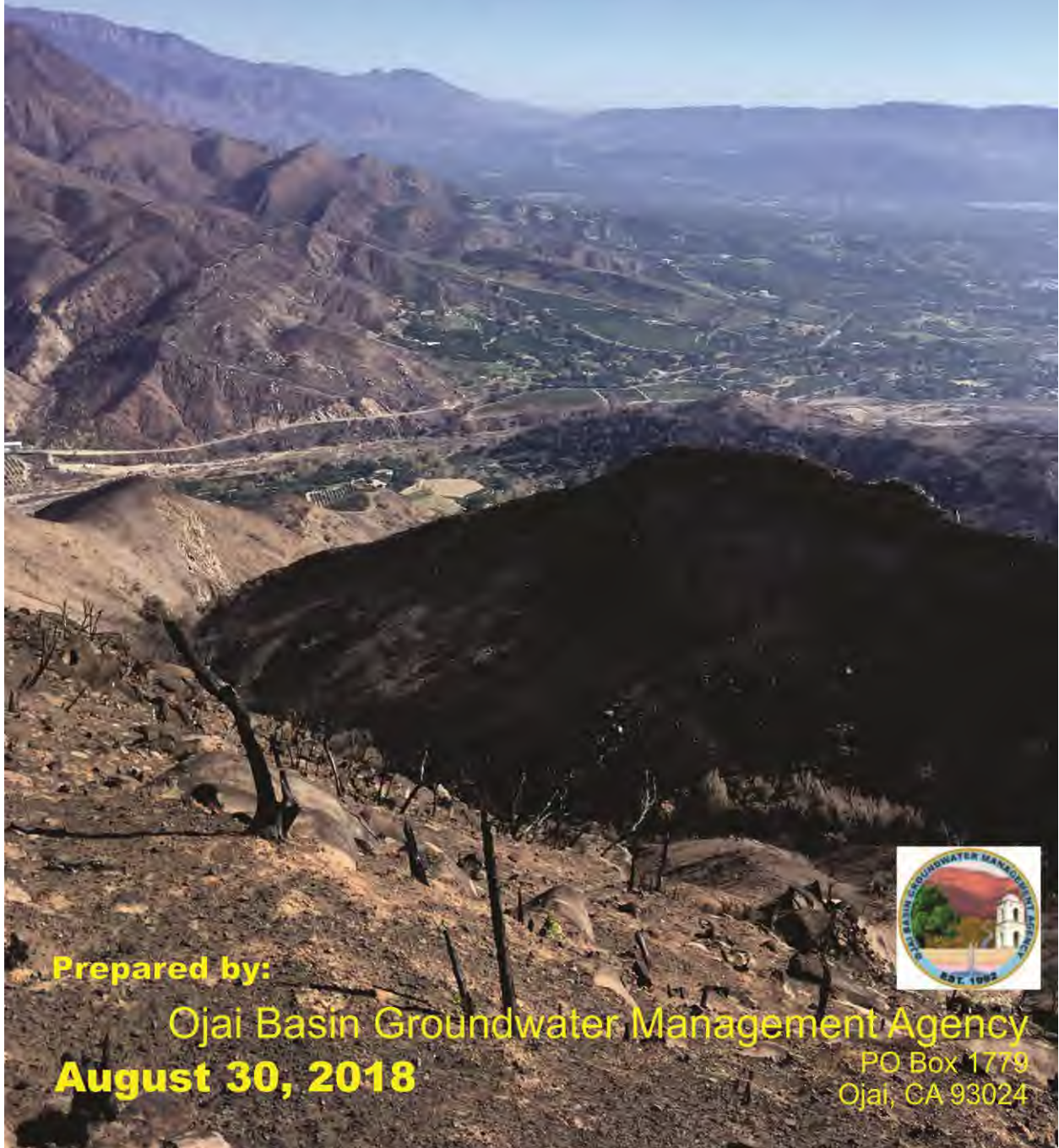
I declare under penalty of perjury under the laws of the State of California that the above is true and correct and that this Declaration was executed on January 4, 2021, at Redondo Beach, California.



BRADLEY J. HERREMA

EXHIBIT A

Groundwater Management Plan - 2018 Update Ojai Valley Groundwater Basin



Prepared by:

Ojai Basin Groundwater Management Agency

August 30, 2018



PO Box 1779
Ojai, CA 93024



OJAI BASIN GROUNDWATER MANAGEMENT AGENCY GROUNDWATER MANAGEMENT
PLAN – 2018 UPDATE 5

 Administrative Information 5

 Introduction to Administrative Information 5

 General Information 6

 Management Plan Executive Summary 6

 Agency Information 7

 Agency Background 7

 OBGMA Mission Statement 9

 Fundamental Principles 11

 Sustainable Groundwater Management 11

 OBGMA Compliance 12

 Report Prepared Supporting Alternative Demonstration 13

GROUNDWATER MANAGEMENT PLAN OBJECTIVES, MANAGEMENT ACTIVITIES, AND
MONITORING PROTOCOLS 13

 Management Plan Objective 1: Understand the Basin Hydrology 14

 Monitoring 14

 Data Collection 14

 Well Permitting and Registration 15

 Extraction Measurement 15

 GW Extraction Form Correction and adoption by the BOD 16

 Self-reporting corroboration 16

 Computer Modeling 17

 Management Plan Objective 2: Protect and Manage the Basin 18

 Water Exports from the Basin 18

 Conjunctive Water Use Management 19

 Develop Conjunctive Use Policy for coordination with CMWD 19

 Establishment of Thresholds and Triggers 19

 Water levels at key wells during springtime-high (proxy for basin wide storage) ... 22

 Discharge points of groundwater to surface water in San Antonio Creek and its
 relation to perched and deeper groundwater elevations 22



Water quality (elevated chloride, sulfate, and odor issues).....	22
New Well Location and potential interference	22
Well performance (sand, scaling, aeration, cavitation, and dry issues)	22
Subsidence.....	22
Peak water level known and reported by June meeting each year: ensuing actions	22
Soft Allocation.....	23
Establish springtime high storage.....	23
INSIDE – Invasive Species Identification and Eradication	23
Management Plan Objective 3: Encourage Supporting Activities	23
Data Collection and Storage.	23
Additional depth-discrete monitoring wells.....	23
Additional data loggers	24
Water Conservation.....	24
Contour farming practice group	24
Abandoned Wells.....	25
Abandoned Well Inspection program.....	25
Artificial Recharge.....	25
Lower basin spreading grounds	26
Ojai Basin Desalter	26
Watershed Management.....	27
Upper Ventura River Groundwater Basin Sustainability Agency	27
Co-operation Agreement (Inter-basin) with UVRGA	27
Management Plan Objective 4: Communicate Effectively	27
Ad hoc Advisory Committees.....	28
Annual Report.....	28
Key avenues for outreach and communications	28
Management Plan Objective 5: Administrate Efficiently	28
Funding.....	29
Link Budget with extraction fees.....	29
Development of fixed cost base wellhead fee and extraction rates	29
Recognition and regulation of De Minimis Users.....	29
DESCRIPTION OF OJAI BASIN AND EXISTING CONDITIONS	30
Ojai Basin Geology	33



Ojai Basin Groundwater Recharge..... 34
 Ojai Basin Groundwater Storage and Key Water Levels 38
 Ojai Basin Groundwater Extractions 43
 Ojai Basin Groundwater Natural Discharge 45
 Summer pools at San Antonio Creek..... 46
 Shallow Perched system vs. deep production system..... 46
 Ojai Basin Groundwater Quality 49
 Reference List 51

Tables

- Table 1 - Storage and Action Table
- Table 2 - Ojai Basin Groundwater in Storage
- Table 3: Groundwater Extractions, Demands and Imports, 1985-2017

Figures

- Figure 1. OBGMA and Local Water Agencies Location Map*
- Figure 2 - Modern Basin Boundary Map,*
- Figure 3: Example model cross-section*
- Figure 4: Three types of meters showing various means of accounting for extraction*
- Figure 5: Locations of OBGMA Automated Water Level monitoring wells and VCWPD CASGEM Water Level Monitoring Wells*
- Figure 6. InSAR data from 2005-2010 and Line-of-Sight annual changes in millimeters per year*
- Figure 7. Ojai Basin Geologic Map.*
- Figure 8. Precipitation at the Ojai Valley Floor.*
- Figure 9. Accumulative Departure Curve from the 1931-2017 Average Annual Precipitation.*
- Figure 10. Model-Predicted Relationship between Precipitation and Recharge*
- Figure 11. Model Domain, grid and recharge areas*
- Figure 12. Historic Groundwater Levels at Key Observation Well*
- Figure 13. Relationship between Basin Storage and Springtime-High Water Level at Key Well.*
- Figure 14. Estimated Total Basin Demand, 1985 to 2017.*
- Figure 15. Stiff Water Quality Diagrams depicting sodium-chloride character water at depth in the central portion of the Ojai Basin*



OJAI BASIN GROUNDWATER MANAGEMENT AGENCY GROUNDWATER MANAGEMENT PLAN – 2018 UPDATE

Administrative Information

Introduction to Administrative Information

In September, 2014, Governor Jerry Brown signed into law a package of three bills (AB 1739, SB 1168, and SB 1319) known as the Sustainable Groundwater Management Act (“SGMA”). SGMA provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention only if necessary to protect the resource.

The Act requires the formation of local groundwater sustainability agencies that must assess conditions in their local water basins and adopt locally-based management plans. SGMA provides local agencies with the tools and authority to require registration of groundwater wells, measure and manage extractions, require reports and assess fees, and request revisions of basin boundaries, including establishing new subbasins.

High- and medium-priority basins, as defined by the State of California Department of Water Resources (“DWR”), must adopt groundwater sustainability plans within five to seven years, depending on whether the basin is in critical overdraft. Statewide groundwater basins are prioritized based on eight criteria: (1) overlying population, (2) projected growth of overlying population, (3) public supply wells, (4) total water wells, (5) overlying irrigated acreage, (6) reliance on groundwater as the primary source of water (7) impacts on the groundwater, including overdraft, subsidence, saline intrusion, and other water quality degradation, and (8) any other information determined to be relevant by the DWR.

Consistent with its Enabling Legislation, the Ojai Basin Groundwater Management Agency (“OBGMA” or “Agency”) has worked to preserve the quantity and quality of groundwater in the Ojai Valley Groundwater Basin (“Ojai Basin”) for sustainable long-term use since the agency’s establishment in 1991. (The Agency’s Enabling Legislation, SB 534, approved by the Governor October 8, 1991, is also referred to herein as the “OBGMA Act.”) These management efforts have resulted in the protection and maintenance of the long-term water supply for the common benefit of all water users in the Basin. As a result, the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

Per OBGMA Resolution No. 2014-4, adopted by its Board of Directors on December 4, 2014 (copy included as Appendix A), OBGMA is designated as the Groundwater Sustainability Agency (“GSA”) for the Ojai Groundwater Basin. In addition, SGMA identifies OBGMA as an “exclusive local agency” within its statutory boundaries for purposes of implementing the requirements of the Act. (Water Code § 10723(c)(1).) Since OBGMA, in compliance with its Enabling Legislation, already performs many of the planning and management tasks required by SGMA, and sustainable conditions have persisted in the Basin for more than a 10-year period,



OBGMA determined it would comply with SGMA by making the Alternative Demonstration of groundwater sustainability authorized by Water Code § 10733.6(b)(3).

To comply with SGMA, OBGMA issued its December 23, 2016 “Report Supporting Alternative Demonstration Made Pursuant to Water Code 10733.6(b)(3). The report contained a physical description of the Basin, including groundwater levels, groundwater quality, information on groundwater-surface water interaction, data on historical and projected water demands and supplies, monitoring and management provisions. The report demonstrated how the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

In sum, OBGMA’s management of the Basin pursuant to its Enabling Legislation has allowed the Agency to make the Alternative Demonstration authorized by SGMA. This 2018 Update to the Agency’s Groundwater Management Plan, undertaken in compliance with its Enabling Legislation, is part of the Agency’s ongoing efforts to preserve the long-term quantity and quality of groundwater in the Ojai Basin for the common benefit all users in the Basin.

General Information

Management Plan Executive Summary

In its enabling legislation, signed into law on October 8, 1991, OBGMA was required to prepare a GWMP to understand the conditions of the basin at that time and to provide a basis for future management decisions and actions toward preservation of this important resource. Since the development of its initial plan in 1994 OBGMA prepared an update in 2007 and this update in 2018. While the enabling legislation does not specifically require periodic updates of the GWMP the Board of Directors have taken the initiative to prepare updates in:

- helping to better understand how the basin operates overtime under various conditions,
- Look back at the effects of initiatives and management decisions in prior years, and
- To identify and set forth guidance in managing the basin in future years.

This GWMP builds on the demonstration that the Ojai Basin has operated for decades in a sustainable fashion with no undesirable results observed over the long-term basin management period. In keeping with the SGMA requirements, the ten-year period of 2006 to 2016 was presented as a key metric in demonstrating sustainable operations, though monitoring for the better part of the past century is recognized as valuable information as well. The driving force behind groundwater conditions in the Ojai Basin is precipitation as rainfall; groundwater levels, amount of groundwater in storage, surface water flow, well production, etc. are all tied to the unifying precipitation input component. A long-term



average safe yield of about 5,000 acre-feet per year is typically more than extracted via pumping over recent years.

Agency Information

Agency Background

The OBGMA Board of Directors (“Board”) consists of five members and their alternates. The five seats comprise representatives of each of the following entities: Ojai Water Conservation District, City of Ojai, Golden State Water Company, Casitas Municipal Water District, and the mutual water companies (Hermitage Mutual Water Company, Senior Canyon Mutual Water Company, and Siete Robles Mutual Water Company).¹ Regular attendance at each of the Board meetings is required to form a quorum and attend to Board activities. Figure 1 presents a map of the OBGMA area of purview with the various water agency boundaries.

¹ On June 8, 2017, Casitas Municipal Water District assumed operational control of Golden State Water Company’s Ojai Water System. Since that date, the OBGMA Board seat reserved for Golden State has been vacant. Golden State has no interest in maintaining or staffing its seat on the OBGMA Board. Therefore, legislation has been introduced (Assembly Bill 1794) which would amend the OBGMA Act to fill the Board vacancy. If adopted, AB 1794 will create a new Director position on the Board to be occupied by a resident from the recently formed Community Facilities District (CFD). The remaining four OBGMA Directors will select by majority vote the person to occupy the CFD-Resident Director position.

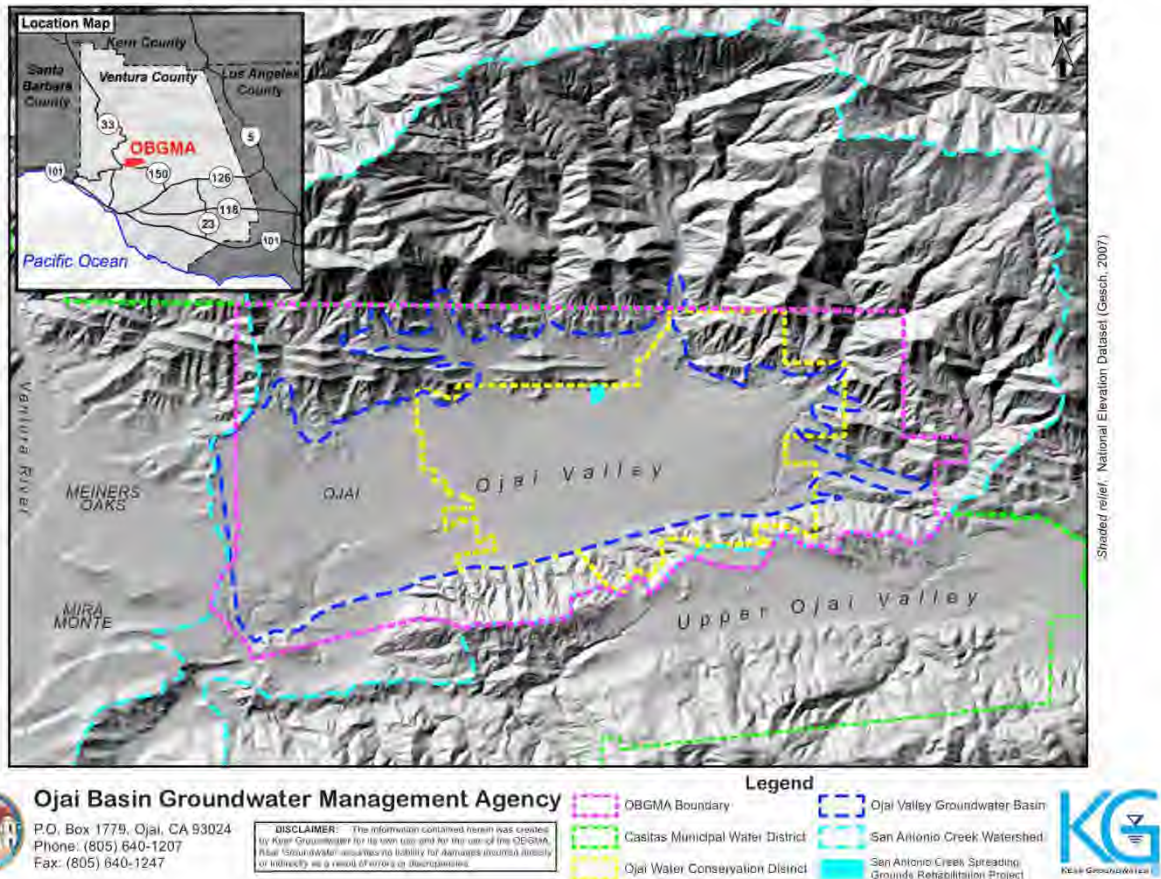


Figure 1. OBGMA and Local Water Agencies Location Map (Ventura County Basin Boundary shown).

Based upon the studies conducted by and for the OBGMA, and due to a relatively wet period from the mid-1990s through 2010, the water supplies and demands in the basin are largely in balance and capable of meeting the annual demands of overlying landowners and in-basin water users. However, after a series of dry years such as from 2011 to the present, water levels in some wells in the basin may decline to the point where an alternative water source must be used. In part, that is why water users presently import some 3680 acre-feet (1985 to 2012 average) of Lake Casitas water from the Casitas Municipal Water District (“CMWD”) into the basin annually, or about half of the total irrigation demand.

If Lake Casitas water was not available or not used in a series of dry years, considering the present understanding of the hydrology of the basin and the existing water uses, a number of negative consequences are possible. These include shallower and peripheral wells would probably not produce water, pumping lift costs to pump groundwater would be excessive, some wells would produce excessive amounts of sand, water quality of pumped groundwater would likely be compromised, and other detrimental effects associated with a reduced storage in the



Ojai Basin.

Through the agency's efforts, many stakeholders better understand these conditions, and the importance of conjunctive use in action, whereby groundwater is used when available and Lake Casitas water is relied upon when basin storage is minimized. This practice has a somewhat self-regulating effect on the Ojai Basin, as the charges for purveyor water encourage conservation and good stewardship of the groundwater resource.

Therefore, the focus of the Agency's efforts is on protecting and preserving the basin groundwater resource for in-basin use, and guarding against export of water from the basin.

Two critical facts underline the importance of the OBGMA and this groundwater management plan.

Chronic drought is a climatic reality. Over the historic period of record there have been several serious droughts, and climate change may bring an increase in the frequency and intensity of years with below the historic average rainfall. Local precipitation, currently the only source of water in the Ventura River watershed, is predicted by several models to decrease in annual averages. Extended periods of drought are likely. (e.g., Hsiang, 2017)

The Ventura River watershed is depended upon by numerous competing interests. Most water allocated to the various water purveyors in the watershed is already claimed. It has been predicted that the Lake Casitas could go dry in a long-term drought. Existing wells already in the Ojai Basin are producing groundwater at a rate that is considered to be at or near the safe yield of the basin, and it is predicted (with historical precedence) that in a long term drought a number of the existing wells may go "dry." Though various entities are working toward additional local and imported sources of water, stakeholders in the Ojai Basin are currently dependent only on local supplies sourced from within the watershed.

The OBGMA has been given the responsibility for managing groundwater in the Ojai Basin and for conserving that groundwater in conjunction with its constituents, the well operators in the basin. The intent of this plan is to avoid or minimize adverse economic and social impacts while maximizing the long-term sustainable use of our valuable but limited water supply.

OBGMA is committed to a continued long term study of annual Basin recharge and sustainable yield in relation to the groundwater discharge rates to San Antonio Creek from shallow aquifers within the basin.

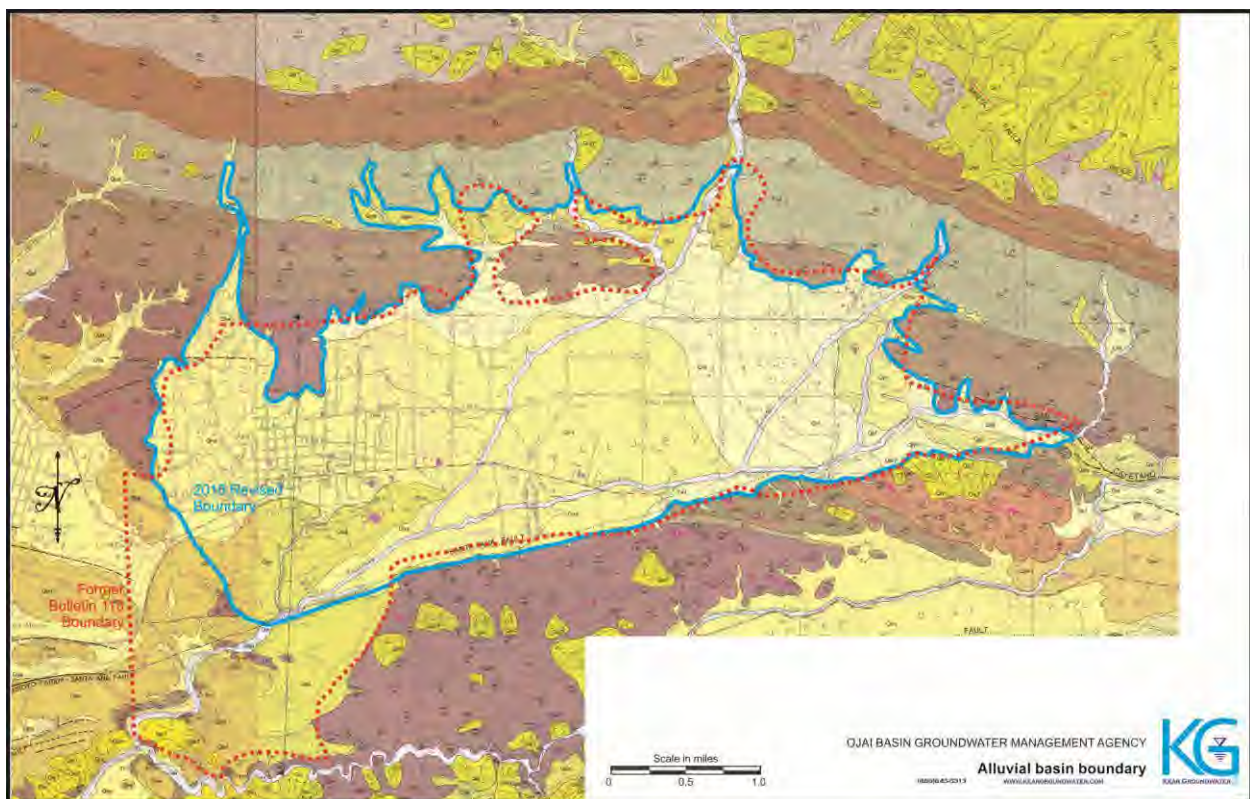
OBGMA Mission Statement

It is the mission of the Ojai Basin Groundwater Management Agency to preserve the quantity and quality of groundwater in the Ojai Basin in order to protect and maintain the long-term water supply for the common benefit of the water users in the Basin.



The mission of the OBGMA is derived from its enabling legislation, The Ojai Basin Groundwater Management Agency Act, which became law in 1991. The act was approved as a response to the needs and concerns of local water agencies, water users, and well owners of the Ojai Basin. The Agency was established in the fifth year of a drought, amidst concerns for potential Ojai Basin overdraft.

The mission is in keeping with the history of the Ojai Basin and the circumstances existing when the Agency was formed. Since that time, although there have been some good water years and the Ojai Basin has continued to provide sufficient water for its well owners, competition for scarce water resources in Southern California and Ventura County is ever expanding, water resource planning is intensifying, and the importance of the OBGMA mission is even greater today.



*Figure 2 - Modern Basin Boundary Map, DWR 2016
(<https://sgma.water.ca.gov/basinmod/docs/download/122>)*



Fundamental Principles

The GWMP is very much like a General Plan for a City or a County. It is the document that governs the actions of the agency throughout its implementation horizon. Several “Fundamental Principles,” rooted in California Water Law and practice, experience, and local conditions, are presented here as further background to the guidance of this GWMP.

All water in the State of California, both surface and groundwater, is owned by the State and held in trust for the people of the State. (Water Code Section 102, enacted by Stats, 1943, Ch. 368.)

All water, both surface and groundwater must be put to beneficial use and that no waste or unreasonable method of use is permitted. (California Constitution Article 10, Water Code Section 100 and 100.5)

All water rights, both surface and groundwater, are usufructuary rights and are not property rights. The right is only to use the water for beneficial purposes, not actual ownership of the “body” of water. (California Constitution, United States Supreme Court (United States v. Willow River Power Co., 324 U.S. 499, 510 (1945), Water Code).

Overlying groundwater rights are correlative rights (tenancy in common) and are to be protected - the extraction of groundwater by one property owner cannot infringe upon or harm another property owner’s right to extract groundwater. (English, American, and California Common Law Principles, California Constitution Article 10, Water Code, Katz v. Walkinshaw 1903, the Doctrine of Correlative Water Rights, OBGMA Act 1991).

The health of the groundwater basin (quantity, quality, availability, and sustainability) is the responsibility of all users and it is managed by the GSA. (Ojai Basin Groundwater Management Act 1991, Sustainable Groundwater Management Act 2014).

Sustainable Groundwater Management

In September of 2014, the California Legislature enacted comprehensive legislation aimed at strengthening local control and management of groundwater basins throughout the state. Known as the Sustainable Groundwater Management Act of 2014, the legislation provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention when necessary to protect the resource.

The Sustainable Groundwater Management Act of 2014 (“SGMA”) requires that all groundwater basins in California be managed sustainably. (Water Code §§ 10720.1(a).) SGMA defines “sustainable groundwater management” as the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” (Water Code §§ 10721(v).)



SGMA uses the term “sustainability goal,” defined as the “implementation of measures targeted to ensure that the applicable basin is operated within its sustainable yield.” (Water Code § 10721(u).) A basin’s “sustainable yield” is calculated as “the maximum quantity of water . . . that can be withdrawn annually from a groundwater supply without causing an undesirable result.” (Water Code § 10721(w).) SGMA defines “undesirable result” as any of the following effects:

- Chronic lowering of groundwater levels (not including overdraft during a drought, if a basin is otherwise managed properly);
- Significant and unreasonable reductions in groundwater storage;
- Significant and unreasonable seawater intrusion;
- Significant and unreasonable degradation of water quality;
- Significant and unreasonable land subsidence; and
- Surface water depletions that have significant and unreasonable adverse impacts on beneficial uses. (Water Code § 10721(x).)

OBGMA Compliance

OBGMA is one of fifteen (15) special act districts created by statute to manage groundwater within its statutory boundaries. Pursuant to its Enabling Legislation, OBGMA has been managing the quantity and quality of groundwater in the Ojai Groundwater Basin since 1991. These management efforts have resulted in protection and maintenance of the long-term water supply for the common benefit of all water users in the Basin. As a result, the Ojai Basin has been operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

SGMA identifies OBGMA as an “exclusive local agency” within its statutory boundaries for purposes of implementing the requirements of the Act. (Water Code § 10723(c)(1).) This affords OBGMA the opportunity to demonstrate to the California Department of Water Resources (“DWR” or “Department”) that the Ojai Basin is already being sustainably managed and has been operating within its “sustainable yield” for a period of at least 10 years. SGMA authorized OBGMA to make a demonstration as an alternative to and in lieu of preparing a Groundwater Sustainability Plan. (Water Code §§ 10723(c)(3); 10733.6(b)(3).) OBGMA elected to proceed with such a demonstration, presenting key elements and receiving verbal comments on its proposed approach via public forums including:

- Association of Water Agencies of Ventura County – Water Issues Committee, October 18, 2016
- OBMGA Board Meeting, October 27, 2016
- Ventura Watershed Council, November 3, 2016
- City of Ojai City Council Meeting, November 17, 2016
- OBGMA Meeting approving submittal December 16, 2016
- Submittal to DWR SGMA portal December 27, 2016



Report Prepared Supporting Alternative Demonstration

The Alternative Demonstration authorized by Water Code § 10733.6(b)(3) required an analysis of Ojai Basin conditions demonstrating the Basin has operated within its “sustainable yield” over a period of at least 10 years. The analysis must be supported by a report prepared by a registered professional engineer or geologist who is licensed by the state. In compliance with Section 10733.6(b)(3), OBGMA sanctioned the preparation of such a report. ([Report Supporting Alternative Demonstration Pursuant to Water Code § 10733.6\(b\)\(3\)](#))

<http://sgma.water.ca.gov/portal/service/alternativedocument/download/240> The Report demonstrates the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results” [<https://sgma.water.ca.gov/portal/alternative/print/19>].

OBGMA’s Report Supporting Alternative Demonstration Pursuant to Water Code § 10733.6(b)(3) was submitted to DWR on December 23, 2016. DWR is required to complete its evaluation of the Report and issue a written assessment either approving or disapproving the Report, within two years of its submittal date. The written assessment will be posted on the Department’s website. (23 CCR § 355.2.) In the meantime, OBGMA is proceeding with this 2018 Update to its Groundwater Management Plan. The update is undertaken in compliance with the Agency’s Enabling Legislation as part of its ongoing effort to preserve the long-term quantity and quality of groundwater in the Ojai Basin for the common benefit all users in the Basin.

GROUNDWATER MANAGEMENT PLAN OBJECTIVES, MANAGEMENT ACTIVITIES, AND MONITORING PROTOCOLS

The OBGMA is required by its Enabling Legislation to have a Groundwater Management Plan (“GWMP”) in place to guide its operations and ensure the long-term sustainability of the groundwater resource. The initial GWMP was prepared and published in 1995. An update in 2007 provided additional information based on studies performed for the OBGMA by contracted hydrogeologists and engineers, on input from well owners and water users, and on recommendations made by the Agency’s advisory committee and by the DWR, which led to a better understanding of the basin’s hydrogeology, demands, and hydrologic fluctuations that affect the stakeholders (Ojai Basin Groundwater Management Act of 1991).

The GWMP consists of five broad goals, each with a number of action elements, that provide the structure to the OBGMA’s management efforts and will be adopted for management objectives within this GWMP. Detailed action elements evolve as these efforts continue to progress. Approved elements will be implemented in the form of rules, regulations, or ordinances. Prior to implementation, additional criteria to guide these actions will be developed in a public process



by the Board and added to this sustainability plan. Some elements, where noted, require more study and public review before specific implementation actions are approved.

Management Plan Objective 1: Understand the Basin Hydrology

The OBGMA must have a comprehensive understanding of the hydrology of the basin under its jurisdiction in order to carry out its mission for the sustainable long-term beneficial use of groundwater. To improve this understanding the Agency implements the following elements:

Monitoring.

The OBGMA has at its disposal several studies of the basin hydrology, including conceptual models. These models must be tested and updated regularly under a continuing monitoring program to serve as a basis for informed decision-making. Monitoring will also be conducted to identify changing conditions and implement management programs when needed. Monitoring includes:

1. Surface water entering the basin
2. Recharge of the basin from rainfall
3. Stream flow seepage
4. Evapotranspiration
5. Discharge from the basin as surface flow at San Antonio Creek and subsurface flow
6. Extractions from the basin via public and private wells

Monitoring results are shared annually, at a minimum, by the Agency with owners, water users and the public.

Data Collection.

Previous studies identified significant gaps in the current monitoring activities in the basin. Specific areas identified for increased data collection are basin water level and water quality monitoring in stratified aquifers known to be present in the Ojai Basin based on aquifer testing and geophysical log correlations. In cooperation with the OBGMA, the Ventura County Watershed Protection District (“VCWPD”) may measure key wells routinely for water levels and water quality. Permission from the well owners is obtained by the OBGMA prior to monitoring if not already being conducted by Ventura County. OBGMA’s high-frequency temporal readings via automated data loggers in six key wells provides invaluable information with respect to the annual high groundwater levels, annual low water levels, and recharge/recession rates. Additional data collection actions, including surface water discharged from San Antonio Creek and surface water inflow into the Basin, has been assessed and will be considered in greater detail in the future. These data are analyzed and reported annually by the OBGMA. All results from each well measurement are shared with the respective well owner via either direct communication and/or provision of any Agency publication that contains such data.

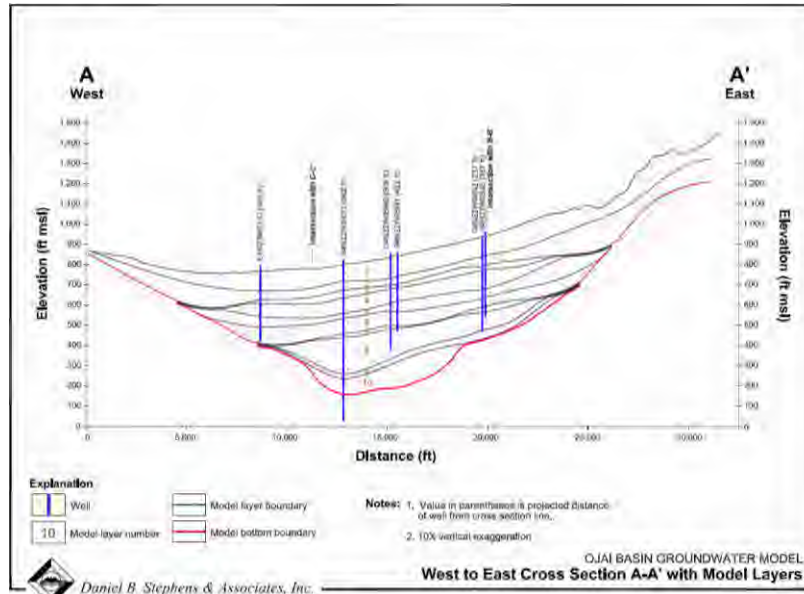


Figure 3: Example model cross-section showing ten layers over a half space

Well Permitting and Registration.

The OBGMA adopted Ordinance No. 94-01 to require all wells in the Ojai Basin to be registered with the Agency. All new extraction facilities constructed within the OBGMA boundary must be registered with the Agency and must obtain a no-fee permit from the Agency prior to the issuance of a Well Permit by the VCWPD. Operators of extraction facilities shall register all wells by completing and returning the OBGMA Registration Form to the Agency within thirty calendar days following completion of construction and prior to any groundwater extraction. No extraction facility may be operated or otherwise utilized so as to extract groundwater within the boundaries of the Agency unless that facility is registered with the Agency, metered and permitted and all extractions reported to the Agency as required.

As of 2014, there are 182 active wells in the Ojai Valley Groundwater Basin, 64 of which have been drilled since 2000. The OBGMA will continue to seek to have all wells in the basin registered, under a formal agreement with Ventura County to ensure that their well records are made available to the Agency and that any new well permits are registered with the Agency. The OBGMA has obtained delegated authority from the State Water Resources Control Board, Water Rights Division to handle groundwater recordation within OBGMA area of jurisdiction.

Extraction Measurement.

The OBGMA is mandated by its enabling act to monitor groundwater extractions. Operators extracting groundwater from the Ojai Basin must file a quarterly extraction report in January, April, July, and October of each year (based on the October 1 to September 30 water year) that accurately states the amount of water extracted during the prior quarter, in addition to all other relevant information requested on the OBGMA Groundwater Extraction Form, signed under penalty of perjury by the operator. A measurement of the amount of water extracted from the



Ojai Basin is important, along with precipitation, groundwater recharge, and water level monitoring, to understand its hydrology and to implement effective management, such as to maintain a balance between water use and replenishment of supply. The OBGMA is also committed to implementing an effective, reliable method of monitoring well extractions. Currently, most well operators are required to report their water extractions, as precisely as possible, using waterflow measuring meters.

The OBGMA charges a \$5 fee per quarterly reporting period for the recordation of groundwater extraction. Any person who intentionally violates the Agency ordinances is guilty of an infraction and may be required to pay a fine not to exceed \$500. Any person who negligently or intentionally violates this Ordinance may also be liable civilly to the Agency for a sum not to exceed \$1000 per day for each violation, in addition to any other penalties that may be prescribed by law.

GW Extraction Form Correction and adoption by the BOD

OBGMA continually updates its extraction forms to the highest and best means for collecting reliable and defensible data from pumpers. In 2015, OBGMA switched from semi-annual reporting to quarterly reporting, with the timing consistent with the Ventura County water year (October 1 through September 30).

Self-reporting corroboration

Because extraction forms are self-reporting, OBGMA has solicited photographs of well meters from pumpers who need clarification on their extracted volumes. This program allows the OBGMA to retain a record of extraction, which can be field-verified. Over the course of the year, OBGMA will send an intern or staff or consultant to field verify the production rates of key wells or wells that may be flagged as having higher or lower than “normal” extraction volumes. It is estimated that as many as 10 percent of wells may be spot checked in a given year, with still or video footage of meters in action.



Figure 4: Three types of meters showing various means of accounting for extraction: Clockwise from top, 97720.1 gallons, 2949.1016 acre feet, and 732.405 acre feet

Computer Modeling.

The OBGMA contracted Daniel B. Stephens & Associates, Inc. (“DBS&A”) to perform



predictive model simulations to assess anticipated groundwater elevations following drought conditions in water years 2012 through 2014. The Ojai Basin model advances basin understanding and is used by the OBGMA in groundwater management planning. The model was developed by DBS&A for OBGMA, with funding from a DWR Local Groundwater Assistance grant and cost sharing by the OBGMA. The Ojai Basin model was developed using the MODFLOW-SURFACT computer code, which is an upgraded and proprietary version of the widely used U.S. Geological Survey (“USGS”) MODFLOW code. The Ojai Model is known as a Distributed Parameter Watershed Model (“DPWM”), which is an analytical watershed model developed by DBS&A used to estimate the transient distribution and magnitude of groundwater recharge. Most recently, the model calibration was updated to run from April 1, 1970 through December 31, 2013.

Management Plan Objective 2: Protect and Manage the Basin

In order to preserve the groundwater in the Ojai Basin, the OBGMA will take direct management actions based upon a factual knowledge of the basin and the needs and concerns of water users, well owners, and all beneficial uses in the basin. The Agency implements the following elements:

Water Exports from the Basin.

The OBGMA’s enabling legislation mandates that no groundwater shall be exported from the Ojai Basin except under permit issued by the Agency in full compliance with the policy and intent of the law. The law mandates the preservation of the groundwater for the common benefit of water users within the basin. Based upon present hydrologic facts and circumstances, the OBGMA finds that there is no surplus water available for export. Under natural conditions, when higher amounts of groundwater are in storage within in the basin, water flows under artesian pressure from wells and from exposed aquifers into San Antonio Creek along gaining reaches of the stream. Because this surplus has value to downstream stakeholders, and the high groundwater conditions are ephemeral and can change rapidly to conditions of deficiency, it is likely that surplus conditions will not exist in the foreseeable future that are in excess of natural discharge conditions.

Nevertheless, the Agency will review the existence of surplus from time to time, as dictated by the receipt and review of its annual report or as new, reliable information becomes available. The OBGMA will establish the conditions and criteria under which it would contemplate granting a permit for export, should a surplus be determined to exist. These conditions and criteria will include at least the following:

- i. The applicant for a permit will bear the full financial and regulatory and legal burden of demonstrating that a surplus of water exists which, if exported, would not cause harm to any existing groundwater users or beneficial uses in the basin, now or in the future.
- ii. The export permit will be suspended in the event of a declared water shortage, basin storage threshold level, or upon other pre-established conditions.



- iii. Any export permits would contain conditions and criteria that will otherwise protect the in-basin users and beneficial uses to the fullest extent allowable under the law.

No entity has applied for a surplus extraction permit in the history of the agency.

Conjunctive Water Use Management.

Conjunctive water management involves the coordinated use of ground and surface water supplies to use the overall water supply more efficiently for improved use and protection. The purposes of conjunctive management are to coordinate water resource use in ways that reduce exposure to drought, to maximize water availability, to protect water quality, and to sustain ecological needs and aesthetic and recreational values. Other potential benefits are improved security of water supplies, reduced reliance on costly and environmentally disruptive surface water impoundment and distribution systems, and enhanced protection of aquatic life and habitat.

The CMWD is the primary water supplier in the Ventura River Watershed, providing water to both water resale agencies and retail customers. The City of Ventura is Casitas' largest customer, and Lake Casitas water serves as one of the main sources of water for the City of Ventura. One of CMWD's important functions is to serve as the "backup" water supply for a number of customers, including water suppliers and farmers, when groundwater supplies become depleted. The high-quality lake water is blended with poorer quality groundwater by some water purveyors to improve water quality and extend supplies. The annual variability of rainfall in the Ventura River Watershed affects both the total amount of water used each year as well as the relative amounts of surface water versus groundwater used. In very wet years, groundwater use goes up and demand on Lake Casitas goes down; in very dry years the reverse happens. Water demand in the watershed also varies seasonally. Demand is greater in the drier months of summer and fall, and lesser in the wetter months of winter and spring.

Lake Casitas was constructed in 1959 by the United States Bureau of Reclamation and designed to hold 254,000 acre-feet of water (but has reduced to 237,761 based on a 2017 study) The long-term average annual demand on Lake Casitas is about 17,500 acre-feet, of which about 3680 acre-feet (or 21%) is typically imported to the Ojai Basin. Water from the Ventura River comprises a little less than half of the inflow into Lake Casitas; drainage from the reservoir's surrounding watersheds comprises the rest. A significant amount of water is lost to evaporation from the surface area of Lake Casitas. CMWD takes daily evaporation pan measurements. Between 1959 and 2010, an average of nearly 8000 acre-feet per year evaporated from the lake.

Develop Conjunctive Use Policy for coordination with CMWD

The OBGMA will establish a conjunctive use policy with CMWD for surface water use and groundwater extraction largely in keeping with target volumes and established thresholds and triggers.

Establishment of Thresholds and Triggers.

Groundwater within the Ojai Basin is considered largely in balance, despite groundwater levels and storage volumes that can fluctuate dramatically from one year to the next. Water levels in the



basin fluctuate considerably in response to groundwater extraction and recharge from seasonal rainfall. Review of precipitation, accumulative departure curves, and water level responses over time indicate that the basin has the hydrologic characteristics of quick discharge and quick recharge, when precipitation occurs. Typically, conditions in the watershed cycle between very wet years, which bring more water than drainage networks can hold, and multi-year dry periods, which strain available water supplies. This variability in supply poses significant challenges to long-term water supply management.

There is a great variation in location and depth of the wells in the basin, and their relative access to groundwater at low points in the hydrologic cycle. There is also variation in water quality in different parts of the basin. Based on aquifer testing, there is a significant amount of overlap of cones of depression created in the potentiometric surface by pumping wells. These features must be considered when establishing action levels of groundwater elevations or stream flow.

The OBGMA will establish multi-tiered basin storage thresholds that trigger special action by the Agency to assure protection of groundwater supplies in the basin as outlined in Table 1. Storage thresholds will take into account the needs of the water users, overlying landowners and well operators in the basin, as well as the existing conjunctive relationship between groundwater from within the basin and Lake Casitas water imported into the basin. When groundwater levels or quality are low, the Agency will notify users to rely more heavily upon Lake Casitas water. This creates a somewhat self-regulating effect on the Ojai Basin, as the charges for purveyor water encourage conservation and good stewardship of the groundwater resource.



Table 1 - Storage and Action Table			
Stage	Casitas condition (WEAP elevation Stages)	Ojai Basin Condition	Actions
1	>50% capacity >117,881 AF	>90% Capacity >80,000 AF Key Well WL spring High shallower than 50 ft	Groundwater first Excess of Basin Safe yield okay
2	40-50% capacity 118,881 AF - 95,104 AF	81% to 90% capacity: At or above long-term average in storage 72k to 80kAF in storage Key Well between 50 and 100 feet to water	Groundwater remains primary, target extraction of safe yield, prepare for reductions
3	30-40% capacity 95,104-71,328 AF	64000AF to 72k AF in basin, 70 to 80 % capacity. Key Well depth to water at Spring high: 120 to 180	20% reduction in pumping, targeting 4,000 acre feet annual extraction
4	25-30% capacity 71,328 AF - 59,440 AF	50000 AF to 64000 AF in basin, Spring high depth to key well water 180 to 250 ft	20% additional stage reduction in pumping targeted, 3,000 AF extraction annually
5	<25% capacity 59,440 AF - 957 AF	Less than 50,000 AF storage spring time high; DTW in key well >250 ft	20% additional stage reduction, 2,000 AF extraction target equal to recharge sans rain

Implementation of the actions in the above table are currently on a voluntary basis. However, they may be implemented in a compulsory fashion by Ordinance at the discretion of the OBGMA Board under authority granted by SGMA and the OBGMA Act. Following the annual high point in water level storage, established at its June meetings, the board will issue letters to pumpers informing them of the state of the basin and recommended – or compulsory – extraction volumes relative to past years’ reported extractions. The highest use constituents (estimated top 25) will be given target volumes specific to their wells.

Special actions will also include mandatory conservation measures that must be implemented at those points. The Agency will develop the procedures and pass the ordinances needed to put the conservation measures into effect. This will be done with full communication with, and the involvement and understanding of, the basin well operators. Additional special actions may be triggered on a well-by-well basis in response to high extraction rates. To do so, the Agency will



establish a database that contains the typical use for each registered well. Principal monitoring thresholds will include:

Water levels at key wells during springtime-high (proxy for basin wide storage)

Discharge points of groundwater to surface water in San Antonio Creek and its relation to perched and deeper groundwater elevations

Water quality (elevated chloride, sulfate, and odor issues).

New Well Location and potential interference

OBGMA, as responsible agency for well location, establishes setbacks from contaminant sources per Water Well standards and uses knowledge of basin properties to recommend separations from existing wells.

When OBGMA new well permit applications are received, staff and consultants will review for potential interference issues and ensure that unreasonable overlapping cones of depression of the water table will not be created by adjacent wells pumping.

Well performance (sanding, scaling, aeration, cavitation, and dry issues) Thresholds for groundwater levels with respect to certain wells or areas pumping sand, increased scale production, aeration of pumped water, cavitations of pumps, and wells "going dry" will be established by ordinance.

Subsidence

State Well #04N/22W-05L08S is a key well monitored for water levels by Ventura County, with data available beginning in 1949. The historic low in basin storage (about 50% of maximum capacity) was in 1951 during a significant drought and before the current practice of conjunctive use, including CMWD water imports, was commonplace. This nadir is a significant threshold because the confined aquifer skeleton would have been maximally compacted at that time. Static water levels below that depth would increase compaction and potentially cause inelastic land subsidence and irrecoverable storage capacity in the Ojai Basin. To date, no surface or subsurface evidence of land subsidence has been observed in the Ojai Basin.

Peak water level known and reported by June meeting each year: ensuing actions

The OBGMA will measure the springtime-high water level (typically between March and June) at the key well annually. A percentage of groundwater storage in the basin will be estimated based on this water level. Based on the estimated volume of storage in the basin, the OBGMA will calculate a recommended extraction at each well from the typical usage records. This recommendation will be delivered to water users on June 30 each year. As shown on the SAT, for example, if the basin is estimated to be at 80% of its maximum storage capacity, the OBGMA will limit users to the typical average extraction. For every 20% reduction in estimated storage, the pumpers will be requested (or mandated by ordinance) to cumulatively reduce extractions by 1,000 acre feet annually.



Soft Allocation

Each year, OBGMA will evaluate the amount and intensity, as well as temporal distribution of rainfall, to establish a recharge quantity. From there, via a “soft allocation,” OBGMA will recommend the percentage of water that constituents should extract from the basin and what percentage should be sourced elsewhere. This is summarized on the Storage and Action Table (SAT) above.

Establish springtime high storage

Based on the key well water levels, OBGMA will establish the date and time of the annual peak, as well as estimate the volume of water in storage in both acre feet and percentage of water in the basin. Other facets of the soft allocation include:

- Recommend total extraction by well
- Hind casting from previous years extraction reporting and estimated plantings
- Recommend extraction totals per parcel

INSIDE – Invasive Species Identification and Eradication

One very significant means of output from the basin (and especially along the riparian corridor) is the evapotranspiration of shallow groundwater via native and non-native species. The non-native species tend to proliferate quickly and use much more water than natives., OBGMA is working on an INSIDE, an acronym for Invasive Species Identification and Eradication. Potential partners include the City, County, OVLC, the Green Coalition, UVRGA, and several other entities.

Management Plan Objective 3: Encourage Supporting Activities

With its limited resources, the OBGMA must strive to achieve its goals in cooperation with and through the supporting activities of other agencies, and through the encouragement of supportive actions by water users. The Agency implements the following elements:

Data Collection and Storage.

Ventura County already routinely collects information on water levels and quality from wells in the Ojai Basin. In cooperation with the OBGMA, this effort is planned to continue to meet the monitoring needs of the basin. The OBGMA currently has dedicated data loggers that continually measure water levels and temperature at six key wells. This network will be expanded in the near future to include four additional loggers that will measure chloride concentrations in addition to temperature and water levels.

Additional depth-discrete monitoring wells

Depth discrete monitoring wells have been indispensable sources of data on the stratified water levels in Ojai and water quality. A new DDMW near the south side of the basin would



provide information on deep water salinity, production zone use and storage, and shallow zone storage and discharge to surface water and habitats. One such well is planned in the Hansen Well Drilling yard, near the OBGMA offices. This would be a partner effort between the City, the OBGMA, the county, private constituents, and a funding agency.

Additional data loggers

Tremendous successes have been realized via the datalogger network. Additional loggers in new wells, especially depth-discrete monitoring wells, and a near discharge point shallow well, are planned. Water level, temperature, and conductivity are parameters that can be monitored via this network, and telemetry systems should be included in future settings to minimize time demands of data collection efforts.

Water Conservation.

The OBGMA encourages water conservation practices by both agricultural users and urban users. Market forces as well as good management practices are moving most agricultural users in the basin toward implementation of water conservation measures. Likewise, the Golden State Water Company (“GSWC”), initiated a conservation plan approved by the Public Utilities Commission and supported by the City of Ojai. GSWC was purchased by CMWD and resulted in the formation of CMWD CFD1-Ojai. As the municipal water purveyor, the extractions are closely tied to the CMWD Water Efficiency and Allocation Program (WEAP), have an individual allocation volume, be offered CMWD's rebate offers for conversions, etc. Municipal extractions are more closely managed and monitored in conformance with CMWD's conjunctive use agreement with the OBGMA (see below).

The OBGMA will encourage the development, publication and sharing of information with these users that will encourage the optimum use of water resources in the basin. Further, the Agency will seek the assistance of various local, state, federal, and private organizations to provide water conservation services and education programs for in-basin water users, including the pursuit of grant funds as available. The Agency will encourage in-basin water users to incorporate conservation practices and will consider development of a conservation plan in anticipation of drought conditions.

Contour farming practice group

As part of significant water conservation in agricultural settings, OBGMA encourages the establishment of contour farming and the ensuing slowing, spreading, and sinking of precipitation and runoff. Especially viable in the northern and eastern portions of the basin, where sandy and gravelly soils predominate, and slopes are steeper than in the central, western, or southern portions of the basin, OBGMA will work with partners such as the OWCD, the Citrus Research Board (CRB), among others, to educate and pursue grant funding to maintain existing groves in a fashion that favors groundwater recharge and grove health.

As an example, a not-uncommon practice among Ojai farmers is to remove 10 percent of the oldest fruit trees in a grove annually. When this is conducted, or a grove is replaced completely, new trees are planted in their place. If, with funding assistance from the



OBGMA and its partners, the trees were planted along contour, then observations of runoff patterns and increased recharge, as well as water conservation, may be realized. Over a 10-year period, an entire grove could be replaced. Over time, the complete contour farming of the basin is realized.

Abandoned Wells.

Ventura County has a program to address abandoned wells as part of the water well ordinance. The OBGMA encourages a special program by the County to implement that program in the Ojai Basin to identify all abandoned wells, such as to determine if they pose any hazard to the quantity or quality of groundwater in the basin, and to identify the actions needed and help obtain the resources to rectify any problems. The Agency supports evaluation of abandoned or idle wells to determine whether they can be converted to monitoring wells, rehabilitated, or properly destroyed in accordance with Ventura County standards.

Abandoned Well Inspection program

By permitting well construction, modifications and destructions, OBGMA will have an opportunity to review wells prior to changes in conditions. Some of these wells may be ideal candidates to convert to depth-discrete monitoring wells or other monitoring uses, as agreeable with the property owners, county, city, or funding agencies.

Artificial Recharge.

The artificial recharge of the basin from San Antonio Creek by the OWCD is strongly endorsed by the OBGMA. The Ojai Water Conservation District (“OWCD”) was involved in a program for enhanced percolation of stream flow at San Antonio Creek until 1985. This involved the diversion of surface flows into a series of percolation basins and was highly successful. The program was discontinued after the emergency construction of a debris basin on San Antonio Creek by Ventura County using Federal Emergency Management Agency funds, following the major “Wheeler Fire” in the watershed. The result of that debris basin was the destruction of most of the percolation basins.

To rehabilitate these spreading grounds, the OBGMA supports the San Antonio Creek Spreading Grounds Rehabilitation Project (“SACSGRP”), one of the key projects of the Watersheds Coalition of Ventura County suite of applications. The SACSGRP is intended to increase groundwater storage and recharge in the Ojai Basin by rebuilding the abandoned diversion works, rehabilitating the existing spreading ground basins, and constructing aquifer recharge wells adjacent to San Antonio Creek, just southwest of the confluence of the Gridley and Senior Canyons. The project site is located on an 11.4 acre parcel of land owned by the VCWPD adjacent to San Antonio Creek, within the unincorporated portion of Ventura County, approximately 0.9 miles northeast of the City of Ojai. The project received \$1,315,000 in grant funding from the State Water Resources Control Board through the Proposition 50 Integrated Regional Water Management Grant, which was awarded to the Watershed Coalition of Ventura County, and approximately \$200,000 in local match contributions from the stakeholders. The



stakeholder group is composed of the OBGMA, the OWCD, the GSWC, the CMWD and the VCWPD and was formed in January 2008 to collaborate on the implementation and maintenance of the project. The primary purpose of the project is to capture 25 cubic feet per second (cfs) of surface flow (when available) from San Antonio Creek to recharge groundwater in the Ojai Basin. This will result in greater groundwater storage and production from local water supply wells and less reliance on already-limited surface water supplies. A depth-discrete monitoring well (“SACSGRP DDMW”) was installed near the spreading grounds to monitor the effectiveness of this important groundwater project and obtain a better hydrogeologic understanding of the basin. The SACSGRP DDMW consists of a nested series of five 2-inch-diameter PVC casings to discretely screen the intervals from 40 to 90 feet, 100 to 110 feet, 140 to 150 feet, 190 to 210 feet, and 255 to 295 feet below ground surface.

In late 2017, the final approval of regulatory agencies was granted to divert creek flow to the spreading grounds under permit. Though some maintenance will be necessary to mitigate debris from the Thomas Fire in the watershed, the winter and spring rains of 2017-18 may result in spread water via this system.

Lower basin spreading grounds

Given the understanding that the upper stratigraphic portions of the basin near the City of Ojai contribute more directly to surface flow in San Antonio Creek than other portions of the basin, a collection of roof and hardscape water in a convenient location for shallow aquifer recharge (SHAQ) would benefit the basin discharge to the habitat and basins downstream.

A detailed feasibility study should be conducted, in partnership with the City, OBGMA, and a funding entity. Site selection, depths of excavations if needed, and multi-use considerations would all be essential components, in addition to hydrogeologic factors.

Ojai Basin Desalter

For decades, the deeper aquifers of the central portion of the Ojai Basin have been known to be saline in nature, with a high sodium chloride concentration potentially from evaporite deposits associated with drying lake beds on the order of 100,000 years ago. Today, several wells penetrate these deeper aquifers, which comprise a depth below 480 feet in well 4N/22W-6K12, below 505 feet in -6K13, below 590 feet in -6J7, 450 feet in -6H3. Geophysical logs from -6H3 indicate high capacity aquifers from 510 to 700 feet, but of poor quality. Estimates of upwards of 10,000 acre feet of water in the basin may be comprised of these saline waters.

By using existing wells for sources that may not be usable untreated, running the water through a reverse osmosis or desalination facility, discharging of the brine to the Ojai Valley Sanitary District (OVSD), the water could be used to augment the municipal and/or agricultural supply of the valley.



Because the extracted water could be replaced with fresher water for shallower aquifers or recharge, a long-term benefit would be the desalination of the lower aquifers and increase in usable groundwater from the basin.

A more detailed feasibility study must be conducted, but partners such as Casitas MWD, the City, the Ojai Water Conservation District, and OVSD could all contribute and benefit from such a project.

Watershed Management.

The OBGMA will work with other stakeholders in the Ventura River Watershed to effectively understand and manage the drainage area that includes Ojai. Such a project is also included in the suite of tasks applied for by the Watersheds Coalition of Ventura County, under the Ventura River Watershed Management Plan (“VRWMP”). The OBGMA supports this endeavor and the understanding of the Ojai Basin will be ameliorated with additional monitoring wells provided under the project.

In compliance with Government Code Section 65350.5 the OBGMA will always have its Groundwater Management Plan available for review by the land use agencies in contact with the basin.

Upper Ventura River Groundwater Basin Sustainability Agency

Co-operation Agreement (Inter-basin) with UVRGA

Once the UVRGA develops its GSP, the OBGMA will review and provide comment as well as collaborate on linking projects. Of special concern is the shared boundary on the western side of the Ojai Basin and the discharge to San Antonio Creek from the Ojai Basin. Both agencies are implementing detailed studies to measure outflow and inflow via this waterway. Consideration will be given to entering into an Interbasin Agreement with UVRGA pursuant to GSP Emergency Regulations §357.2

Management Plan Objective 4: Communicate Effectively

The effectiveness of the OBGMA depends upon its ability, within its limited means, to meet the needs of the water users and well owners of the Basin. This is dependent upon effective, two-way communication between the OBGMA and the users it serves. The Agency implements the following elements:



Ad hoc Advisory Committees

Ad hoc advisory committees with representatives of the well owners and water users in the basin have been periodically created by the OBGMA Board and have been a means of developing a dialogue between users and the Agency. Advisory committees will be used by the Board as a nucleus of interested and affected users to consider and develop the details of actions proposed under this Plan.

Annual Report

The OBGMA will prepare an annual report as required by law which it will publish itself at minimum expense. Technical contractors will only be used if required to perform technical analysis of data collected during the year. Information learned about the basin and water use in the basin will be shared by the Agency with all well owners directly and with water users in the basin through the general news media and the publications of local water purveyors. Actions or items of special interest will be shared with well owners by direct mailing newsletters, which will also include notice of OBGMA meetings and agendas. Board members will be available to meet with basin water users to address issues of concern and the ongoing management activities of the Agency.

Key avenues for outreach and communications

The OBGMA continually communicates with its constituents via the following means:

- Website (www.obgma.com)
- Mailers
- Monthly Meetings (including posted agendas)
- Newspaper outreach
- Presentations at stakeholder meetings
- Ojai Day participation
- Office, staff, and consultant access

Management Plan Objective 5: Administrate Efficiently



The resources available to the OBGMA to carry out its mission and serve the water users of the basin are limited. Therefore cost containment measures are essential. The Agency implements the following elements:

Funding.

The OBGMA is funded by extraction charges levied onto pumpers in the Ojai Basin to initiate, carry on, and complete the powers, purposes and groundwater management activities of the Agency. The approved budget for the 2017/2018 fiscal year is \$142,022 based on 3,750 acre-feet of extractions. The OBGMA operates from a small office, with one part time office assistant who also acts in the capacity of secretary and treasurer. The agency has one professional, technically qualified staff person as a manager at least part time. These expenses, along with regular audits, legal services, and required insurance consume the majority of the funding. The agency is also a participant in funding projects that are within its purview, such as groundwater basin models, the SACSGRP, and grant applications.

Link Budget with extraction fees

Facing budget shortfalls with conservation, OBGMA developed a comparative cost of service analysis linking budget expenditures with its fee structure. It was clear that as conservation increased, groundwater pumping decreased, and resulting in decreased revenues without raising fees.

Development of fixed cost base wellhead fee and extraction rates

The OBGMA elected to modify its fee collection from a use-based format to a per-wellhead base fee with additional fees based on well extraction volumes. Per SGMA authorities, a public hearing was held on October 26, 2017 in which no majority protest was raised. The OBGMA approved this fee modification by resolution at its November 30, 2017 meeting.

Recognition and regulation of De Minimis Users

While SGMA defines and allows for limited regulation of de minimis groundwater users, and the OBGMA recognizes de minimis user as those extracting 2 AF/yr or less, these parties remain regulated as their numbers in sum can potentially be a significant component of groundwater extraction from the basin.

Hence, Per Ordinance 9, the OBMGA requires metering of all extraction facility regardless of volume extracted. This is in keeping with the relatively small total extraction volumes from the Ojai Basin, compared to larger basins in California where two orders of magnitude greater than Ojai – in acre feet – may be extracted annually.



Figure 5: Locations of OBGMA Automated Water Level monitoring wells and VCWPD CASGEM Water Level Monitoring Wells. Note basin boundary is DWR 2003 delineation and has been superseded (Appendix E).

DESCRIPTION OF OJAI BASIN AND EXISTING CONDITIONS

The Ojai Valley Groundwater Basin (DWR Bulletin 118 Groundwater Basin Number 4-2) stretches over 10.1 square miles (6471 acres) in mountains north of the Pacific Ocean. The basin one of the most important basins in the Ventura River Watershed in terms of serving a large number of people and agricultural acres. As of 2014, there are 182 active wells in the basin that supply water to tree crops (mostly citrus and avocados), residents, and businesses in the City of Ojai and surrounding areas. Some water from the basin is also naturally discharged to San Antonio Creek, providing critical base flow and supporting its riparian habitat, as well as downstream water users. San Antonio Creek has been designated as critical habitat for the endangered southern California steelhead. The relationship between Ojai Basin groundwater discharge and creek flow is complex and requires additional data collection and study.

The Ojai Basin a relatively deep, bowl-shaped basin, which is bounded on the west and east by non-water-bearing Tertiary aged rocks, on the south by the Santa Ana Fault and Black Mountain,



and on the north by the Topatopa Mountains. Major surface drainages that contribute influx or recharge to the basin include San Antonio Creek and the various tributary streams that drain the East End of the Ojai Valley and flow into San Antonio Creek. Steep slopes in these creeks, especially those flowing out of Senior Canyon and Thacher Creek, are responsible for forming extensive alluvial fan deposits as the fast-moving, turbulent, debris-laden mixtures of water and air coming out of the mountains (often in catastrophic fashion) slows, spreads out, and deposits suspended sediment. These deposits of sand and gravel, thickest closest to the mountains in the northeastern portion of the basin, are largely responsible for filling the Ojai Basin over time and forming the water-bearing aquifers of the basin. The basin is deepest in the center and southern areas where sediments have built up against the boundary defined by the Santa Ana Fault. The thickness of the water-bearing alluvium is as much as 715 feet. The primary storage areas are approximately four sand and gravel units that are each on the order of up to 100 feet thick. Owing to the large-size clast-supported nature of the aquifers, as well as limited areal extent (<10 square miles), ground level subsidence is a conceptually low likelihood in the Ojai Basin.

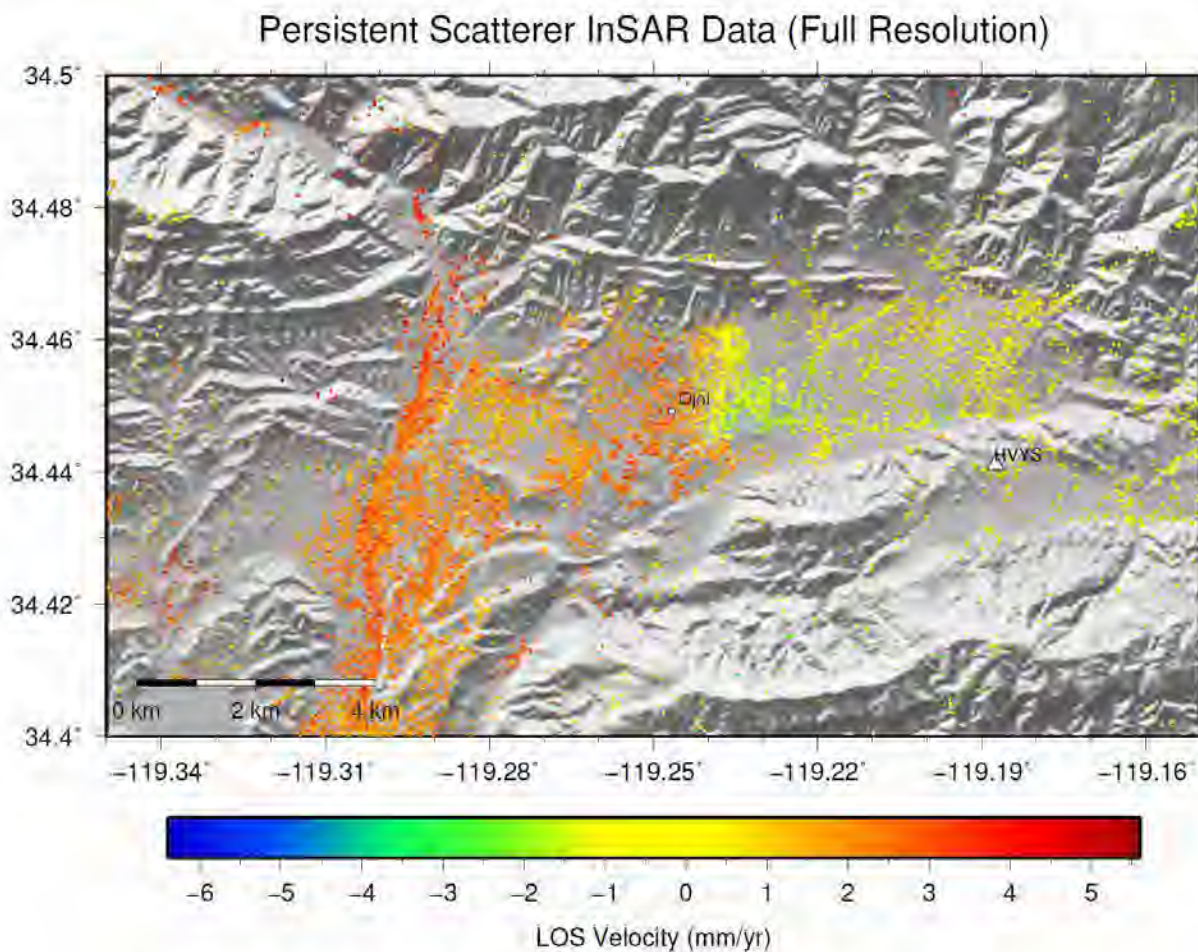


Figure 6. InSAR data from 2005-2010 and Line-of-Sight annual changes in millimeters per year (after Marshall, et al., 2013). Demonstrates very little to no change between alluvial and bedrock surfaces.



The basin has areas of confined, semi-confined, and unconfined groundwater. Unconfined conditions exist in the northern and eastern portions of the basin, in the areas of the alluvial fan heads. Groundwater in the rest of the aquifer system is, depending on the amount of water in storage and groundwater level position, mostly confined to semi-confined in the central, southern, and western portions of the basin. Groundwater generally flows in a southwesterly direction; however, it also flows towards the municipal wells in the central portion of the basin. Depth to water can be on the order of 300 feet in the eastern and northern alluvial fan-head portions of the basin (with seasonal variations between 50 and 90 feet). In the southern and western portions of the basin, depth to water is typically less than 50 feet (with seasonal variations on the order of 15 feet). During wet periods, artesian conditions or springs can occur in the southwestern part of Ojai Basin when the elevation to which groundwater will naturally rise exceeds the ground surface elevation.

The Ojai Basin has the largest capacity of the Ventura River Watershed's four groundwater basins. It has a maximum capacity of approximately 85,000 acre-feet, with a safe annual year of approximately 5026 acre-feet. A "maximum capacity" does not reflect the amount of usable or recoverable fresh water, only that the basin has the capacity to hold this gross volume. Not all of the storage capacity contains economically recoverable water or water that is of acceptable quality for use.

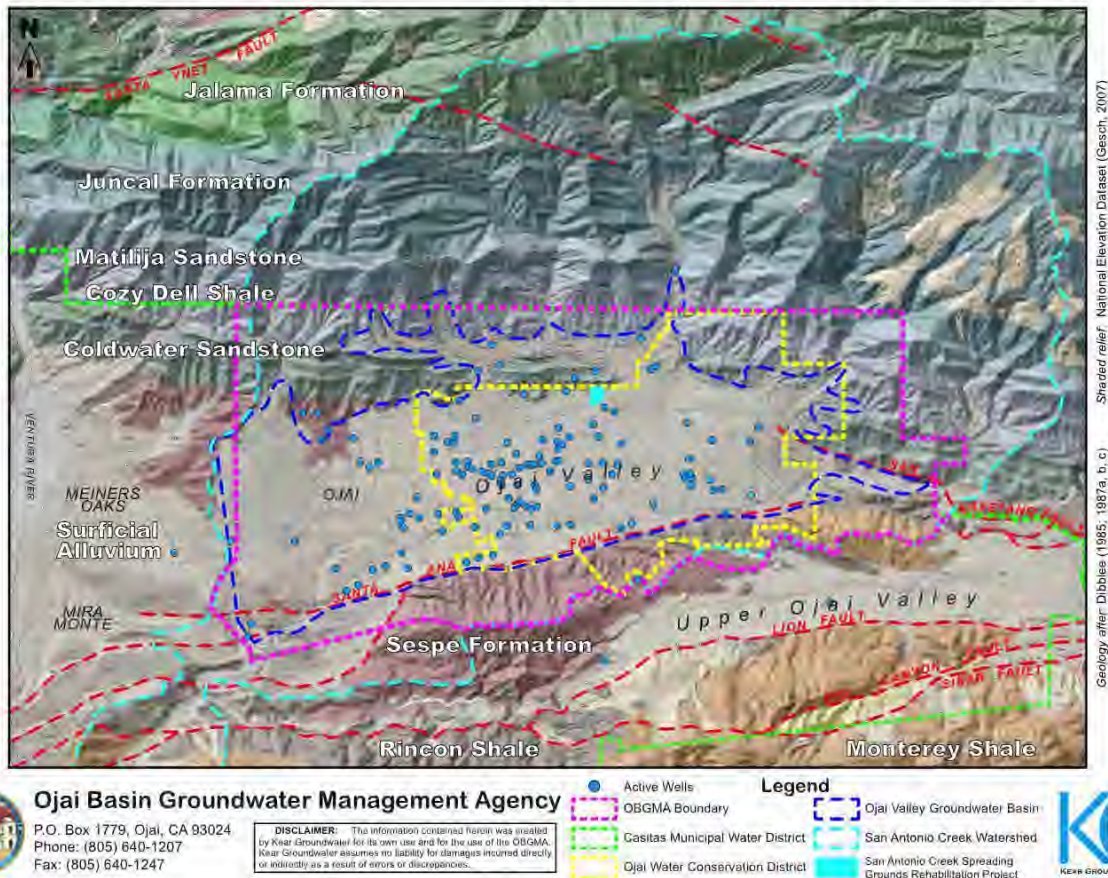


Figure 7. Ojai Basin Geologic Map.

Ojai Basin Geology

The Ojai Basin is part of the Transverse Ranges geomorphic province. Rocks in this region have been folded into a series of predominantly east-west-trending anticlines and synclines associated with thrust and reverse faults. Late Eocene to Miocene sedimentary rocks of dominantly marine origin are deformed in a series of folds and faults to form the Ojai Basin and its surrounding mountains (Figure 7). Exposed bedrock units are not considered part of the groundwater basin in conformance with the DWR's definition of a groundwater basin as being comprised of alluvium only. These bedrock units are Late Eocene to Miocene sedimentary rocks of mostly marine origin. From oldest to youngest, these units include the Juncal Formation, Matilija Sandstone, Cozy Dell Shale, Coldwater Sandstone, Sespe Formation, Rincon Shale, and Monterey Shale. Minor groundwater production is yielded from the consolidated bedrock formations, as the groundwater is stored only in fractures.

The primary water-bearing units in the Groundwater Basin are Quaternary sediments that unconformably overlie the older sedimentary rocks along valley floors and stream channels. These include historical, Pleistocene-aged dissected gravel terraces and active, Holocene-aged



deposits. Active sedimentation occurs as stream channel deposits of gravel and sand, such as at San Antonio Creek, alluvial fan deposits of gravel, and floodplain alluvium of clay, silt, sand and gravel. The alluvial deposits may reach several hundred feet of thickness, with typical well yields that range from 100 to 600 gallons per minute (GPM).

Coarse grained sand and gravel aquifer units appear to be thickest near the north and east portions of the basin (the alluvial fan heads) and thinnest to the south and west where fine grained lacustrine and floodplain deposits predominate as confining layers, separating the water-bearing zones into as many as a half-dozen correlative aquifer units. Groundwater in the alluvial sediments may be unconfined or confined, depending on water levels and the presence of clay-rich confining units. With the exception of higher elevation areas associated with the alluvial fan heads, the aquifer system is capable of being under confined conditions in most of the basin, but may be confined or unconfined at different times depending on the degree of saturation and the thicknesses of aquifer and aquitard units.

Regional deformation was caused by north-south compression, which may have begun during the late Pliocene or as late as 700,000 years ago and continues today. Regional crustal shortening due to this compression is largely taken up locally by faults and associated folds. Major faults are the San Cayetano, Santa Ana, Santa Ynez, Lion, Big Canyon, and Sisar. The importance of structural geology is relevant from a hydrogeologic standpoint for several reasons. Faults and bedrock can act as barriers to groundwater flow boundaries. Faults can also provide zones of fracture in consolidated rocks from which groundwater can be extracted at wells. Where not cutting the overlying alluvium, faults can cause deeper formation groundwater to rise and subcrop into the overlying alluvial formations.

Ojai Basin Groundwater Recharge

In the Ventura River Watershed, no significant water is imported for human uses including agricultural, irrigation, or municipal supplies. Virtually all water to the Ojai Valley Groundwater Basin derives from the hydrologic cycle as precipitation within the mountainous area surrounding the basin and precipitation on the valley floor itself. The majority of recharge to the basin is from infiltration of precipitation on the valley floor and percolation of surface waters through alluvial channels. Some additional recharge is provided by excess irrigation flow (with a little more than half typically sourced from Lake Casitas) and a minor amount of subsurface flow. The OBGMA's monitoring of the basal alluvial aquifer at the SACSGRP DDMW indicate a favorable component of "recharge without rainfall," as discharges from adjacent bedrock aquifers contribute spring flow and subterranean contributions to the alluvial aquifers.

The Ojai Basin is located within a Mediterranean-type climatic zone characterized by long, dry summers and short, mild winters. The vast majority of precipitation occurs in the winter months. Precipitation rates within the Basin are variable, and cyclic patterns occur, sometimes with deficient rainfall over several consecutive winters (droughts). Recharge from precipitation within the basin is considered to also be variable and to follow similar trends.



Groundwater levels within the basin have been observed to exhibit relatively large fluctuations that correlate with wet and dry periods. The drainage area for the Ojai Basin is relatively large (36 square miles) compared to the alluvial surface area of about 10 square miles, and as such the amount of groundwater in storage responds quickly to heavy precipitation. Most of this recharge occurs where Horn Canyon (Thacher Creek), Gridley Canyon and Senior Canyon (San Antonio Creek), and Reeves Creek enter the basin at alluvial fan heads. Each of these intermittent streams merge as they flow southwest across the basin and exit as San Antonio Creek, the second largest tributary to the Ventura River after Matilija Creek. The headwaters of San Antonio Creek and its tributaries originate in the Topatopa Mountains north of the basin. San Antonio Creek has nearly perennial flow as it leaves the basin, sourced by effluent groundwater from the Ojai Basin. Lion Canyon Creek drains the Upper Ojai Valley and also contributes a potentially significant amount of flow to San Antonio after it exits the Ojai Valley. While visual observations of this are commonplace, the flow is currently being quantified by other investigators. Surface water in San Antonio Creek then joins the Ventura River system and flows south before discharging into the Pacific Ocean.

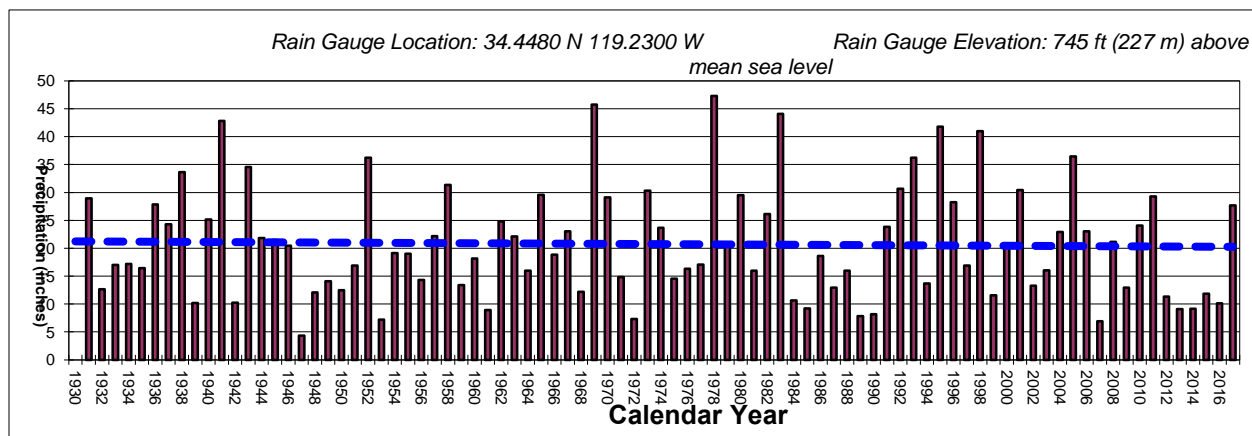


Figure 8. Precipitation at the Ojai Valley Floor.

The average annual precipitation within Ojai Basin is about 21 inches. In addition to the precipitation bar chart presented above (Figure 8), the accumulative departure from average annual precipitation (Figure 9) is an indicator of drought periods versus periods of "normal" or "wet" periods. As the curve declines to the right, a period of drought is realized. Locally, it appears that a drought period began after the end of the 2011 calendar year, but it follows an approximately 15 year period of relatively wet conditions.

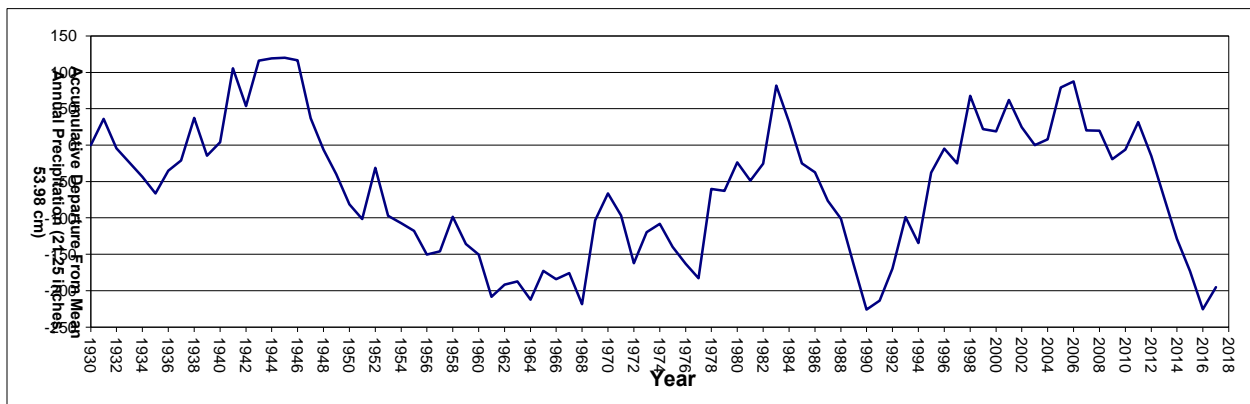


Figure 9. Accumulative Departure Curve from the 1931-2017 Average Annual Precipitation.

Based on the amount of precipitation measured within the watershed, and modeled recharge estimates, the OBGMA estimates that the 21 inches of annual average precipitation accounts for about 6000 acre-feet of groundwater recharge (Figure 10). During the 2011 calendar year, 29.31 inches of rain fell on the valley floor and upwards of 10,000 acre-feet of water recharged to the basin. During the following three calendar years of drought conditions, where 11.35, 9.07, and 15.12 inches of rain fell on the valley floor, respectively, a maximum of around 6700 acre-feet of total recharge was added to the basin storage, assuming no evapotranspiration.

Recharge is primarily focused in the area of alluvial fan heads on the northern and eastern boundaries of the basin and within stream channels, including alluvial channels that extend into the bedrock areas to the north and east (Figure 11). Modeled and observed phenomena indicate that any precipitation less than 11 inches (absent fire conditions) on the valley floor is taken up by evapotranspiration and soil storage, among other factors, and that significant recharge is limited to subsurface flow or excess irrigation flow during these drier years.

The model mass balance indicates that the vast majority of water inflow into the basin is from recharge and the primary outflows are groundwater extraction in wells and groundwater discharge to surface streams. Over the model calibration period, a significant amount of the total mass of water within the system was released from and entered into storage due to fluctuations in hydraulic head, and these respective amounts were approximately equal. This indicates that although the amount of groundwater in storage fluctuated widely during the calibration period, the average amount of groundwater in storage was almost unchanged from the beginning to the end of the model run.

The lateral groundwater model extent was assigned to cover the geographic and vertical extent of alluvial deposits in the Basin. Vertically, the model extends to the estimated depth of the alluvial deposits, and vertical model discretization is based on analysis of geophysical logs from 24 wells located within the Basin. Ten model layers were used to represent discrete aquifer and semi confining units. The model is discretized into time periods, termed “stress periods,” that correspond to 3-month water year quarters. Model boundary conditions were established to represent surrounding features that may provide inflow to or outflow from the model domain.



Boundary conditions included recharge from precipitation, irrigation, septic systems and historical spreading grounds, evapotranspiration by riparian vegetation, groundwater discharge to stream channels, groundwater exchange between bedrock and alluvial aquifers, groundwater extraction (i.e., pumping) in wells, and downgradient alluvial outflow. Model parameters associated with the boundary conditions were established based on basin-specific data, where available. The DPWM was used to estimate the distribution of recharge from precipitation based on site-specific climatological, geologic, soils, and vegetation factors.

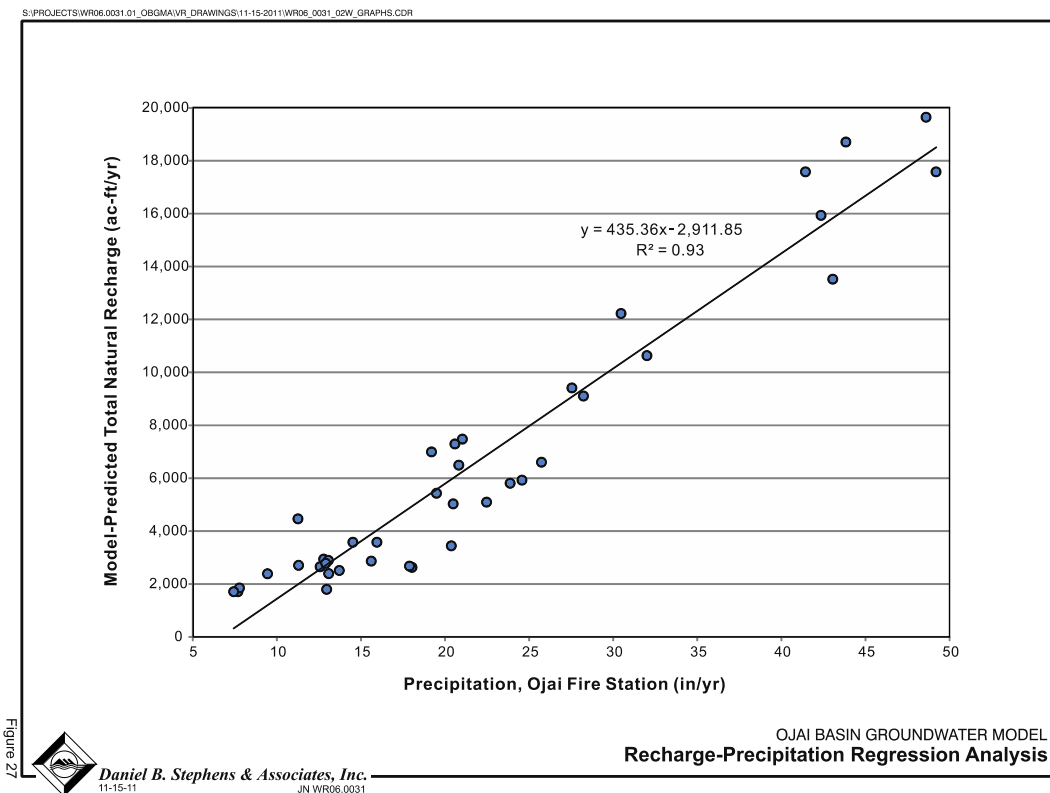


Figure 10. Model-Predicted Relationship between Precipitation and Recharge.

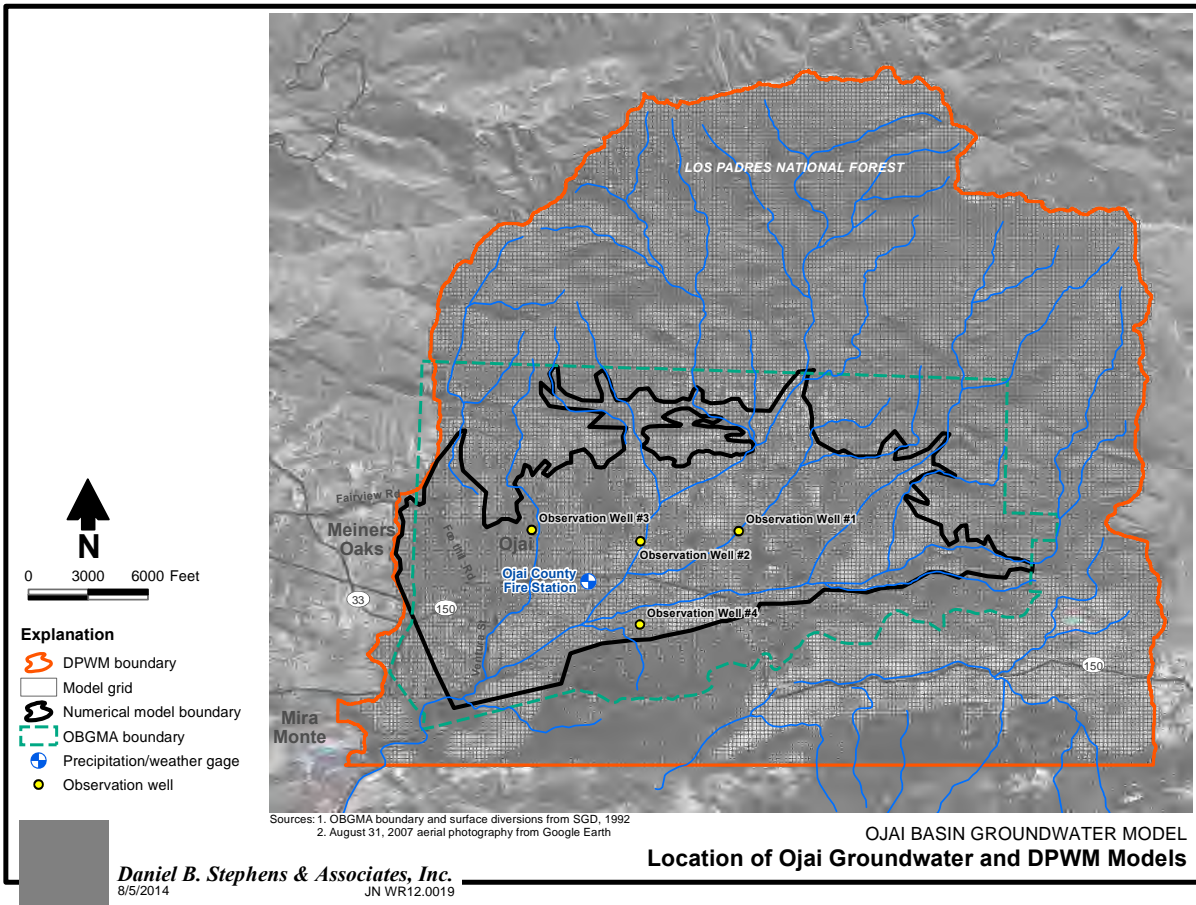


Figure 11. Model Domain, grid and recharge areas.

Ojai Basin Groundwater Storage and Key Water Levels

Monitoring of water levels by the County and OBGMA in several key wells provide a direct insight into basin storage and the effects of drought on portions of the basin. Generally, peripheral northern and eastern areas appear to be less affected by the droughts as they store the bedrock-derived recharge first as compared to central and southern portions of the basin. Additional storage capacity and extraction from the central portions of the basin compared to the peripheral areas also contribute to this phenomenon of discrepancy in water levels.

Figure 12 presents the historic groundwater levels at the key observation well, one of four observation wells used in the DPWM. The objective of the predictive model simulations is to evaluate anticipated groundwater elevations in the Ojai Basin through water year 2020 (until



September 30, 2020) by assuming three future scenarios: median precipitation conditions, continued dry conditions, and wet conditions. At Observation Well #1, the observed December 2013 groundwater levels at this location were as low as they have been since 1965. For the median-precipitation predictive simulation, groundwater levels are modeled to rise approximately 40 to 50 feet following hypothetical wet years (assumed 2015, 2018), decline following hypothetical dry years, and are similar to 2013 levels at the end of the model simulation period. For the wet-weather simulation, groundwater levels rise significantly in the hypothetical extremely wet year (assumed 2018, 48.6 inches precipitation) and are similar to 2012 levels at the end of the simulation period, still relatively low compared to the longer historical record. For the dry-weather simulation, groundwater levels are lower at the end of the simulation period than observed groundwater levels since 1961.

As expected, groundwater levels fluctuate based on precipitation increases during hypothetical wet years (2015, 2018), and decline during hypothetical dry years (2016, 2019, 2020). The predicted total precipitation from 2015 to 2020 ranges from around 111 inches in the dry conditions simulation, 132 inches in median conditions, and 146 inches in wet conditions.

Median precipitation condition scenarios predict (1) an overall net decline over the simulation period for the central portion of the basin near the Ojai City municipal well field and in the southern portion of the basin, (2) a net groundwater level rise in the northwestern portion of the basin, and (3) no significant net change in the eastern-central portion of the basin. In all cases, wet-weather scenario simulations result in a predicted net increase in groundwater levels; however groundwater levels are predicted to continue to be generally lower than those observed over the last forty years. Dry-weather simulations result in a predicted continued net decline in groundwater elevations.

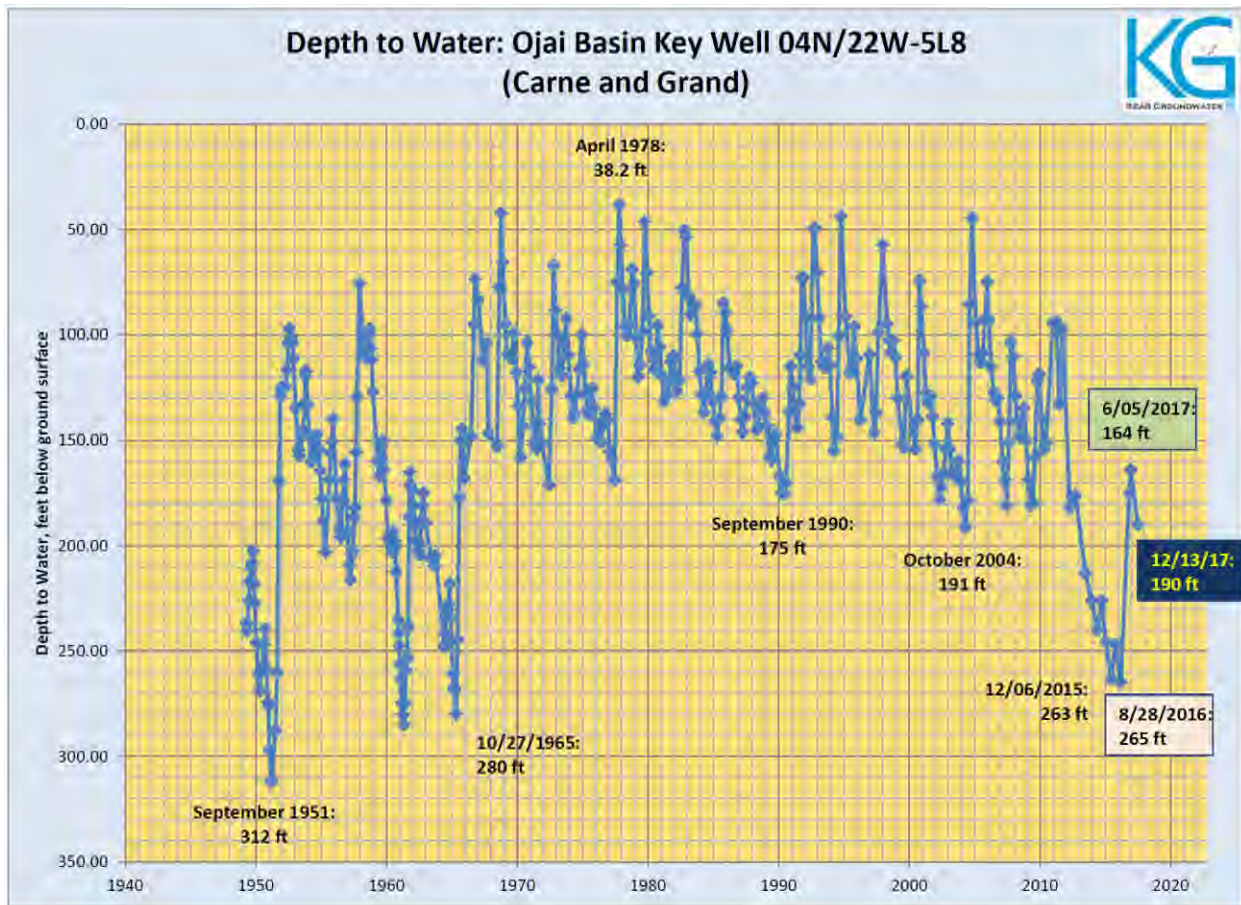


Figure 12. Historic Groundwater Levels at Key Observation Well

Based on hydrographic data, the OBGMA estimates that the amount of groundwater in storage in the Ojai Basin at the spring high point is as follows:



Table 2 - Ojai Basin Groundwater in Storage				
Year	Estimated Total Storage (Acre-feet)	Percent Basin storage	Springtime high, key well (ft bgs)	Precipitation at Ojai Fire Station (inches)
1975	77264	91%	100	14.57
1976	78031	92%	125	16.32
1977	70018	82%	137	17.05
1978	79792	94%	38	47.3
1979	76651	90%	69	20.74
1980	78851	93%	46	29.51
1981	74314	87%	95	15.99
1982	78128	92%	110	26.13
1983	83875	99%	50	44.07
1984	73978	87%	86	10.62
1985	72294	85%	114	9.23
1986	76753	90%	85	18.64
1987	78509	92%	115	12.94
1988	72077	85%	120	15.97
1989	70991	84%	130	7.82
1990	69046	81%	147	8.17
1991	72899	86%	115	23.85
1992	69720	82%	73	30.66
1993	79000	93%	49	36.25
1994	75000	88%	106	13.71
1995	79000	93%	44	41.79
1996	74000	87%	96	28.28
1997	73000	86%	109	16.92
1998	79000	93%	57	40.97
1999	73500	86%	102	11.57
2000	72000	85%	119	20.62
2001	74000	87%	74	30.41
2002	62567	74%	129	13.29
2003	57087	67%	142	16.03
2004	55094	65%	160	22.92
2005	80000	94%	44	36.43
2006	62810	74%	75	23.05
2007	49750	59%	130	6.94
2008	59000	69%	103	21.16
2009	50000	59%	135	12.93
2010	54627	64%	118	24.07
2011	63944	75%	94	29.31
2012	62402	73%	98	11.35
2013	48000	56%	176	9.07
2014	45000	53%	226	9.16
2015	45000	53%	226	11.86
2016	41310	49%	247	10.12
2017	57087	67%	164	25.78
1975 to 2017 Averages	68031 acre feet	80 %	--	20.79



These calculations were prepared for the OBGMA by the VCWPD using groundwater levels at the key well. The historic low in basin storage was in 1951 during a significant drought and before the current practice of conjunctive use, including CMWD water imports, was commonplace. Water levels in the key well fell to their lowest point of 580 ft AMSL in September 1951. An estimated 43,741 acre-feet of groundwater was in storage in the basin at that time. The springtime-high water level that year was 652 ft AMSL. This nadir is a significant threshold because the confined aquifer skeleton would have been maximally compacted at that time. Static water levels below that depth would increase compaction and potentially cause subsidence and irrecoverable storage capacity in the Ojai Basin. In 2014, static water levels fell to about 665 ft AMSL, the lowest levels since 1965. Figure 13 presents the relationship between estimated groundwater storage in the basin and the springtime-high water level at the key observation well.

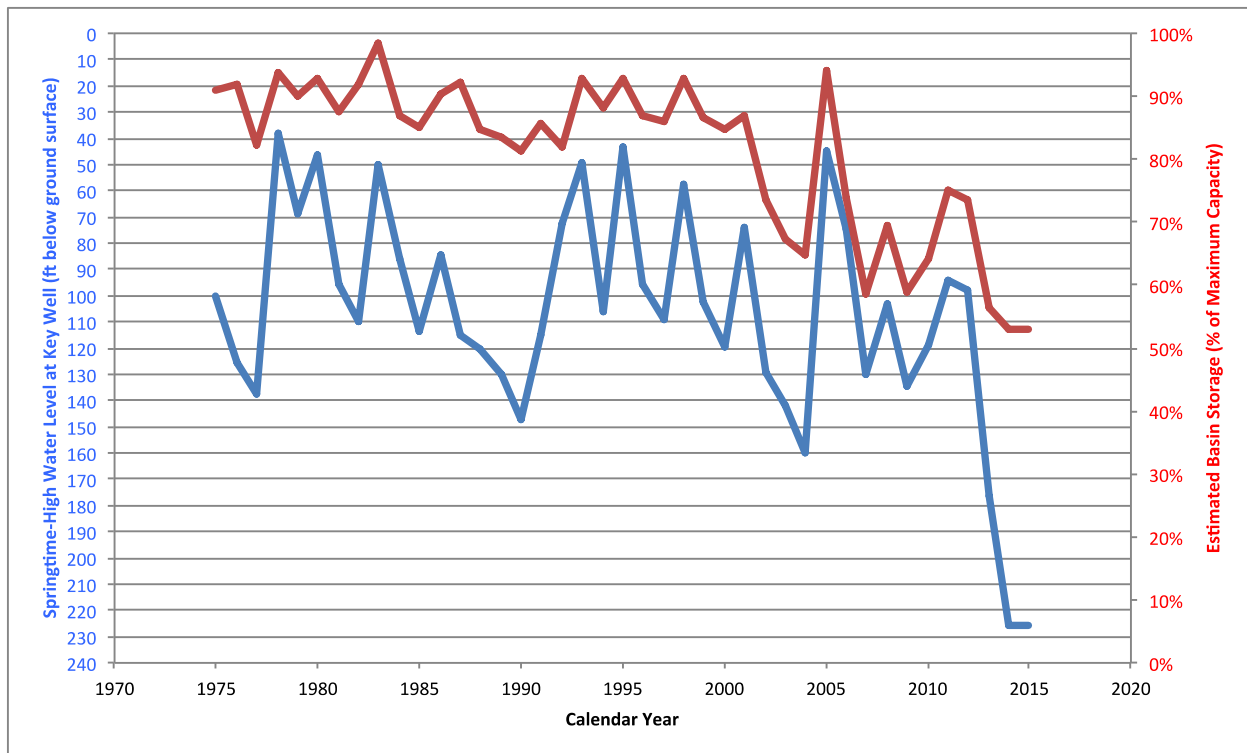


Figure 13. Relationship between Basin Storage and Springtime-High Water Level at Key Well.

The amount of groundwater in storage is a key metric tracked by the OBGMA. A correlation between precipitation, recharge, water levels, and storage is an indication of a basin in good



health and absent overdraft. Owing to its high tributary area to alluvial aquifer ratio, recharge to the basin remains significant even in years with only slightly above average rainfall.

Ojai Basin Groundwater Extractions

The primary discharge mechanism from the basin is groundwater pumping. The OBGMA has kept a record of the reported groundwater extractions in the basin since 1993. These data are divided into two columns: extractions by the municipal water purveyor for residences and businesses in the City of Ojai, primarily for domestic use (column E), and extractions from private wells, primarily for irrigation use (column D). These are added together to show total groundwater extractions (column F). Importations from Lake Casitas are reported to OBGMA and shown in column C. Since 1993, water imported from Lake Casitas and water extracted from private well have been added together to show the “Estimated Irrigation Demand” (column B). Prior to 1993, an estimate of irrigation demand based on land use, crop water requirements, evapotranspiration, and rainfall was made, then the Lake Casitas importations were subtracted, to come up with an estimate of private well extractions in the basin. All units in the table are in acre-feet.



Table 3: Groundwater Extractions, Demands and Imports, 1985-2017

A. Calendar Year/Water Year Ending 9-30)	B. Estimated Irrigation Demand (excludes GSWC purchase)	C. Casitas Importation (including to GSWC)	D. Estimated Groundwater Extraction (Private Wells)	E. Groundwater Extraction (GSWC)	F. Estimated Total Groundwater Extractions
1985	7200	4181	3019	1638	4657
1986	7500	3633	3867	1663	5530
1987	7800	4473	3327	1744	5071
1988	7796	4635	3161	1839	5000
1989	7093	5169	1924	1766	3690
1990	9804	4961	4843	1804	6647
1991	7631	3377	4254	1819	6073
1992	8769	2744	6052	1645	7697
1993	6829	2800	4029	2070	6099
1994	7072	3433	3639	1946	5585
1995	6117	3530	2587	1846	4433
1996	6801	4468	2333	1569	3902
1997	8017	5272	2745	1583	4328
1998	5071	3115	1956	1913	3869
1999	6185	3922	2263	2181	4444
2000	7054	4044	3010	2080	5090
2001	7204	3195	4009	2258	6267
2002	7021	4249	2772	2220	4992
2003	6450	3428	3022	2066	5088
2004	7058	4185	2873	1824	4697
2005	5462	2768	2694	1955	4649
2006	5462	2796	2666	1818	4484
2007	6877	3770	3107	1963	5070
2008	6492	3176	3316	1736	5052
2009	7054	3411	3643	1751	5394
2010	5633	2404	3229	1742	4971
2011	5867	2990	3191	1934	5125
2012	6292	2986	3664	1646	5310
2013	6739	4689	2916	1484	4400
2014	6613	5054	2142	1350	3492
2015	6018	4298	2302	1188	3490
2016	6528	4319	2209	1030	3239
2017	5473	2924	2547	1279	3826

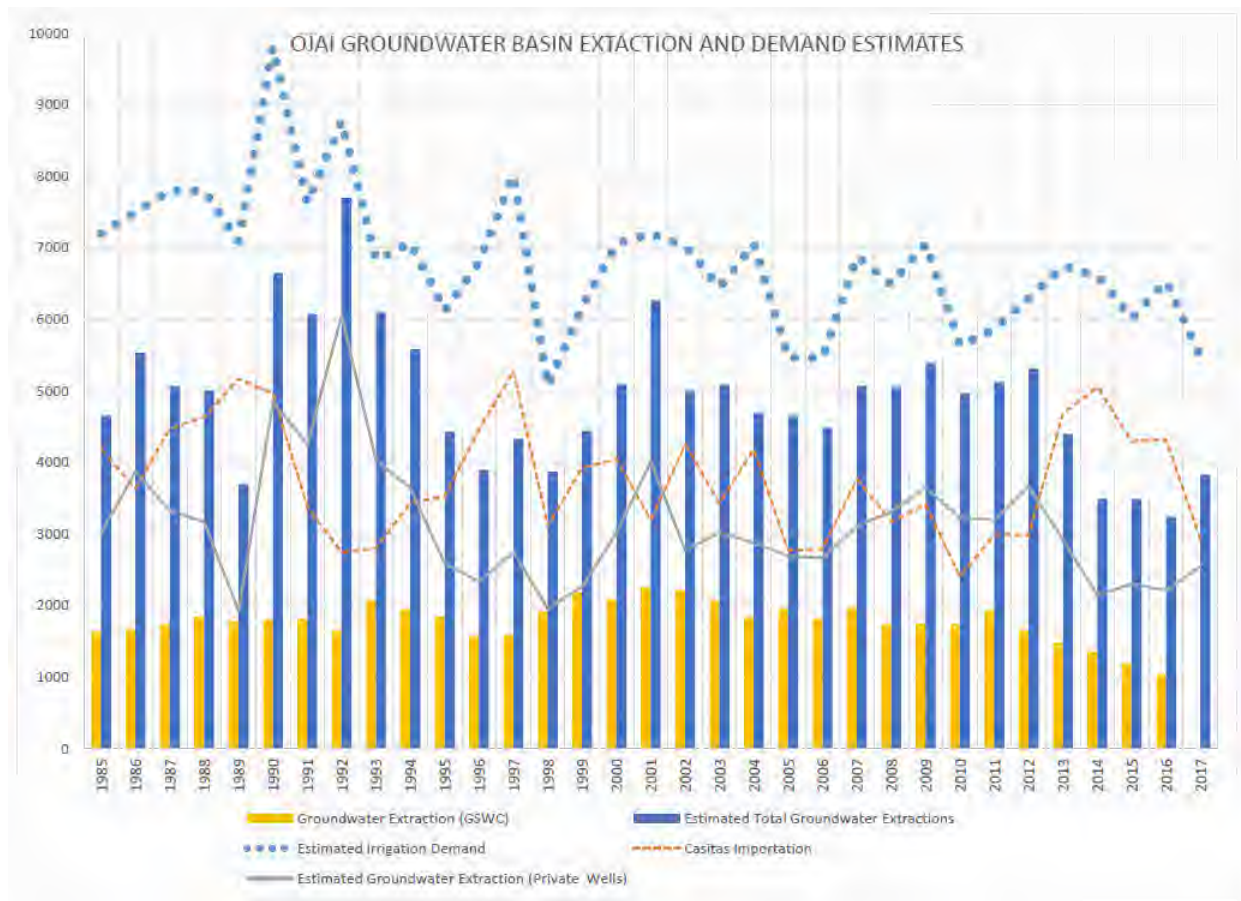


Figure 14. Estimated Total Basin Demand, 1985 to 2017.

Groundwater use in the Ojai Basin between 1985 and 2017 averaged approximately 4898 acre-feet annually, of which some 1768 acre-feet (or 36%) was pumped by the GSWC (and subsequently Casitas) for municipal and domestic supply. In addition to GSWC, the mutual water companies and active private wells supply both agricultural and domestic water in the basin. During the 1985 to 2013 period, the highest production was 7697 acre-feet (1992, with 1645 AF from GSWC and 6052 AF from private wells) and the lowest was 3239 acre-feet (2016, with 1030 AF from GSWC and 2209 AF from private wells). Figure 14, above, presents the estimated total annual basin groundwater extraction.

Ojai Basin Groundwater Natural Discharge

Because of the basin’s relatively limited storage capacity, the basin may be depleted rapidly during drought periods by groundwater pumping and groundwater outflow to San Antonio Creek at the basin’s natural discharge points.



Groundwater rising above the level of a stream bottom results in what is called a "gaining stream," where groundwater seeps out of the surface and flows downstream, thus depleting the aquifer. For much of the year, including almost all of the dry-season, all of the water in the Ventura River and its tributaries is from groundwater and springs (excluding the lower stretch of the river that is fed by treated wastewater). Only during storms, and for a relatively short period of time afterwards, do surface runoff and flows from soil water add to the base flow.

Modeled discharge to surface streams is reported to average about 2280 acre-feet per year. Smaller components of discharge are to evapotranspiration (about 260 acre-feet/yr) and outflow to downgradient bedrock and alluvium (about 130 acre-feet/yr). In the 2010-2011 water year, a total of nearly 10,600 acre-feet are calculated to have discharged at San Antonio Creek beneath the Casitas Springs bridge at Highway 33. This compares to about 900 acre-feet at the same point for water year ending 2012. The Ojai Basin comprises approximately 70% of the surface water tributary area to this gauge and is one of the only groundwater basins that provides perennial discharge to the creek system. Although no active gauge is present to date near the discharge point from the Ojai Basin, monitoring of the San Antonio Creek at Creek Road is within the purview of the OBGMA and a planned activity.

As part of their surface and groundwater modeling project, the SWRCB will be installing and maintaining several gauges in the Ventura River Watershed. Among these is a gauge at the Skunk Ranch Road bridge over San Antonio Creek. SWRCB will maintain and monitor this for a 2 year period, and has offered the gauge to OBGMA thereafter. OBGMA is committed to maintaining the gauge and will continue to quantify discharge from the basin. This will be coupled with the key well water elevation and other water level maps of the producing aquifers and perched systems which feed the stream to improve basin understanding.

Instream flow studies and "requirements" are currently being conducted and evaluated by several entities. The OBGMA will continue to update its records and management practices in accordance with its enabling legislation and ongoing external factors.

[Summer pools at San Antonio Creek](#)

To augment potential habitat capacity, the OBGMA supports the creation of artificial pools along the bedrock reaches of San Antonio Creek. By excavating pools into the bedrock, along the stream channels, perennially discharged groundwater from the Ojai Basin could fill these pools and allow for areas of over-summering during drier periods.

Feasibility studies should be conducted, and partnerships with OVLC and regulatory agencies may be highly beneficial.

[Shallow Perched system vs. deep production system](#)

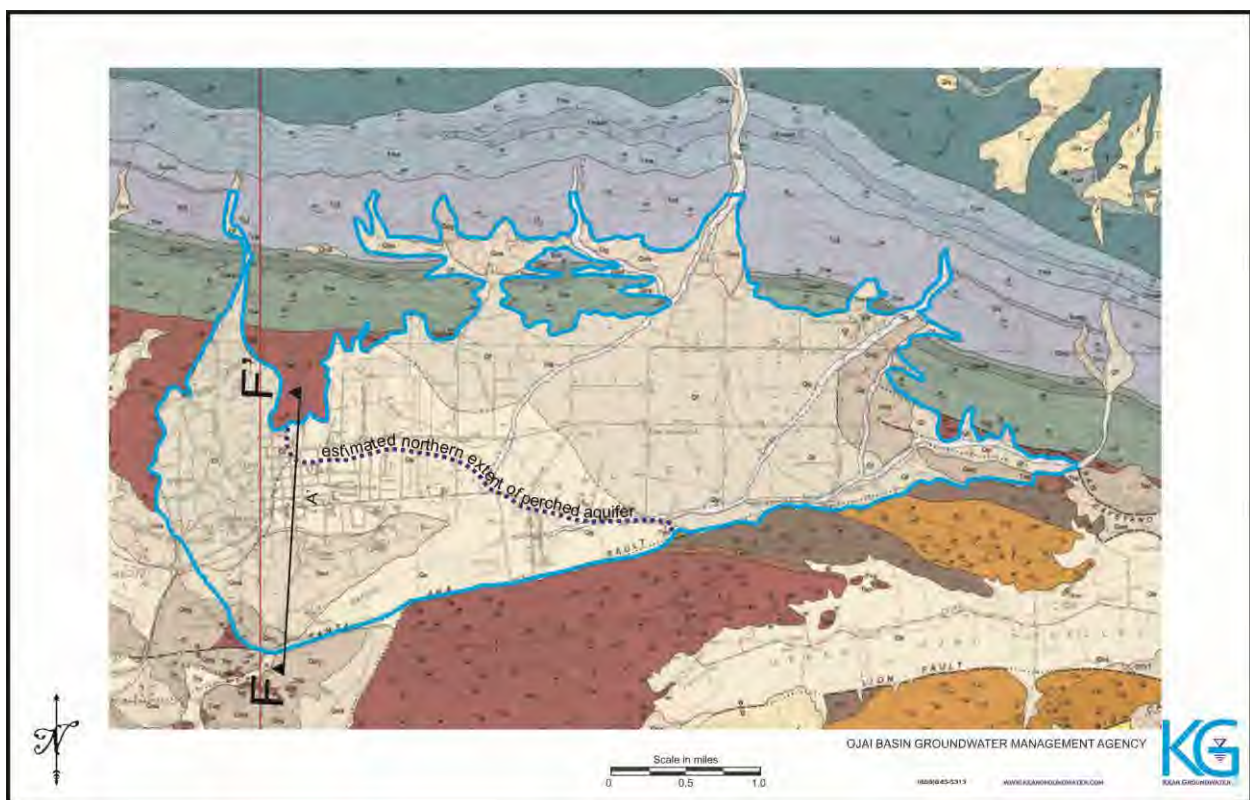
Based on the continued observations of the OBGMA in the surface water and groundwater systems, there appears to be a perched system in the southern and western portion of the basin that perennially discharges groundwater to surface water of San Antonio Creek. This

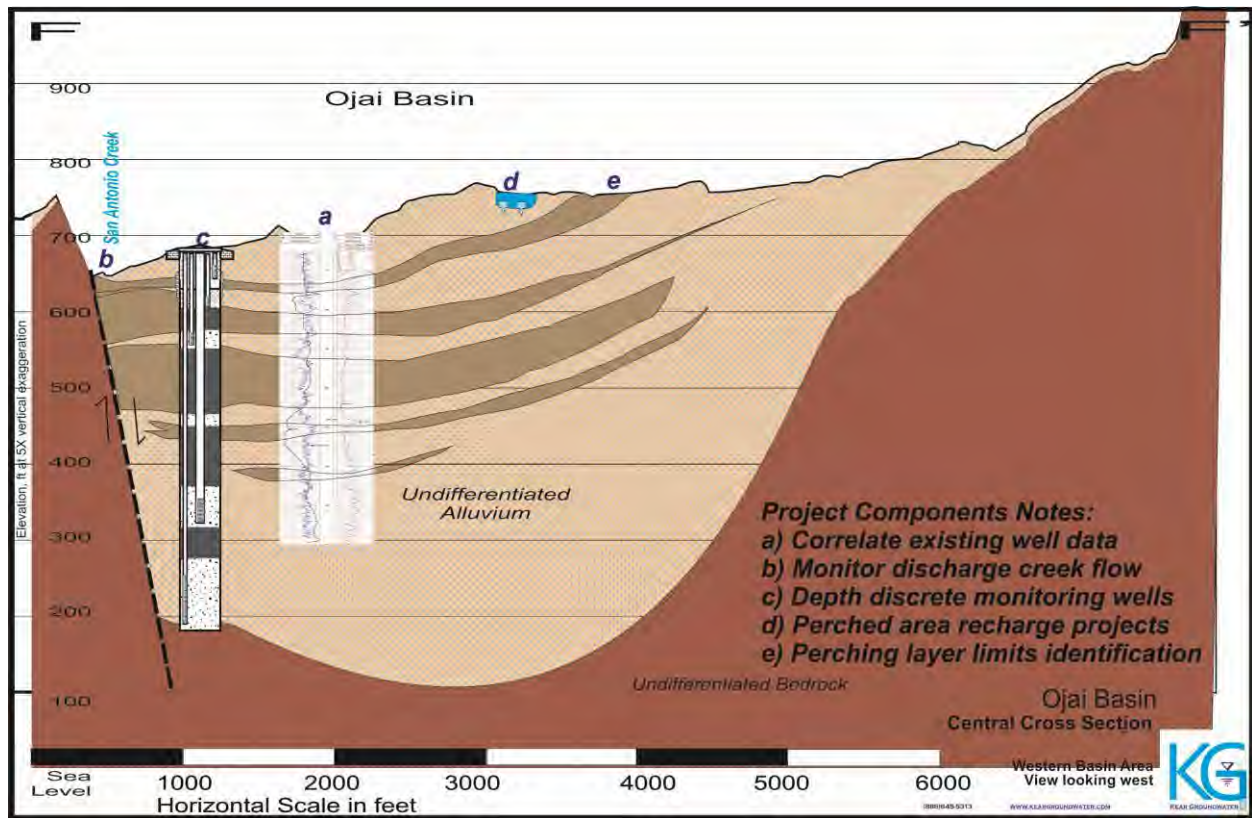


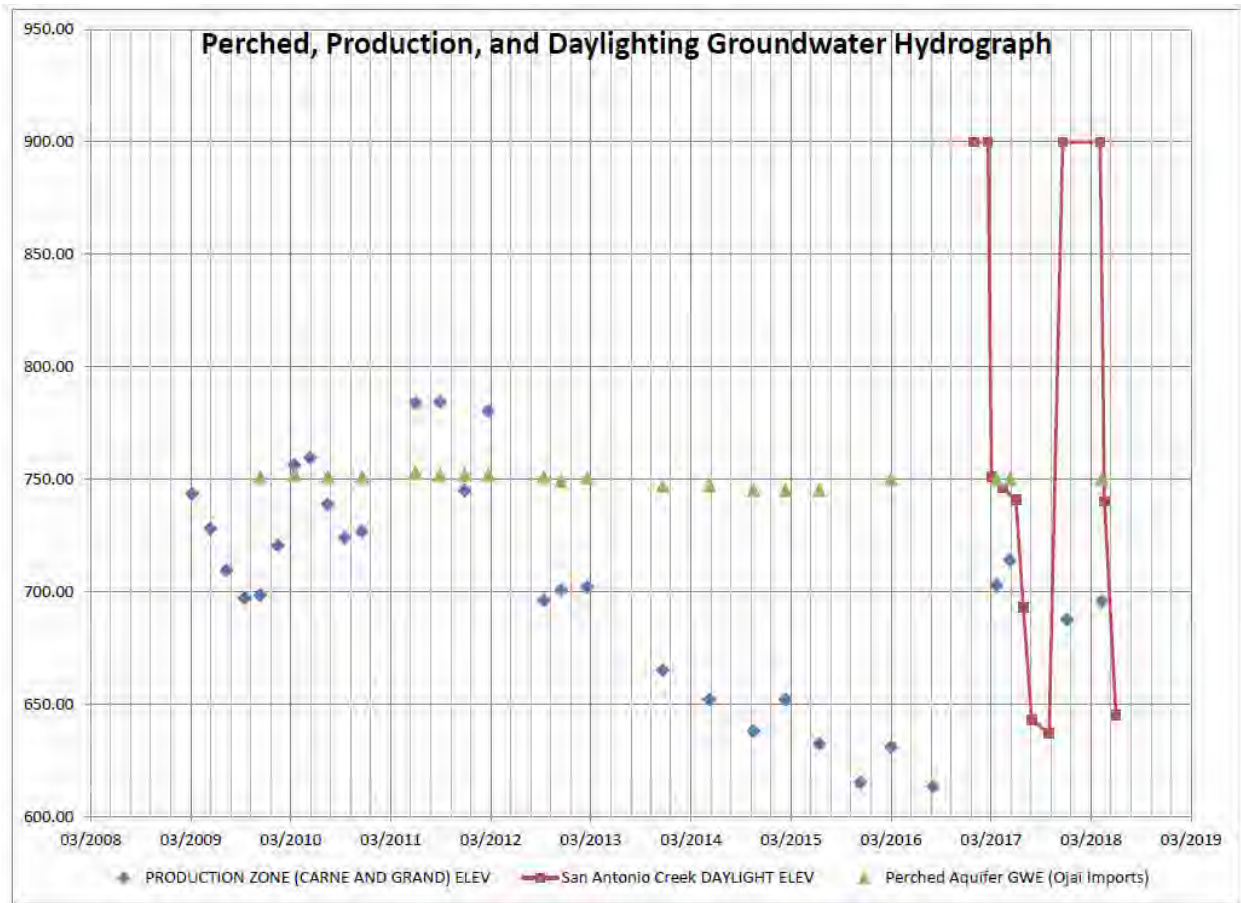
is separate from the deeper production aquifers which appear to respond consistently differently to recharge and discharge patterns. To better quantify this phenomenon, a number of projects can be undertaken, including:

- a continued and enhanced surface water monitoring program in the discharge area
- a new series of depth discrete monitoring wells in the perched aquifer area
- additional water level dataloggers set up in the discharge area
- add flow gauge at basin boundary

As shown on the following three graphics, there is a complex relationship between surface flow, perched water and the production zones of the basin.







Ojai Basin Groundwater Quality

Groundwater supplies a significant percentage of the water used for drinking and irrigation in the watershed, and is the principal source of streamflow for most of the year except in very wet years. The quality of groundwater is important for drinking, irrigation, aquatic ecosystem health, and other uses. Groundwater in the watershed is generally of good enough quality for drinking and irrigating, though a few parameters must be regularly monitored, and water from some wells must be blended with water from other sources to meet drinking water quality standards. Average concentration of total dissolved solids (TDS) is 812 mg/L and ranges from 671 to 1090 mg/L in county-sampled and reported wells.

The quality of the watershed’s groundwater is greatly influenced by the quality and quantity of surface water runoff that recharges the groundwater basins, and by the natural interaction of groundwater with sediments in the surrounding geologic formations. Other factors that can influence groundwater quality include impacts from land uses overlying groundwater basins, use and density of septic systems, well depth, and age of groundwater.



Regional groundwater has been analyzed less frequently and at fewer locations than surface water. Public supply wells in California are required by law to be sampled for inorganic, organic, radiological, and microbiological constituents on a routine basis. These data are submitted to the SWRCB and integrated into the State's GeoTracker GAMA (Groundwater Ambient Monitoring & Assessment Program) database. In addition, water suppliers are required to prepare for their customers annual water quality consumer confidence reports, which contain information on the quality of their water supply sources. The VCWPD performs annual water quality monitoring at seven to eight wells within the Ojai Basin. Groundwater quality monitoring is also required of property owners subject to violation-related cleanup requirements; this monitoring is overseen by the Regional Water Quality Control Board or the Ventura County Environmental Health Division.

Figure 15 presents the Piper diagrams of selected inorganic constituent from sampled well in the basin. Groundwater chemistry in the Ojai Basin is quite variable. Constituents include TDS, sodium (Na^+), potassium (K^+), calcium (Ca^{2+}), magnesium (Mg^{2+}), chloride (Cl^-), bicarbonate (HCO_3^-), carbonate (CO_3^{2-}) and sulfate (SO_4^{2-}) for the wells sampled by the County of Ventura in the Ojai Basin in 2014.

Water samples from three wells were analyzed for inorganic chemicals (Title 22 metals) in previous years. No inorganic chemical was above the primary maximum contaminant level ("MCL") for drinking water. Two wells had iron (Fe) concentrations above the MCL for drinking water. Depth-discrete information indicates a higher chloride concentration in deep aquifers in the central and southwestern portion of the basin. Nitrate is the main groundwater quality concern for most of the Ventura River Watershed.

San Antonio Creek drains the Ventura River Watershed's largest urban area, the City of Ojai, as well as the most intensively farmed area in the watershed, the Ojai Valley's East End. San Antonio Creek is on the Clean Water Act's Section 303(d) list of impaired waterbodies for bacteria, nitrogen, low dissolved oxygen, and total dissolved solids. High concentrations of chlorides and total dissolved solids are commonly seen during dry conditions when groundwater, high in dissolved salts, is the main source of flow. San Antonio Creek is also one of the tributaries that has been designated as critical habitat for the endangered southern California steelhead.

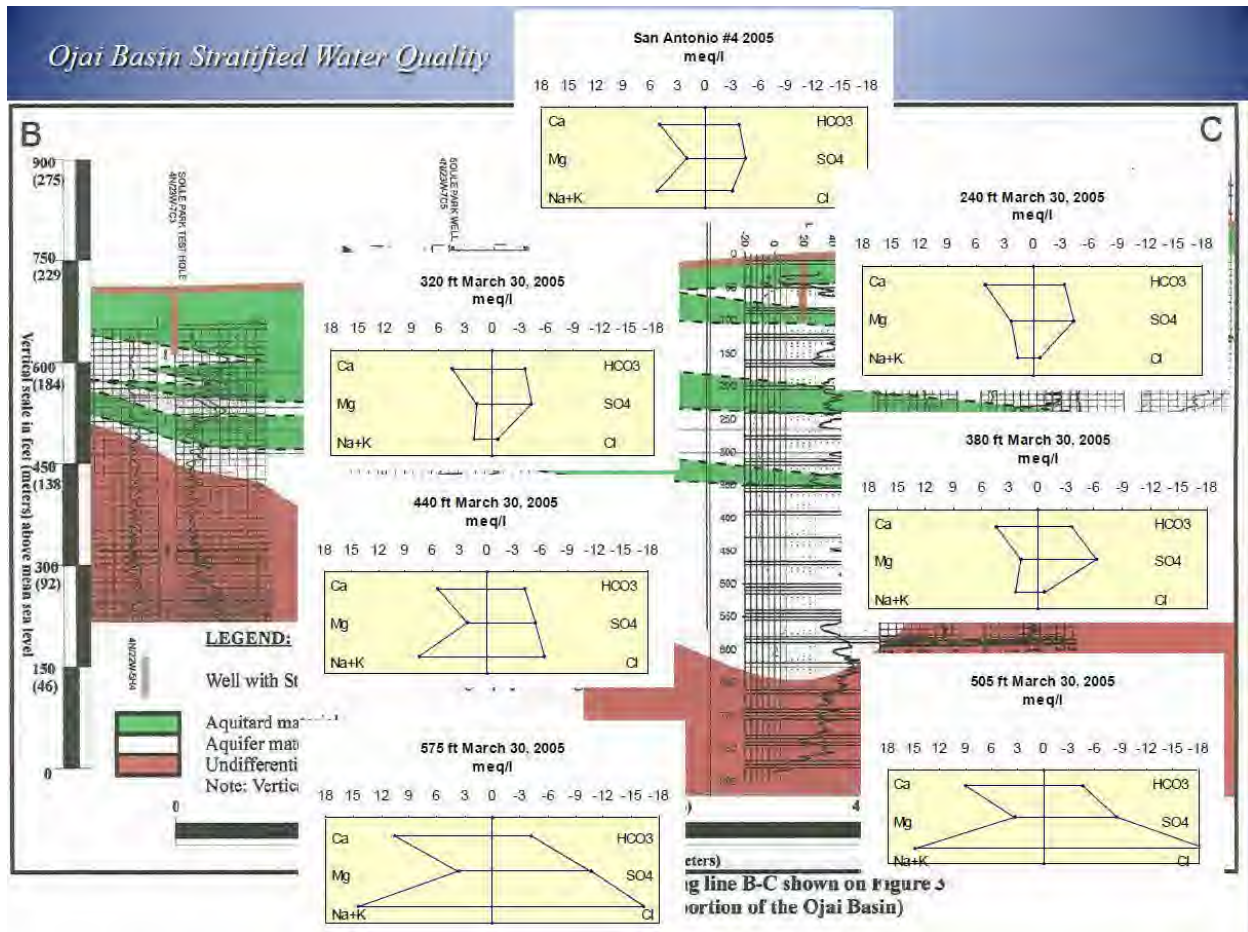


Figure 15. Stiff Water Quality Diagrams depicting sodium-chloride character water at depth in the central portion of the Ojai Basin, obtained during drilling of a pilot hole for a municipal supply water well during the high groundwater storage period of March 2005.

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EXHIBIT B



LEGISLATIVE INTENT SERVICE, INC.

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DECLARATION OF ANNA MARIA BERECZKY-ANDERSON

I, Anna Maria Bereczky-Anderson, declare:

I am an attorney licensed to practice in California, State Bar No. 227794, and am employed by Legislative Intent Service, Inc., a company specializing in researching the history and intent of legislation.

Under my direction and the direction of other attorneys on staff, the research staff of Legislative Intent Service, Inc. undertook to locate and obtain all documents relevant to the enactment of Senate Bill 534 of 1991. Senate Bill 534 was approved by the Legislature and was enacted as Chapter 750 of the Statutes of 1991.

The following list identifies all documents obtained by the staff of Legislative Intent Service, Inc. on Senate Bill 534 of 1991. All listed documents have been forwarded with this Declaration except as otherwise noted in this Declaration. All documents gathered by Legislative Intent Service, Inc. and all copies forwarded with this Declaration are true and correct copies of the originals located by Legislative Intent Service, Inc. In compiling this collection, the staff of Legislative Intent Service, Inc. operated under directions to locate and obtain all available material on the bill.

SENATE BILL 534 OF 1991:

1. All versions of Senate Bill 534 (Hart-1991);
2. Procedural history of Senate Bill 534 from the 1991-92 *Senate Final History*;
3. Analysis of Senate Bill 534 prepared for the Senate Committee on Agriculture and Water Resources;
4. Material from the legislative bill file of the Senate Committee on Agriculture and Water Resources on Senate Bill 534;
5. Material from the legislative bill file of the Senate Committee on Appropriations on Senate Bill 534;
6. Third Reading and Special Consent analyses of Senate Bill 534 prepared by the Office of Senate Floor Analyses;

Page 1 of 2

7. Material from the legislative bill file of the Office of Senate Floor Analyses on Senate Bill 534;
8. Two analyses of Senate Bill 534 prepared for the Assembly Committee on Local Government;
9. Material from the legislative bill file of the Assembly Committee on Local Government on Senate Bill 534;
10. Analysis of Senate Bill 534 prepared for the Assembly Committee on Water, Parks and Wildlife;
11. Material from the legislative bill file of the Assembly Committee on Water, Parks and Wildlife on Senate Bill 534;
12. Analysis of Senate Bill 534 prepared for the Assembly Committee on Ways and Means;
13. Material from the legislative bill file of the Assembly Committee on Ways and Means on Senate Bill 534;
14. Material from the legislative bill file of the Assembly Committee on Ways and Means Minority on Senate Bill 534;
15. Third Reading analysis of Senate Bill 534 prepared by the Assembly Committee on Local Government;
16. Material from the legislative bill file of the Assembly Republican Caucus on Senate Bill 534;
17. Unfinished Business analysis of Senate Bill 534 prepared by the Office of Senate Floor Analyses;
18. Post-enrollment documents regarding Senate Bill 534;
19. Excerpt regarding Senate Bill 534 from the 1991 *Summary Digest of Statutes Enacted and Resolutions Adopted*, prepared by Legislative Counsel;
20. Material from the legislative bill file of the Pacific Law Journal on Senate Bill 534;
21. Material from the legislative bill file of the Department of Finance on Senate Bill 534;
22. Groundwater Management Plan prepared by the Ojai Basin Groundwater Management Agency, September 1994;
23. Article entitled "Twenty Years of Local Groundwater Export Legislation in California: Lessons from a Patchwork Quilt," from the *Natural Resources Journal*, Vol. 34, No. 3, Summer 1994.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 28th day of December, 2021 at Woodland, California.



ANNA MARIA BERECZKY-ANDERSON

Introduced by Senator Hart

February 27, 1991

An act to authorize a joint powers agreement among the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District, relating to the Ojai Groundwater Management Agency.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as introduced, Hart. Ojai Groundwater Management Agency.

Under existing law, there are no special provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Groundwater Basin Act which would authorize the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District, by a joint powers agreement, to create an agency known as the Ojai Groundwater Management Agency, with prescribed boundaries.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 cited as the Ojai Groundwater Basin Act.
3

4 Article 1. Creation
5

6 Sec. 102. The City of Ojai, the Casitas Municipal Water
7 District, and the Ojai Water Conservation District may,
8 by a joint powers agreement entered into pursuant to
9 Chapter 5 (commencing with Section 6500) of Division 7



1 of Title 1 of the Government Code, create a district
2 known as the Ojai Groundwater Management Agency,
3 which shall have the boundaries specified in Section 301.

4

5

Article 2. Findings and Declarations

6

7 Sec. 201. The Legislature hereby finds and declares
8 that the preservation of the groundwater within the Ojai
9 groundwater basin for the protection of agricultural and
10 domestic resources is in the public interest and that the
11 creation of the district pursuant to this act is for the
12 common benefit of the agency.

13

14

Article 3. Boundaries

15

16 Sec. 301. For the purposes of this act, the boundaries of
17 the agency include all of the area shown on Plate 16-A as
18 the "Upper Ojai Basin" in Bulletin No. 12 of the State
19 Water Resources Control Board issued in October 1953,
20 entitled "Ventura County Investigation."

21

22

Article 4. Miscellaneous

23

24 Sec. 401. The Legislature finds and declares that this
25 act, which is applicable only to the Ojai Groundwater
26 Management Agency, is necessary because of the unique
27 and special groundwater management problems in the
28 area included in the agency. It is, therefore, hereby
29 declared that a general law cannot be made applicable to
30 the agency and the enactment of this special law is
31 necessary for the conservation, development, control,
32 and use of that water for the public good and for the
33 protection of life and property therein.

O



Introduced by Senator Hart

February 27, 1991

An act to authorize a joint powers agreement among the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District, relating to the Ojai Groundwater Management Agency; amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no special provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Groundwater Basin Act which would authorize the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District, by a joint powers agreement, to create an agency known as the Ojai Groundwater Management Agency, with prescribed boundaries Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the district and provide for the management and financing of the district.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or



any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new crime, and would subject that person to an administrative fine in an amount not to exceed \$500. The bill would subject any person who negligently or intentionally violates the act or any agency ordinance to civil liability in an amount not to exceed \$1,000 per day for each day of violation. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: no yes. State-mandated local program: no yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 SECTION 1. This act shall be known and may be
3 cited as the Ojai Basin Groundwater Management
4 Agency Act.

5
6 Article 1. Creation
7

8 Sec. 101. The Legislature hereby finds and declares
9 that the preservation of the groundwater within the
10 territory of the Ojai Basin Groundwater Management
11 Agency, created pursuant to Section 102 for the
12 protection of agricultural, municipal, and industrial uses,
13 is in the public interest and for the common benefit of
14 water users within the agency.

15 Sec. 102. The Ojai Basin Groundwater Management



1 Agency is hereby created. The agency shall exercise the
 2 express powers granted by this act for purposes of
 3 groundwater management within the territory of the
 4 agency, together with other powers reasonably implied
 5 and necessary and proper to carry out the purposes of the
 6 agency.

7
 8 Article 2. Boundaries

9
 10 Sec. 201. For the purposes of this act, the boundaries
 11 of the agency shall include that portion of the Ojai Basin
 12 watershed which lies within the boundaries of the Casitas
 13 Municipal Water District or the Ojai Water Conservation
 14 District, as determined pursuant to Section 202.

15 Sec. 202. The agency shall establish the specific
 16 location of the boundaries described in Section 201 after
 17 a noticed public hearing. The boundaries shall be
 18 depicted on a map which shall be adopted by the board
 19 and thereafter recorded in the office of the county
 20 recorder.

21
 22 Article 3. Definitions

23
 24 Sec. 301. Unless otherwise indicated by their context,
 25 the terms defined in this article govern the interpretation
 26 of this act.

27 Sec. 302. "Agency" means the Ojai Basin
 28 Groundwater Management Agency.

29 Sec. 303. "Aquifer" means a geologic formation or
 30 structure that transmits or stores water in sufficient
 31 quantities to supply pumping wells or springs. A confined
 32 aquifer is an aquifer with an overlying less permeable or
 33 impermeable layer.

34 Sec. 304. "Available supply" means that quantity of
 35 groundwater which can be withdrawn in any given year
 36 from the groundwater basin without resulting in, or
 37 aggravating, conditions of overdraft, subsidence, or
 38 groundwater quality degradation. Available supply of the
 39 basin includes the natural water supply, imported water,
 40 or other water which has been spread to the basin or has



1 otherwise reached the basin and return flows to the basin
2 attributable to these sources reaching the basin in the
3 course of use.

4 Sec. 305. "Basin" means the Ojai groundwater basin.

5 Sec. 306. "Board" means the board of directors of the
6 agency.

7 Sec. 307. "Conjunctive use" means the coordinated
8 operation of groundwater and surface water supplies.
9 Conjunctive use includes increased groundwater use or
10 decreased groundwater replenishment with surface
11 supplies in years when surface supplies are less than
12 normal and, in years of more abundant surface supplies,
13 the increased use of surface water in lieu of groundwater,
14 either to allow groundwater levels to recover or to
15 replenish artificial groundwater supplies. Conjunctive
16 use also includes long-term storage of water in the basin.

17 Sec. 308. "County" means the County of Ventura.

18 Sec. 309. "Export" means exporting groundwater
19 extracted from the basin for use on land, or within an
20 area, not overlying the basin or within the boundaries of
21 the agency. Export does not include use within any area
22 served by groundwater from the basin as of January 1,
23 1992.

24 Sec. 310. "Extraction" means the act of obtaining
25 groundwater by pumping or other controlled means.

26 Sec. 311. "Extraction facility" means any device or
27 method for the extraction of groundwater within the
28 basin.

29 Sec. 312. "Groundwater" means water beneath the
30 surface of the earth within the zone below the water
31 table in which the soil is completely saturated with water.

32 Sec. 313. "Groundwater basin" means a geologically
33 and hydrologically defined area containing one or more
34 aquifers which store and transmit water yielding
35 significant quantities of water to wells.

36 Sec. 314. "Groundwater management activities"
37 means programs, measures, or actions taken to preserve,
38 monitor, protect, and enhance groundwater resources
39 within the territory of the agency.

40 Sec. 315. "Groundwater rights adjudication" means

1 the determination of substantially all rights in the basin
2 or the area subject to the adjudication.

3 Sec. 316. "Notice" or a "noticed hearing" means the
4 notice required by Section 6061 of the Government Code.

5 Sec. 317. "Operator" means a person who operates a
6 groundwater extraction facility. If the agency is unable to
7 determine who operates a particular extraction facility,
8 then "operator" shall mean the person to whom the
9 extraction facility is assessed by the county assessor or, if
10 not separately assessed, the person who owns the land
11 upon which the extraction facility is located.

12 Sec. 318. "Overdraft" means the condition of the
13 basin where the average annual amount of water
14 extracted exceeds the average annual supply of water to
15 the basin.

16 Sec. 319. "Person" includes any state or local
17 governmental agency, private corporation, firm,
18 partnership, individual, group of individuals, or, to the
19 extent authorized by law, any federal agency.

20 Sec. 320. "Program" means a groundwater
21 management program prepared by the agency pursuant
22 to this act.

23 Sec. 321. "Recharge" means the natural or artificial
24 replenishment of groundwater storage by percolation or
25 injection of one or more sources of water at the surface.

26 Sec. 322. "Replenishment" means spreading water
27 over a permeable area for the purpose of allowing it to
28 percolate to groundwater basins or aquifers, or otherwise
29 adding water to groundwater basins or aquifers.

30 Sec. 323. "Standby charges" are charges imposed on
31 landowners within the agency for benefits received by
32 landowners from improved groundwater management
33 planning.

34 Sec. 324. "Supplemental water" means surface water
35 or groundwater imported from outside the watershed or
36 watersheds of the basin and flood waters that are
37 conserved and saved within the watershed or watersheds
38 which would otherwise have been lost or would not have
39 reached the basin.

40 Sec. 325. "Temporary surplus" means the amount of



1 water that can be extracted from the basin without
 2 permanently adversely affecting the available supply of
 3 the basin to provide storage space for natural or artificial
 4 recharge that would be lost during wet years if it could
 5 not be stored in the basin.

6 Sec. 326. "Water year" means the period from
 7 October 1 of one calendar year to September 30,
 8 inclusive, of the following calendar year.

9 Sec. 327. "Well interference" means a substantial
 10 water level decline in a short time period in a localized
 11 area caused by pumping from extraction facilities.

12 13 Article 4. General Provisions

14
15 Sec. 401. (a) The board shall consist of five directors
 16 and shall be selected in the following manner:

17 (1) One director shall be a member of, and be
 18 appointed by, each of the following entities:

19 (A) The Ojai City Council.

20 (B) The Board of the Casitas Municipal Water District.

21 (C) The Board of the Ojai Water Conservation
 22 District.

23 (2) One director shall be a representative of the
 24 Southern California Water Company.

25 (3) One director shall be chosen from the members of
 26 the governing boards of the following mutual water
 27 companies whose territory at least in part overlies the
 28 boundaries of the agency.

29 (A) The Senior Canyon Mutual Water Company.

30 (B) The Siete Robles Mutual Water Company.

31 (C) The Hermitage Mutual Water Company.

32 The mutual water company director shall be chosen at
 33 a public meeting where each mutual water company is
 34 represented by the chairperson of its governing board. If
 35 the mutual water companies fail to appoint a director
 36 within three months, the remaining four directors shall
 37 appoint a director from one of the boards of the mutual
 38 water companies identified in this paragraph.

39 (b) The board is the governing body of the agency and
 40 shall exercise the powers of the agency.



1 *Sec. 402. (a) No provisions of this act shall be*
2 *construed to deny any entity from which a board*
3 *member is or may be selected any rights or powers which*
4 *they already have or which they may be granted.*

5 *(b) The agency shall not involve itself in activities*
6 *normally and historically undertaken by any entity from*
7 *which a board member is or may be selected, such as the*
8 *construction and operation of dams, spreading grounds,*
9 *pipelines, flood control facilities, groundwater wells, and*
10 *water distribution facilities, or the wholesale and retail*
11 *sale of water, without prior consent of those entities, and*
12 *shall otherwise limit its activities to monitoring, planning,*
13 *managing, controlling, preserving, and regulating the*
14 *extraction and use of groundwater within the boundaries*
15 *of the agency.*

16 *Sec. 403. This act does not abrogate or impair the*
17 *overlying or appropriative rights of the landowners or*
18 *other existing appropriators within the agency, including*
19 *the right to seek an adjudication of those rights, or to*
20 *abrogate or impair the jurisdiction of the California*
21 *Public Utilities Commission in regulating the activities*
22 *and assets of the Southern California Water Company.*

23 *Sec. 404. (a) The board may adopt ordinances for the*
24 *purpose of monitoring, regulating, conserving,*
25 *managing, and controlling the use and extraction of*
26 *groundwater within the boundaries of the agency. All*
27 *ordinances shall be adopted, after a noticed public*
28 *hearing, by a majority vote of the board. Notice of the*
29 *adoption of all ordinances shall be given. The ordinances*
30 *of the agency shall become effective on the 31st day after*
31 *adoption.*

32 *(b) Notwithstanding subdivision (a), the board may,*
33 *by the vote of at least four members of the board, without*
34 *a public hearing, adopt an emergency ordinance which*
35 *shall become effective immediately upon adoption, if the*
36 *board determines that the public health, safety, or*
37 *welfare requires the emergency ordinance.*

38 *Sec. 405. Any person who intentionally violates this*
39 *act or any agency ordinance is guilty of an infraction and*
40 *may be required to pay a fine to the agency not to exceed*



1 five hundred dollars (\$500).

2 *Sec. 406. Any person who negligently or intentionally*
3 *violates this act or any agency ordinance may also be*
4 *liable civilly to the agency for a sum not to exceed one*
5 *thousand dollars (\$1,000) per day for each day of*
6 *violation, in addition to any other penalties that may be*
7 *prescribed by law.*

8 *Sec. 407. Upon the failure of any person to comply*
9 *with this act or any agency ordinance, the agency may*
10 *petition the superior court for a temporary restraining*
11 *order, preliminary or permanent injunction, or other*
12 *appropriate equitable relief. The right to petition for*
13 *injunctive relief is in addition to other rights, which may*
14 *be provided elsewhere in this act or otherwise allowed by*
15 *law.*

16 *Sec. 408. The agency may petition the superior court*
17 *of the county to recover any sums due the agency or*
18 *damages incurred by the agency. To preserve and*
19 *manage the groundwater resources within the agency,*
20 *the agency may commence, maintain, intervene in,*
21 *defend in, compromise, and assume the costs and*
22 *expenses incurred by the agency in, actions and*
23 *proceedings involving groundwater, including, but not*
24 *limited to, groundwater rights adjudication.*

25 *Sec. 409. The agency may contract for staff and other*
26 *services and may hire other contractors and consultants.*

27 *Sec. 410. The agency may exclude from any of the*
28 *requirements of this act, or the operation of any*
29 *ordinance, any operator who extracts less than a*
30 *minimum amount of groundwater as specified by*
31 *ordinance adopted by the board.*

32

33

Article 5. Studies and Investigations

34

35 *Sec. 501. The agency may collect data and conduct*
36 *technical and other investigations in order to carry out*
37 *this act. All hydrological investigations and studies*
38 *carried out by, or on behalf of, the agency shall be*
39 *conducted by, or under the supervision of, licensed*
40 *engineers or other persons qualified in groundwater*



1 geology or hydrology.

2 Sec. 502. (a) The agency shall prepare annually a
3 report on groundwater supplies and conditions in the
4 agency, including groundwater management objectives
5 and a plan of implementation of those objectives.

6 (b) The agency may prepare, or receive reports on
7 groundwater and supplemental water supplies and
8 conditions in the territory of the agency, including
9 groundwater management and conjunctive use
10 objectives and a plan for implementation of those
11 objectives.

12 Sec. 503. The agency may recommend and encourage
13 waste water reuse and other water development projects,
14 if those projects will enhance and contribute to the
15 responsible management of groundwater resources, as
16 part of its annual plan for implementation of
17 groundwater management objectives.

18

19 Article 6. Groundwater Management Plans

20

21 Sec. 601. The agency shall develop, adopt, and
22 implement a plan to protect the basin's groundwater
23 quality and to balance long-term average annual water
24 replenishment and extractions in the basin, in order to
25 maximize the long-term available supply.

26 Sec. 602. The agency shall undertake a study to
27 develop the plan required pursuant to Section 601 which
28 includes all of the following components:

29 (a) A list of groundwater extraction facilities within
30 the boundaries of the agency.

31 (b) An estimate of annual water production, in acre
32 feet per year, for each extraction facility, using industry
33 accepted monitoring and testing procedures.

34 (c) A table and graph depicting water level readings,
35 as of each October 1, from acceptable sources for the
36 period of record.

37 (d) Provisions and testing procedures for monitoring
38 water quality.

39 (e) Historical data for rainfall runoff and basin usage
40 and replenishment.



1 **Sec. 603. (a) The agency shall undertake a**
2 **groundwater management study for future extractions**
3 **from the basin. As a part of this study, the agency shall**
4 **determine the hydrologic characteristics of the basin**
5 **which shall include all of the following information:**

- 6 **(1) Existing groundwater storage capacity.**
- 7 **(2) Existing groundwater storage.**
- 8 **(3) Existing and projected groundwater use.**
- 9 **(4) A review of the boundaries of the basin.**
- 10 **(5) The average annual variation in storage, with**
11 **respect to paragraph (2) and projected annual rainfall,**
12 **runoff, and recharge rates.**

13 **(6) Long-term recoverable storage, including an**
14 **estimate of nonrecoverable storage.**

15 **(7) Potential extractions and storage programs.**

16 **Sec. 604. (a) The plan required pursuant to Section**
17 **601 may consider any project alternatives designed to**
18 **enhance the overall balance of long-term average annual**
19 **basin replenishment and extractions.**

20 **(b) The plan shall investigate options of operating the**
21 **basin to provide an increased ability to capture, recharge,**
22 **and maximize reasonable uses by fully utilizing the**
23 **available groundwater supply. The options may include**
24 **the conjunctive operation of the basin with Casitas**
25 **Reservoir. The plan shall recommend consideration of**
26 **alternative management approaches and associated**
27 **further steps towards effective implementation of**
28 **groundwater management strategies to achieve the**
29 **long-term objectives identified in Section 601.**

30 **Sec. 605. (a) The studies required in Sections 602 and**
31 **603 shall be completed and submitted to the board by**
32 **January 1, 1993.**

33 **(b) The plan required in Section 601 shall be**
34 **completed and submitted to the board by January 1, 1994.**
35

36 **Article 7. Groundwater Management**

37
38 **Sec. 701. If the board determines after a noticed**
39 **public hearing, and consideration of any relevant**
40 **investigations, studies, and evidence that groundwater**



1 *management activities are necessary in order to improve*
2 *or protect the quantity or quality of groundwater*
3 *supplies within the basin, the board may, by ordinance,*
4 *or resolution, undertake any of the activities authorized*
5 *by this article.*

6 *Sec. 702. The board may exercise any of the following*
7 *measures:*

8 *(a) Require conservation practices and measures*
9 *within identified portions of the agency.*

10 *(b) Commence and prosecute legal actions to enjoin*
11 *unreasonable uses or methods of use of water within the*
12 *agency or outside the agency to the extent those uses or*
13 *methods of use adversely affect the groundwater supply*
14 *within the agency.*

15 *(c) Conserve and reclaim water within or outside the*
16 *agency, require conservation practices and measures*
17 *within the agency, and impose charges upon those within*
18 *or without the agency benefited by the conservation*
19 *practices.*

20 *Sec. 703. The agency may regulate groundwater*
21 *replenishment programs and the recapture of*
22 *supplemental groundwater resulting from those*
23 *programs within the agency.*

24 *Sec. 704. To encourage conjunctive use, the agency*
25 *may do either of the following:*

26 *(a) Contract with entities for benefits to areas outside*
27 *the basin which may result from conservation or*
28 *conjunctive use practices within the basin and may*
29 *impose appropriate charges for those benefits.*

30 *(b) Contract with groundwater users within the basin*
31 *to enhance the conjunctive use of groundwater and*
32 *surface water and compensate groundwater users for the*
33 *value of those measures.*

34 *Sec. 705. To minimize well interference, the agency*
35 *may do either of the following:*

36 *(a) Impose spacing requirements or require*
37 *reasonable mitigation measures relating to the*
38 *construction of any new extraction facility.*

39 *(b) Impose reasonable operating regulations on*
40 *extraction facilities.*



1 *Sec. 706. The agency may control groundwater*
2 *extractions by regulating, limiting, or suspending*
3 *extractions from extraction facilities, the construction of*
4 *new extraction facilities, the enlarging of existing*
5 *facilities, and the reactivation of abandoned or inactive*
6 *extraction facilities.*

7 *Sec. 707. The availability of supplemental water to*
8 *any operator shall not subject that operator to regulations*
9 *more restrictive than those imposed on other operators.*

10 *Sec. 708. (a) No groundwater shall be exported from*
11 *within the agency unless the exporter has applied for, and*
12 *obtained, a permit from the agency which establishes the*
13 *quantity of water which may be exported and the*
14 *conditions of the export. Notwithstanding any conditions*
15 *specified in the permit, exporters shall be subject to this*
16 *act.*

17 *(b) The agency shall not issue any permit to export*
18 *water from the agency unless the applicant has*
19 *established that there is an available water supply as*
20 *defined in this act, in excess of the amount currently*
21 *required for reasonable and beneficial uses within the*
22 *agency, and the board determines that the export would*
23 *not adversely affect the rights of groundwater users*
24 *within the agency. The agency shall issue permits for*
25 *export for time periods, and under terms and conditions*
26 *it deems appropriate. All permits shall declare that they*
27 *are subject to the right of the agency to reduce or*
28 *suspend exports pursuant to this act.*

29 *(c) The agency shall, after published notice and a*
30 *hearing which discloses evidence of overdraft, or any*
31 *threat of overdraft, reduce or suspend extractions by*
32 *exporters regardless of whether a permit to export has*
33 *been granted pursuant to this act.*

34 *(d) The right to store and recapture imported or*
35 *developed water in the groundwater basin shall be*
36 *subject to prior permit by the agency. The agency shall*
37 *issue storage and recapture permits under terms and*
38 *conditions it deems appropriate and may impose charges*
39 *therefor. Existing recapture facilities shall be exempt*
40 *from this section.*



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Article 8. Registration of Groundwater Extraction Facilities

Sec. 801. The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility.

Sec. 802. The agency may require, by ordinance, that the operator of a registered extraction facility provide the agency annually with all of the following information regarding the extraction facility:

(a) The name and address of the operator of the extraction facility.

(b) The name and address of the owner of the land upon which the extraction facility is located.

(c) A description of the equipment associated with the extraction facility.

(d) The location of the water extraction facility.

(e) The purposes of groundwater use.

Sec. 803. No person may extract groundwater by the use of any extraction facility required to be registered unless the extraction facility has been registered with the agency.

Sec. 804. The agency shall require extraction facilities to be equipped with waterflow measuring devices installed and calibrated by the agency or, at the agency's option, by the extraction facility operator. The agency may, by ordinance, exempt specific extraction facilities from the measuring device requirements.

Sec. 805. No person may extract groundwater by the use of any extraction facility required to be equipped with a waterflow measuring device unless the extraction facility is so equipped.

Sec. 806. If an extraction facility is equipped with a waterflow measuring device, the record of extraction, as disclosed by the waterflow measuring device, may at the election of the board be presumed to be accurate, and if so presumed, shall be used as the basis for computing the water extraction of the extraction facility in completing



1 the groundwater extraction statement.

2 *Sec. 807. The agency may require proof of the*
3 *accuracy of the waterflow measuring device from the*
4 *operator and may, absent adequate proof of accuracy,*
5 *order the operator, at the operator's sole cost, to have the*
6 *waterflow measuring device calibrated in a manner*
7 *acceptable to the agency. If the agency has probable*
8 *cause to believe that the extraction of groundwater from*
9 *any extraction facility is in excess of the amount reported*
10 *in a groundwater extraction statement filed pursuant to*
11 *Section 810, or if no statement is filed covering an*
12 *extraction facility, the agency may investigate the*
13 *extraction of water from the extraction facility.*

14 *Sec. 808. No person may intentionally injure, alter,*
15 *remove, reset, adjust, manipulate, obstruct, or in any*
16 *manner interfere or tamper with any waterflow*
17 *measuring device affixed to any extraction facility so that*
18 *the waterflow measuring device improperly or*
19 *inaccurately measures and records water extraction.*

20 *Sec. 809. The board may, by ordinance, establish*
21 *reasonable methods to be used in computing the amount*
22 *of water extracted by exempted extraction facilities.*

23 *Sec. 810. (a) The agency may, by ordinance, require*
24 *the operator of each extraction facility to file, as specified*
25 *by the agency, a groundwater extraction statement that*
26 *contains, but is not limited to, the following information:*

27 (1) *Total extraction in acre-feet of water from the*
28 *extraction facility.*

29 (2) *The crop types or other uses and the acreage*
30 *served by the extraction facility.*

31 (3) *The method of measuring or computing*
32 *groundwater extraction.*

33 (b) *Each groundwater extraction statement shall be*
34 *verified by a written declaration under penalty of perjury*
35 *that the information contained in the statement is true*
36 *and correct.*

37 (c) *The operator of an extraction facility which has*
38 *been permanently abandoned after January 1, 1992, shall*
39 *give written notice of the abandonment to the agency.*

40 *Sec. 811. No person who is required to file a*



1 groundwater extraction statement may fail to do so.

2 Sec. 812. No person, with an intent to evade any
3 requirement of this act, may file a false or fraudulent
4 groundwater extraction statement with the agency.
5

6 Article 9. Management Charges
7

8 Sec. 901. (a) Each year the board may fix a
9 management charge in accordance with benefit based
10 criteria to be established by the board, upon the City of
11 Ojai, the Casitas Municipal Water District, the Ojai Water
12 Conservation District, and the Southern California Water
13 Company, for the purpose of paying the costs of
14 initiating, carrying on, and completing any of the powers,
15 purposes, and groundwater management activities for
16 which the agency is organized.

17 (b) In the aggregate, management charges shall be
18 limited to fifty thousand dollars (\$50,000) in the first year
19 and twenty-five thousand dollars (\$25,000) in the second
20 year. None of the entities identified in subdivision (a)
21 shall be required to pay more than one-third of the
22 aggregate allowable charges. Management charges in
23 succeeding years, or contributions in excess of the
24 established limits, shall be voluntary and payable at the
25 discretion of each entity identified in subdivision (a).

26 Sec. 902. Management charges shall be paid in the
27 manner prescribed by ordinance.
28

29 Article 10. Standby Charges
30

31 Sec. 1001. Each year the agency may fix a standby
32 charge for the purpose of paying the costs of initiating,
33 carrying on, and completing any of the powers, projects,
34 and purposes for which the agency is organized.

35 Sec. 1002. Before levying standby charges, the board
36 shall, after notice and hearing, find and determine the
37 portion of the agency to be benefitted by management
38 and planning activities, the need for standby charges for
39 the purpose of paying the cost of these activities, and the
40 amount of the charges to be levied.



1 *Sec. 1003. Standby charges may not exceed seven*
2 *dollars and fifty cents (\$7.50) per acre per year for each*
3 *acre of land, or five dollars (\$5.00) for each parcel of land*
4 *of less than one acre within the agency.*

5 *Sec. 1004. Standby charges applicable to the territory*
6 *served by the city's corporate franchise, or any other*
7 *water purveyor within the agency's boundaries, may be*
8 *collected by the water purveyor if the agency so requests*
9 *and the water purveyor agrees to do so, and shall be paid*
10 *to the agency in lieu of collection through the tax bills.*
11 *The board may exclude portions of the agency or may*
12 *establish schedules varying the standby charges*
13 *according to the likelihood that the land will benefit, as*
14 *determined by the board, from improved groundwater*
15 *management and planning.*

16 *Sec. 1005. The standby charge may, at the option of*
17 *the agency, be collected on the tax bills of the county, by*
18 *the same persons, and at the same time as, together with*
19 *not separately from, county property taxes. In lieu of this*
20 *election, the agency shall collect standby fees at the same*
21 *time, together with penalties and interest at the same*
22 *rates, as is prescribed for the collection of county*
23 *property taxes.*

24 *Sec. 1006. The amount of an unpaid standby charge,*
25 *together with any penalty and interest thereon, shall*
26 *constitute a lien on that land as of the same time and in*
27 *the same manner as does the tax lien securing county*
28 *property taxes.*

29 *Sec. 1007. The board may fix standby charges until*
30 *January 1, 1995.*

31
32 *Article 11. Groundwater Extraction Charges*
33

34 *Sec. 1101. The agency may, by ordinance, levy*
35 *groundwater extraction charges on the extraction of*
36 *groundwater by the use of water extraction facilities*
37 *within the boundaries of the agency to pay the costs of*
38 *initiating, carrying on, and completing any of the powers,*
39 *purposes, and groundwater management activities*
40 *described in this act.*



1 *Sec. 1102. The Legislature hereby finds and declares*
2 *that the groundwater management activities of the*
3 *agency are of equal benefit, as determined by the board,*
4 *to all operators of groundwater extraction facilities within*
5 *the territory of the agency.*

6 *Sec. 1103. The groundwater extraction charge rate*
7 *shall be uniform for groundwater extraction within the*
8 *territory of the agency.*

9 *Sec. 1104. Groundwater extraction charges shall be*
10 *calculated on the basis of groundwater extraction*
11 *statements filed pursuant to Section 810.*

12 *Sec. 1105. If any operator of any extraction facility*
13 *fails to pay the groundwater extraction charge when due,*
14 *the agency shall charge and collect interest, at the rate of*
15 *1½ percent each month, on the delinquent amount of the*
16 *groundwater extraction charge. In addition, the agency*
17 *may exercise any of the provisions of Article 5*
18 *(commencing with Section 75630) of Chapter 3 of Part 9*
19 *of Division 21 of the Water Code to collect delinquent*
20 *groundwater extraction charges.*

21 *Sec. 1106. All money collected by the agency shall be*
22 *available for expenditure by the agency in carrying out*
23 *its groundwater management activities.*

24 *Sec. 1107. The groundwater extraction charge shall*
25 *not exceed seven dollars and fifty cents (\$7.50) per*
26 *acre-foot pumped per year.*

27
28 *Article 12. Miscellaneous*
29

30 *Sec. 1201. The Legislature finds and declares that this*
31 *act, which is applicable only to the Ojai Basin*
32 *Groundwater Management Agency, is necessary because*
33 *of the unique and special groundwater management*
34 *problems in the area included in the agency. It is,*
35 *therefore, hereby declared that a general law cannot be*
36 *made applicable to the agency and the enactment of this*
37 *special law is necessary for the conservation,*
38 *development, control, and use of that water for the public*
39 *good and for the protection of life and property therein.*

40 *SEC. 2. Section 1 of Chapter 153 of the Statutes of*



1 1974 is amended to read:

2 Section 1. The San Antonio Water Ojai Water
3 Conservation District in Ventura County shall, on and
4 after the effective date of this act, be governed by the
5 provisions of the Water Conservation District Law of 1931
6 as contained in Division 21 (commencing with Section
7 74000) of the Water Code. The provisions of the Water
8 Conservation Act of 1927 (Chapter 91 of the Statutes of
9 1927) shall, on and after the effective date of this act, have
10 no application to the San Antonio Water Conservation
11 District.

12 *SEC. 3. Section 2 of Chapter 153 of the Statutes of*
13 *1974 is repealed.*

14 *Sec. 2. The Board of Directors of the San Antonio*
15 *Water Conservation District in Ventura County may by*
16 *resolution change the name of the district to the Ojai*
17 *Water Conservation District.*

18 *SEC. 4. Section 3 of Chapter 153 of the Statutes of*
19 *1974 is amended and renumbered to read:*

20 *Sec. 3.*

21 *Sec. 2. The Legislature hereby finds and declares that*
22 *facts and circumstances exist in the San Antonio Water*
23 *Conservation District peculiar to that district which*
24 *necessitates that the district be governed under the*
25 *Water Conservation District Law of 1931, including, but*
26 *not limited to, the general location of the district and the*
27 *extremely rapid changes in the geographic and economic*
28 *composition of the district this act, which is applicable*
29 *only to the Ojai Water Conservation District, is necessary*
30 *because of the unique and special water conservation*
31 *problems in the area included in the district. It is,*
32 *therefore, hereby declared that a general law cannot be*
33 *made applicable to the district and the enactment of this*
34 *special law is necessary for the conservation,*
35 *development, control, and use of water in the district for*
36 *the public good and for the protection of life and*
37 *property therein.*

38 *SEC. 5. Section 4 of Chapter 153 of the Statutes of*
39 *1974 is repealed.*

40 *Sec. 4. The Legislature further finds and declares that*



1 the name "San Antonio Water Conservation District" is
 2 no longer descriptive of the actual operation of the
 3 district and the proper functioning of the district may
 4 require that the name of the district be changed to the
 5 Ojai Water Conservation District. The problem is not
 6 common to other water conservation districts. It is
 7 necessary, therefore, that the provisions of this act be
 8 made applicable only to the San Antonio Water
 9 Conservation District.

10 *SEC. 6. No reimbursement is required by this act*
 11 *pursuant to Section 6 of Article XIII B of the California*
 12 *Constitution because the local agency or school district*
 13 *has the authority to levy service charges, fees, or*
 14 *assessments sufficient to pay for the program or level of*
 15 *service mandated by this act or the costs which may be*
 16 *incurred by a local agency or school district will be*
 17 *incurred because this act creates a new crime or*
 18 *infraction, changes the penalty for a crime or infraction,*
 19 *or eliminates a crime or infraction. Notwithstanding*
 20 *Section 17580 of the Government Code, unless otherwise*
 21 *specified in this act, the provisions of this act shall become*
 22 *operative on the same date that the act takes effect*
 23 *pursuant to the California Constitution.*
 24 *itled as the Ojai Groundwater Basin Act.*

25
 26 **Article 1: Creation**
 27

28 **Sec. 102.** The City of Ojai, the Casitas Municipal Water
 29 District, and the Ojai Water Conservation District may,
 30 by a joint powers agreement entered into pursuant to
 31 Chapter 5 (commencing with Section 6500) of Division 7
 32 of Title 1 of the Government Code, create a district
 33 known as the Ojai Groundwater Management Agency,
 34 which shall have the boundaries specified in Section 301.
 35

36 **Article 2: Findings and Declarations**
 37

38 **Sec. 201.** The Legislature hereby finds and declares
 39 that the preservation of the groundwater within the Ojai
 40 groundwater basin for the protection of agricultural and

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1 domestic resources is in the public interest and that the
2 creation of the district pursuant to this act is for the
3 common benefit of the agency.

4
5 Article 3. Boundaries

6
7 Sec. 301. For the purposes of this act, the boundaries of
8 the agency include all of the area shown on Plate 16/A as
9 the "Upper Ojai Basin" in Bulletin No. 12 of the State
10 Water Resources Control Board issued in October 1952
11 entitled "Ventura County Investigation."

12
13 Article 4. Miscellaneous

14
15 Sec. 401. The Legislature finds and declares that this
16 act, which is applicable only to the Ojai Groundwater
17 Management Agency, is necessary because of the unique
18 and special groundwater management problems in the
19 area included in the agency. It is, therefore, hereby
20 declared that a general law cannot be made applicable to
21 the agency and the enactment of this special law is
22 necessary for the conservation, development, control,
23 and use of that water for the public good and for the
24 protection of life and property therein.

O



AMENDED IN ASSEMBLY JUNE 24, 1991

AMENDED IN SENATE APRIL 17, 1991

SENATE BILL

No. 534

Introduced by Senator Hart

February 27, 1991

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no *special specific* provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the district and provide for the management and financing of the district.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new crime, and would subject that person to an administrative fine in an amount not to exceed \$500, *as prescribed*. The bill would subject any person who negligently or intentionally violates the act or any agency ordinance to civil liability in an



amount not to exceed \$1,000 per day for each day of violation, as prescribed. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 cited as the Ojai Basin Groundwater Management
3 Agency Act.

4
5 Article 1. Creation
6

7 Sec. 101. The Legislature hereby finds and declares
8 that the preservation of the groundwater within the
9 territory of the Ojai Basin Groundwater Management
10 Agency, created pursuant to Section 102 for the
11 protection of agricultural, municipal, and industrial uses,
12 is in the public interest and for the common benefit of
13 water users within the agency.

14 Sec. 102. The Ojai Basin Groundwater Management
15 Agency is hereby created. The agency shall exercise the
16 express powers granted by this act for purposes of
17 groundwater management within the territory of the
18 agency, together with other powers reasonably implied
19 and necessary and proper to carry out the purposes of the
20 agency.



Article 2. Boundaries

1
2
3 Sec. 201. For the purposes of this act, the boundaries
4 of the agency shall include that portion of the Ojai Basin
5 watershed which lies within the boundaries of the Casitas
6 Municipal Water District or the Ojai Water Conservation
7 District, as determined pursuant to Section 202.

8 Sec. 202. The agency shall establish the specific
9 location of the boundaries described in Section 201 after
10 a noticed public hearing. The boundaries shall be
11 District, but shall not include any land within the
12 boundaries of the Ventura River County Water District.
13 The boundaries of the agency are more particularly
14 described as follows:

15 The point of beginning is located at the intersection of
16 the centerline of Creek Road and the northerly boundary
17 of Camp Comfort; thence, northerly along the centerline
18 of Creek Road to the point of intersection with the
19 centerline of Hermosa Road; thence, westerly and
20 northwesterly along the centerline of Hermosa Road to
21 the point of intersection with the easterly line of Ventura
22 Avenue, also known as State Highway Routes 33 and 150;
23 thence, northerly along that easterly line of Ventura
24 Avenue to the point of intersection with the centerline of
25 Ojai Avenue; thence, northeasterly along the centerline
26 of Ojai Avenue to the point of intersection with the
27 centerline of Del Norte Road; thence, northerly along the
28 centerline of Del Norte Road and the northerly
29 prolongation of the centerline of Del Norte to the north
30 quarter corner of Section 35, Township 5 North, Range 23
31 West, San Bernardino Base and Meridian, that point
32 being also a point in the boundary of the Casitas
33 Municipal Water District; thence along that boundary;
34 thence east along the north line of that Section 35 and
35 along the north line of Section 36 of that Township and
36 Range and Sections 31, 32, 33, and 34 of Township 5 North,
37 Range 22 West, San Bernardino Base and Meridian to the
38 northeast corner of that Section 34; thence, south along
39 the east line of that Section 34 and the east line of Section
40 3, Township 4 North, Range 22 West, San Bernardino



1 *Base and Meridian to the northwest corner of the south*
2 *one-half of the northwest one-quarter of Section 2 of that*
3 *last mentioned Township and Range; thence, east along*
4 *the north line of that south one-half of the northwest*
5 *one-quarter of Section 2 to the northeast corner thereof,*
6 *south along the east line of that south one-half of the*
7 *northwest one-quarter of Section 2 to the southeast*
8 *corner thereof; thence, west along the south line of that*
9 *south one-half of the northwest one-quarter of Section 2*
10 *to the northeast corner of the west one-half of the*
11 *southwest one-quarter of that Section 2; thence, south*
12 *along the east line of that west one-half of the southwest*
13 *one-quarter of Section 2 to the southeast corner thereof*
14 *to a point in the north line of fractional Section 11,*
15 *Township 4 North, Range 22 West, San Bernardino Base*
16 *and Meridian; thence, east along that north line to the*
17 *north quarter corner of that fractional Section 11; thence,*
18 *in a varying generally southwesterly and westerly*
19 *direction along the watershed dividing ridge line, as*
20 *shown on the Ojai Quadrangle of the United States*
21 *Geological Survey 7.5 minute series of topographic maps,*
22 *between the Ojai Valley and the Lions Creek Drainage,*
23 *a distance of approximately four and three-quarter miles,*
24 *more or less, to the point at which the 1,400-foot contour*
25 *intersects the range line common to Range 22 West and*
26 *Range 23 West, San Bernardino Base and Meridian;*
27 *thence, in a straight line in a generally south of west*
28 *direction a distance of approximately one and one-half*
29 *miles, more or less, to the point of beginning.*

30 *Sec. 202. The boundaries of the agency shall be*
31 *depicted on a map which shall be adopted by the board*
32 *and thereafter recorded in the office of the county*
33 *recorder.*

34 35 Article 3. Definitions

36
37 *Sec. 301. Unless otherwise indicated by their context,*
38 *the terms defined in this article govern the interpretation*
39 *of this act.*

40 *Sec. 302. "Agency" means the Ojai Basin*

1 Groundwater Management Agency.

2 Sec. 303. "Aquifer" means a geologic formation or
3 structure that transmits or stores water in sufficient
4 quantities to supply pumping wells or springs. A
5 ~~confined aquifer is an aquifer with an overlying less~~
6 ~~permeable or impermeable layer.~~

7 Sec. 304. "Available supply" means that quantity of
8 groundwater which can be withdrawn in any given year
9 from the groundwater basin without resulting in, or
10 aggravating, conditions of overdraft, subsidence, or
11 groundwater quality degradation. Available supply of the
12 basin includes the natural water supply, imported water,
13 ~~or~~ *and* other water which has been spread to the basin or
14 has otherwise reached the basin and return flows to the
15 basin attributable to these sources reaching the basin in
16 the course of use.

17 Sec. 305. "Basin" means the Ojai groundwater basin,
18 *as shown in the Department of Water Resources Bulletin*
19 *No. 12, "Ventura County Investigation," dated October*
20 *1953, to the extent included within the boundaries of the*
21 *district, as defined in Section 201.*

22 Sec. 306. "Board" means the board of directors of the
23 agency.

24 Sec. 307. "Conjunctive use" means the coordinated
25 operation of groundwater and surface water supplies.
26 Conjunctive use includes increased groundwater use or
27 decreased groundwater replenishment with surface
28 supplies in years when surface supplies are less than
29 normal and, in years of more abundant surface supplies,
30 the increased use of surface water in lieu of groundwater,
31 either to allow groundwater levels to recover or to
32 replenish artificial groundwater supplies. Conjunctive
33 use also includes long-term storage of water in the basin.

34 Sec. 308. "County" means the County of Ventura.

35 Sec. 309. "Export" ~~means exporting groundwater~~
36 ~~extracted~~ *extracting groundwater* from the basin for use
37 on land, or within an area, ~~not overlying the basin or~~
38 *which does not overlie or is not within the boundaries of*
39 *the agency. Export does not include use on or after*
40 *January 1, 1992, within any area served by groundwater*



1 from the basin ~~as of~~ prior to January 1, 1992.

2 Sec. 310. "Extraction" means the act of obtaining
3 groundwater by pumping or other controlled means.

4 Sec. 311. "Extraction facility" means any device or
5 method for the extraction of groundwater within the
6 basin.

7 Sec. 312. "Groundwater" means water beneath the
8 surface of the earth within the zone below the water
9 table in which the soil is completely saturated with water.

10 Sec. 313. "Groundwater basin" means a geologically
11 and hydrologically defined area containing one or more
12 aquifers which store and transmit water yielding
13 significant quantities of water to wells, transmit, and
14 yield significant quantities of water to wells, or are
15 capable of doing so.

16 Sec. 314. "Groundwater management activities"
17 means programs, measures, or actions taken to preserve,
18 monitor, protect, and enhance groundwater resources
19 within the territory of the agency.

20 Sec. 315. "Groundwater rights adjudication" means
21 the determination of substantially all rights in the basin
22 or the area subject to the adjudication.

23 Sec. 316. "Mutual water company" means a
24 corporation organized for, or engaged in the business of,
25 selling, distributing, supplying, or delivering water to its
26 stockholders and members at cost for irrigation purposes
27 or for domestic use.

28 Sec. 317. "Notice" or a "noticed hearing" means the
29 notice required by Section 6061 of the Government Code.

30 ~~See: 317.~~

31 Sec. 318. "Operator" means a person who operates a
32 groundwater extraction facility. If the agency is unable to
33 determine who operates a particular extraction facility,
34 then "operator" shall mean the person to whom the
35 extraction facility is assessed by the county assessor or, if
36 not separately assessed, the person who owns the land
37 upon which the extraction facility is located.

38 ~~See: 318.~~

39 Sec. 319. "Overdraft" means the condition of the
40 basin where the average annual amount of water



1 extracted exceeds the average annual supply of water to
2 the basin.

3 ~~See. 319.~~

4 *Sec. 320.* "Person" includes any state or local
5 governmental agency, private corporation, firm,
6 partnership, individual, group of individuals, or, to the
7 extent authorized by law, any federal agency.

8 ~~See. 320.~~

9 *Sec. 321.* "Program" means a groundwater
10 management program prepared by the agency pursuant
11 to this act.

12 ~~See. 321.~~

13 *Sec. 322.* "Recharge" means the natural or artificial
14 replenishment of groundwater storage by percolation or
15 injection of one or more sources of water at the surface.

16 ~~See. 322.~~

17 *Sec. 323.* "Replenishment" means spreading water
18 over a permeable area for the purpose of allowing it to
19 percolate to groundwater basins or aquifers, or otherwise
20 adding water to groundwater basins or aquifers.

21 ~~See. 323.~~

22 *Sec. 324.* "Standby charges" are charges imposed on
23 landowners within the agency for benefits received by
24 landowners from ~~improved~~ *any activities or programs of*
25 *the agency, including, but not limited to, groundwater*
26 *management planning.*

27 ~~See. 324.~~

28 *Sec. 325.* "Supplemental water" means surface water
29 or groundwater imported from outside the watershed or
30 watersheds of the basin and flood waters that are
31 conserved and saved within the watershed or watersheds
32 which would otherwise have been lost or would not have
33 reached the basin.

34 ~~See. 325.~~

35 *Sec. 326.* "Temporary surplus" means the amount of
36 water that can be extracted from the basin without
37 permanently adversely affecting the available supply of
38 the basin *or the ability of the basin to provide storage*
39 *space for natural or artificial recharge that would be lost*
40 *during wet years if it could not be stored in the basin.*



1 See: 326.

2 Sec. 327. "Water year" means the period from
3 October 1 of one calendar year to September 30,
4 inclusive, of the following calendar year.

5 See: 327.

6 Sec. 328. "Well interference" means a substantial
7 water level decline in a short time period in a localized
8 area caused by pumping from extraction facilities.

9

10 Article 4. General Provisions

11

12 Sec. 401. (a) The board shall consist of five directors
13 and shall be selected in the following manner:

14 (1) One director shall be a member of, and be
15 appointed by, each of the following entities, *and shall be*
16 *chosen by their respective governing boards or bodies*
17 *from their members whose districts or divisions, if any,*
18 *overlie, at least in part, the boundaries of the agency.*

19 (A) The Ojai City Council.

20 (B) The Board of the Casitas Municipal Water District.

21 (C) The Board of the Ojai Water Conservation
22 District.

23 (2) One director shall be a representative of the
24 Southern California Water Company.

25 (3) One director shall be chosen from the members of
26 the governing boards of the following mutual water
27 companies whose territory at least in part overlies the
28 boundaries of the agency.

29 (A) The Senior Canyon Mutual Water Company.

30 (B) The Siete Robles Mutual Water Company.

31 (C) The Hermitage Mutual Water Company.

32 The mutual water company director shall be chosen at
33 a public meeting where each mutual water company is
34 represented by the chairperson of its governing board. If
35 the mutual water companies fail to appoint a director
36 within three months, the remaining four directors shall
37 appoint a director from one of the boards of the mutual
38 water companies identified in this paragraph.

39 (b) The board is the governing body of the agency and
40 shall exercise the powers of the agency.



1 Sec. 402. (a) No provisions of this act shall be
2 construed to deny any entity from which a board
3 member is or may be selected any rights or powers which
4 ~~they already have or which they may be granted: they~~
5 ~~have or may be granted: they have or may be granted.~~

6 (b) The agency shall not involve itself in activities
7 normally and historically undertaken by any entity from
8 which a board member is or may be selected, such as the
9 construction and operation of dams, spreading grounds,
10 pipelines, flood control facilities, groundwater wells, and
11 water distribution facilities, or the wholesale and retail
12 sale of water, without prior consent of those entities, and
13 shall otherwise limit its activities to monitoring, planning,
14 managing, controlling, preserving, and regulating the
15 extraction and use of groundwater within the boundaries
16 of the agency.

17 Sec. 403. This act does not abrogate or impair the
18 overlying or appropriative rights of the landowners or
19 ~~other~~ existing appropriators within the agency, including
20 the right to seek an adjudication of those rights, or to
21 abrogate or impair the jurisdiction of the California
22 Public Utilities Commission in regulating the activities
23 and assets of the Southern California Water Company.

24 Sec. 404. (a) The board may adopt ordinances for the
25 purpose of monitoring, regulating, conserving,
26 managing, and controlling the use and extraction of
27 groundwater within the boundaries of the agency. All
28 ordinances shall be adopted, after a noticed public
29 hearing, by a majority vote of the board. Notice of the
30 adoption of all ordinances shall be given. The ordinances
31 of the agency shall become effective on the 31st day after
32 adoption.

33 (b) Notwithstanding subdivision (a), the board may,
34 by the vote of at least four members of the board, and
35 without a public hearing, adopt an emergency ordinance
36 which shall become effective immediately upon
37 adoption, if the board determines that the public health,
38 safety, or welfare requires the emergency ordinance.

39 Sec. 405. Any person who intentionally violates this
40 act or any agency ordinance is guilty of an infraction and



1 may be required to pay a fine to the agency not to exceed
2 five hundred dollars (\$500). *No fine shall be imposed*
3 *until written notice has been given by registered mail to*
4 *the alleged violator stating that a hearing will be held by*
5 *the board not less than 30 days after the date of the notice,*
6 *at which time the board will consider the imposition of*
7 *the fine.*

8 Sec. 406. Any person who negligently or intentionally
9 violates this act or any agency ordinance may also be
10 liable civilly to the agency for a sum not to exceed one
11 thousand dollars (\$1,000) per day for each day of
12 violation, in addition to any other penalties that may be
13 prescribed by law. *No liability shall be imposed until*
14 *written notice has been given by registered mail to the*
15 *alleged violator stating that a hearing will be held by the*
16 *board not less than 30 days after the date of the notice,*
17 *at which time the board will consider the imposition of*
18 *the liability.*

19 Sec. 407. Upon the failure of any person to comply
20 with this act or any agency ordinance, the agency may
21 petition the superior court for a temporary restraining
22 order, preliminary or permanent injunction, or other
23 appropriate equitable relief. The right to petition for
24 injunctive relief is in addition to other rights, which may
25 be provided elsewhere in this act or otherwise allowed by
26 law.

27 Sec. 408. The agency may petition the superior court
28 of the county to recover any sums due the agency or
29 damages incurred by the agency. To preserve and
30 manage the groundwater resources within the agency,
31 the agency may commence, maintain, intervene in,
32 defend in, compromise, and assume the costs and
33 expenses incurred by the agency in, actions and
34 proceedings involving groundwater, including, but not
35 limited to, groundwater rights adjudication.

36 Sec. 409. The agency may contract for staff and other
37 services and may hire other contractors and consultants.

38 Sec. 410. The agency may exclude from any of the
39 requirements of this act, or the operation of any
40 ordinance, any operator who extracts less than a



1 minimum amount of groundwater as specified by
2 ordinance adopted by the board.

3
4 Article 5. Studies and Investigations

5
6 Sec. 501. The agency may collect data and conduct
7 technical and other investigations in order to carry out
8 this act. All hydrological investigations and studies
9 carried out by, or on behalf of, the agency shall be
10 conducted by, or under the supervision of, licensed
11 engineers or other persons qualified in groundwater
12 geology or hydrology.

13 Sec. 502. (a) The agency shall prepare annually a
14 report on groundwater supplies and conditions in the
15 agency, including groundwater management objectives
16 and a plan of implementation of those objectives.

17 (b) The agency may prepare, or receive reports on
18 groundwater and supplemental water supplies and
19 conditions in the territory of the agency, including
20 groundwater management and conjunctive use
21 objectives and a plan for implementation of those
22 objectives.

23 Sec. 503. The agency may recommend and encourage
24 ~~waste water~~ wastewater reuse and other water
25 development projects, if those projects will enhance and
26 contribute to the responsible management of
27 groundwater resources, as part of its annual plan for
28 implementation of groundwater management objectives.

29
30 Article 6. Groundwater Management Plans

31
32 Sec. 601. *The In order to maximize the long-term*
33 *available supply, the* agency shall develop, adopt, and
34 implement a plan to protect the basin's groundwater
35 quality and to balance long-term average annual water
36 replenishment and extractions in the basin; ~~in order to~~
37 ~~maximize the long-term available supply.~~

38 Sec. 602. The agency shall undertake a study to
39 develop the plan required pursuant to Section 601 which
40 includes all of the following components:



1 (a) A list of groundwater extraction facilities within
2 the boundaries of the agency.

3 (b) ~~An~~ For each extraction facility, an estimate of
4 annual water production, in acre-feet per year, for each
5 extraction facility, using industry accepted monitoring
6 and testing procedures.

7 (c) A table and graph depicting water level readings,
8 as of each October 1, from acceptable sources for the
9 period of record.

10 (d) Provisions and testing procedures for monitoring
11 water quality.

12 (e) Historical data for rainfall runoff and basin usage
13 and replenishment.

14 (f) A proposed minimum amount of groundwater
15 extraction below which the requirements of this act will
16 not be applied.

17 Sec. 603. (a) The agency shall undertake a
18 groundwater management study for future extractions
19 from the basin. As a part of this study, the agency shall
20 determine the hydrologic characteristics of the basin,
21 which shall include all of the following information:

22 (1) Existing groundwater storage capacity.

23 (2) Existing groundwater storage.

24 (3) Existing and projected groundwater use.

25 (4) A review of the boundaries of the basin.

26 (5) The average annual variation in storage; with
27 respect to paragraph ~~(2)~~ and projected annual rainfall, in
28 existing groundwater storage.

29 (6) Projected annual rainfall, runoff, and recharge
30 rates.

31 ~~(6)~~

32 (7) Long-term recoverable storage, including an
33 estimate of nonrecoverable storage.

34 ~~(7)~~

35 (8) Potential extractions and storage programs.

36 Sec. 604. (a) The plan required pursuant to Section
37 601 may consider any project alternatives designed to
38 enhance the overall balance of long-term average annual
39 basin replenishment and extractions.

40 (b) The plan shall investigate options of operating the

1 basin to provide an increased ability to capture, recharge,
 2 and maximize reasonable uses by fully utilizing the
 3 available groundwater supply. The options may include
 4 the conjunctive operation of the basin with Casitas
 5 Reservoir. The plan shall recommend consideration of
 6 alternative management approaches and associated
 7 further steps towards effective implementation of
 8 groundwater management strategies to achieve the
 9 long-term objectives identified in Section 601. *alternative*
 10 *methods of managing the basin to achieve the long-term*
 11 *objectives of Section 601.*

12 (c) *The plan shall establish a minimum amount of*
 13 *groundwater extraction below which the requirements*
 14 *of this act will not be applied, which amount may be*
 15 *modified from time to time based on its impact on the*
 16 *operation of the agency.*

17 Sec. 605. (a) The studies required in Sections 602 and
 18 603 shall be completed and submitted to the board by
 19 January 1, 1993.

20 (b) The plan required in Section 601 shall be
 21 completed and submitted to the board by January 1, 1994.

22
 23 Article 7. Groundwater Management

24
 25 Sec. 701. If the board determines, after a noticed
 26 public hearing; and consideration of any relevant
 27 investigations, studies, and evidence, *the board*
 28 *determines* that groundwater management activities are
 29 necessary in order to improve or protect the quantity or
 30 quality of groundwater supplies within the basin, the
 31 board may, by ordinance; or resolution, undertake any of
 32 the activities authorized by this article.

33 Sec. 702. The board may exercise any of the following
 34 measures:

35 (a) Require conservation practices and measures
 36 within identified portions of the agency.

37 (b) Commence and prosecute legal actions to enjoin
 38 unreasonable uses or methods of use of water within the
 39 agency or outside the agency to the extent those uses or
 40 methods of use adversely affect the groundwater supply



1 within the agency.

2 (c) Conserve and reclaim water within or outside the
3 agency, require conservation practices and measures
4 within the agency, and impose charges upon those within
5 or without the agency benefited by the conservation
6 practices.

7 Sec. 703. The agency may regulate groundwater
8 replenishment programs and the recapture of
9 supplemental groundwater resulting from those
10 programs within the agency.

11 Sec. 704. To encourage conjunctive use, the agency
12 may do either of the following:

13 (a) Contract with entities for benefits to areas outside
14 the basin which may result from conservation or
15 conjunctive use practices within the basin and may
16 impose appropriate charges for those benefits.

17 (b) Contract with groundwater users within the basin
18 to enhance the conjunctive use of groundwater and
19 surface water and compensate groundwater users for the
20 value of those measures.

21 Sec. 705. To minimize well interference, the agency
22 may do either of the following:

23 (a) Impose spacing requirements or require
24 reasonable mitigation measures relating to the
25 construction of any new extraction facility.

26 (b) Impose reasonable operating regulations on
27 extraction facilities.

28 Sec. 706. The agency may control groundwater
29 extractions by regulating, limiting, or suspending
30 extractions from extraction facilities, the construction of
31 new extraction facilities, the enlarging of existing
32 facilities, and the reactivation of abandoned or inactive
33 extraction facilities.

34 Sec. 707. The availability of supplemental water to
35 any operator shall not subject that operator to regulations
36 more restrictive than those imposed on other operators.

37 Sec. 708. (a) No groundwater shall be exported from
38 within the agency unless the exporter has applied for, and
39 obtained, a permit from the agency which establishes the
40 quantity of water which may be exported and the



1 conditions of the export. Notwithstanding any conditions
2 specified in the permit, exporters shall be subject to this
3 act.

4 (b) The agency shall not issue any permit to export
5 ~~water~~ *groundwater* from the agency unless the applicant
6 has established that there is an available water supply as
7 defined in this act, in excess of the amount currently
8 established that the temporary surplus is in excess of the
9 amount currently required for reasonable and beneficial
10 uses within the agency, and the board determines that
11 the export would not adversely affect the rights of
12 groundwater users within the agency. The agency shall
13 issue permits for export for time periods, and under terms
14 and conditions, it deems appropriate. All permits shall
15 declare that they are subject to the right of the agency to
16 reduce or suspend exports pursuant to this act.

17 (c) The agency shall, after published notice and a
18 hearing which discloses evidence of overdraft, or any
19 threat of overdraft, reduce or suspend extractions by
20 exporters regardless of whether a permit to export has
21 been granted pursuant to this act.

22 (d) The right to store and recapture imported or
23 developed water in the groundwater basin shall be
24 subject to prior permit by the agency. The agency shall
25 issue storage and recapture permits under terms and
26 conditions it deems appropriate and may impose charges
27 therefor. Existing recapture facilities ~~shall be~~ are exempt
28 from this section.

29

30 Article 8. Registration of Groundwater Extraction
31 Facilities

32

33 Sec. 801. The agency may, by ordinance or
34 resolution, require extraction facilities to be registered
35 with the agency within 30 days of notice being given to
36 the operator of the extraction facility.

37 Sec. 802. The agency may require, by ordinance or
38 resolution, that the operator of a registered extraction
39 facility provide the agency annually with all of the
40 following information regarding the extraction facility:



1 (a) The name and address of the operator of the
2 extraction facility.

3 (b) The name and address of the owner of the land
4 upon which the extraction facility is located.

5 (c) A description of the equipment associated with the
6 extraction facility.

7 (d) The location of the water extraction facility.

8 (e) The purposes of groundwater use.

9 Sec. 803. No person may extract groundwater by the
10 use of any extraction facility required to be registered
11 unless the extraction facility has been registered with the
12 agency.

13 Sec. 804. The agency shall require extraction facilities
14 to be equipped with waterflow measuring devices
15 installed and calibrated by the agency or, at the agency's
16 option, by the extraction facility operator. The agency
17 may, by ordinance or resolution, exempt specific
18 extraction facilities from the measuring device
19 requirements.

20 Sec. 805. No person may extract groundwater by the
21 use of any extraction facility required to be equipped
22 with a waterflow measuring device unless the extraction
23 facility is so equipped.

24 Sec. 806. If an extraction facility is equipped with a
25 waterflow measuring device, the record of extraction, as
26 disclosed by the waterflow measuring device, may at the
27 election of the board be presumed to be accurate, and if
28 so presumed, shall be used as the basis for computing the
29 water extraction of the extraction facility in completing
30 the groundwater extraction statement.

31 Sec. 807. The agency may require proof of the
32 accuracy of the waterflow measuring device from the
33 operator and may, absent adequate proof of accuracy,
34 order the operator, at the operator's sole cost, to have the
35 waterflow measuring device calibrated in a manner
36 acceptable to the agency. If the agency has probable
37 cause to believe that the extraction of groundwater from
38 any extraction facility is in excess of the amount reported
39 in a groundwater extraction statement filed pursuant to
40 Section 810, or if no statement is filed covering an



1 extraction facility, the agency may investigate the
2 extraction of water from the extraction facility.

3 Sec. 808. No person may intentionally injure, alter,
4 remove, reset, adjust, manipulate, obstruct, or in any
5 manner interfere or tamper with any waterflow
6 measuring device affixed to any extraction facility so that
7 the waterflow measuring device improperly or
8 inaccurately measures and records water extraction.

9 Sec. 809. The board may, by ordinance *or resolution*,
10 establish reasonable methods to be used in computing the
11 amount of water extracted by exempted extraction
12 facilities.

13 Sec. 810. (a) The agency may, by ordinance *or*
14 *resolution*, require the operator of each extraction facility
15 to file, *as in the form* specified by the agency, a
16 groundwater extraction statement that contains, but is
17 not limited to, the following information:

18 (1) Total extraction in acre-feet of water from the
19 extraction facility.

20 (2) The crop types or other uses and the acreage
21 served by the extraction facility.

22 (3) The method of measuring or computing
23 groundwater extraction.

24 (b) Each groundwater extraction statement shall be
25 verified by a written declaration under penalty of perjury
26 that the information contained in the statement is true
27 and correct.

28 (c) The operator of an extraction facility which has
29 been permanently abandoned *on or after* January 1, 1992,
30 shall give written notice of the abandonment to the
31 agency.

32 Sec. 811. No person who is required to file a
33 groundwater extraction statement may fail to do so.

34 Sec. 812. No person, with an intent to evade any
35 requirement of this act, may file a false or fraudulent
36 groundwater extraction statement with the agency.



1 Article 9. Management Charges

2
3 Sec. 901. (a) Each year the board may fix a
4 management charge in accordance with benefit based
5 *benefit-based* criteria to be established by the board,
6 upon the City of Ojai, the Casitas Municipal Water
7 District, the Ojai Water Conservation District, and the
8 Southern California Water Company, for the purpose of
9 paying the costs of initiating, carrying on, and completing
10 any of the powers, purposes, and groundwater
11 management activities for which the agency is organized.

12 (b) In the aggregate, management charges shall be
13 limited to fifty thousand dollars (\$50,000) in the first year
14 and twenty-five thousand dollars (\$25,000) in the second
15 year. None of the entities identified in subdivision (a)
16 shall be required to pay more than one-third of the
17 aggregate allowable charges. Management charges in
18 succeeding years, or contributions in excess of the
19 established limits, shall be voluntary and payable at the
20 discretion of each entity identified in subdivision (a).

21 Sec. 902. Management charges shall be paid in the
22 manner prescribed by ordinance.
23

24 Article 10. Standby Charges

25
26 Sec. 1001. Each year the agency may fix a standby
27 charge for the purpose of paying the costs of initiating,
28 carrying on, and completing any of the powers, projects,
29 and purposes for which the agency is organized.

30 Sec. 1002. Before levying standby charges, the board
31 shall, after notice and hearing, find and determine the
32 portion of the agency to be benefited by management
33 and planning activities, the need for standby charges for
34 the purpose of paying the cost of these activities, and the
35 amount of the charges to be levied.

36 Sec. 1003. Standby charges may not exceed seven
37 dollars and fifty cents (\$7.50) per acre per year for each
38 acre of land, or five dollars (\$5.00) for each parcel of land
39 of less than one acre within the agency.

40 Sec. 1004. Standby charges applicable to the territory



1 served by the ~~city's~~ *City of Ojai's* corporate franchise, or
 2 any other water purveyor within the agency's
 3 boundaries, may be collected by the water purveyor if
 4 the agency so requests and the water purveyor agrees to
 5 do so, and shall be paid to the agency in lieu of collection
 6 through the tax bills. The board may exclude portions of
 7 the agency or may establish schedules varying the
 8 standby charges according to the likelihood that the land
 9 will benefit, as determined by the board, from improved
 10 groundwater management and planning.

11 Sec. 1005. The standby charge may, at the option of
 12 the agency, be collected on the tax bills of the county, by
 13 the same persons, and at the same time as, together with
 14 not separately from, county property taxes. In lieu of this
 15 election, the agency shall collect standby fees at the same
 16 time, together with penalties and interest at the same
 17 rates, as is prescribed for the collection of county
 18 property taxes.

19 Sec. 1006. The amount of an unpaid standby charge,
 20 together with any penalty and interest thereon, shall
 21 constitute a lien on that land as of the same time and in
 22 the same manner as does the tax lien securing county
 23 property taxes.

24 Sec. 1007. The board may fix standby charges until
 25 January 1, 1995.

26
 27 Article 11. Groundwater Extraction Charges

28
 29 Sec. 1101. The agency may, by ordinance, levy
 30 groundwater extraction charges on the extraction of
 31 groundwater by the use of water extraction facilities
 32 within the boundaries of the agency to pay the costs of
 33 initiating, carrying on, and completing any of the powers,
 34 purposes, and groundwater management activities
 35 described in this act.

36 Sec. 1102. The Legislature hereby finds and declares
 37 that the groundwater management activities of the
 38 agency are of equal benefit, as determined by the board,
 39 to all operators of groundwater extraction facilities within
 40 the territory of the agency.

LEGISLATIVE INTENT SERVICE (800) 666-1917



1 Sec. 1103. The groundwater extraction charge rate
2 shall be uniform for groundwater extraction within the
3 territory of the agency.

4 Sec. 1104. Groundwater extraction charges shall be
5 calculated on the basis of groundwater extraction
6 statements filed pursuant to Section 810.

7 Sec. 1105. If any operator of any extraction facility
8 fails to pay the groundwater extraction charge when due,
9 the agency shall charge and collect interest, at the rate of
10 $1\frac{1}{2}$ percent each month, on the delinquent amount of the
11 groundwater extraction charge. In addition, the agency
12 may exercise any of the ~~provisions of rights granted~~
13 *pursuant to Article 5 (commencing with Section 75630)*
14 *of Chapter 3 of Part 9 of Division 21 of the Water Code*
15 *to collect delinquent groundwater extraction charges.*

16 Sec. 1106. All money collected by the agency
17 *pursuant to this article, or Article 9 (commencing with*
18 *Section 901) or Article 10 (commencing with Section*
19 *1001), shall be available for expenditure by the agency in*
20 *carrying out its groundwater management activities.*

21 Sec. 1107. The groundwater extraction charge shall
22 not exceed seven dollars and fifty cents (\$7.50) per
23 acre-foot pumped per year.

24 Article 12. Miscellaneous

25
26
27 Sec. 1201. The Legislature finds and declares that this
28 act, which is applicable only to the Ojai Basin
29 Groundwater Management Agency, is necessary because
30 of the unique and special groundwater management
31 problems in the area included in the agency. It is,
32 therefore, hereby declared that a general law cannot be
33 made applicable to the agency and the enactment of this
34 special law is necessary for the conservation,
35 development, control, and use of that water for the public
36 good and for the protection of life and property therein.

37 SEC. 2. Section 1 of Chapter 153 of the Statutes of
38 1974 is amended to read:

39 Section 1. The Ojai Water Conservation District shall
40 be governed by the Water Conservation Act of 1927



1 (Chapter 91 of the Statutes of 1927).

2 SEC. 3. Section 2 of Chapter 153 of the Statutes of
3 1974 is repealed.

4 SEC. 4. Section 3 of Chapter 153 of the Statutes of
5 1974 is amended and renumbered to read:

6 Sec. 2. The Legislature hereby finds and declares that
7 this act, which is applicable only to the Ojai Water
8 Conservation District, is necessary because of the unique
9 and special water conservation problems in the area
10 included in the district. It is, therefore, hereby declared
11 that a general law cannot be made applicable to the
12 district and the enactment of this special law is necessary
13 for the conservation, development, control, and use of
14 water in the district for the public good and for the
15 protection of life and property therein.

16 SEC. 5. Section 4 of Chapter 153 of the Statutes of
17 1974 is repealed.

18 SEC. 6. No reimbursement is required by this act
19 pursuant to Section 6 of Article XIII B of the California
20 Constitution because the local agency or school district
21 has the authority to levy service charges, fees, or
22 assessments sufficient to pay for the program or level of
23 service mandated by this act or the costs which may be
24 incurred by a local agency or school district will be
25 incurred because this act creates a new crime or
26 infraction, changes the penalty for a crime or infraction,
27 or eliminates a crime or infraction. Notwithstanding
28 Section 17580 of the Government Code, unless otherwise
29 specified in this act, the provisions of this act shall become
30 operative on the same date that the act takes effect
31 pursuant to the California Constitution.

O



AMENDED IN ASSEMBLY AUGUST 20, 1991

AMENDED IN ASSEMBLY JUNE 24, 1991

AMENDED IN SENATE APRIL 17, 1991

SENATE BILL

No. 534

Introduced by Senator Hart

February 27, 1991

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no specific provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the district and provide for the management and financing of the district.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new crime, and would subject that person to an administrative fine in an amount not to exceed \$500, as prescribed. The bill would subject any person who negligently or intentionally violates



the act or any agency ordinance to civil liability in an amount not to exceed \$1,000 per day for each day of violation, as prescribed. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 cited as the Ojai Basin Groundwater Management
3 Agency Act.

4

5

Article 1. Creation

6

7 Sec. 101. The Legislature hereby finds and declares
8 that the preservation of the groundwater within the
9 territory of the Ojai Basin Groundwater Management
10 Agency, created pursuant to Section 102 for the
11 protection of agricultural, municipal, and industrial uses,
12 is in the public interest and for the common benefit of
13 water users within the agency.

14 Sec. 102. The Ojai Basin Groundwater Management
15 Agency is hereby created. The agency shall exercise the
16 express powers granted by this act for purposes of
17 groundwater management within the territory of the
18 agency, together with other powers reasonably implied
19 and necessary and proper to carry out the purposes of the
20 agency.



Article 2. Boundaries

1
2
3
4 Sec. 201. For the purposes of this act, the boundaries
5 of the agency shall include that portion of the Ojai Basin
6 watershed which lies within the boundaries of the Casitas
7 Municipal Water District or the Ojai Water Conservation
8 District, but shall not include any land within the
9 boundaries of the Ventura River County Water District.
10 The boundaries of the agency are more particularly
11 described as follows:

12 The point of beginning is located at the intersection of
13 the centerline of Creek Road and the northerly boundary
14 of Camp Comfort; thence, northerly along the centerline
15 of Creek Road to the point of intersection with the
16 centerline of Hermosa Road; thence, westerly and
17 northwesterly along the centerline of Hermosa Road to
18 the point of intersection with the easterly line of Ventura
19 Avenue, also known as State Highway Routes 33 and 150;
20 thence, northerly along that easterly line of Ventura
21 Avenue to the point of intersection with the centerline of
22 Ojai Avenue; thence, northeasterly along the centerline
23 of Ojai Avenue to the point of intersection with the
24 centerline of Del Norte Road; thence, northerly along the
25 centerline of Del Norte Road and the northerly
26 prolongation of the centerline of Del Norte to the north
27 quarter corner of Section 35, Township 5 North, Range 23
28 West, San Bernardino Base and Meridian, that point
29 being also a point in the boundary of the Casitas
30 Municipal Water District; thence along that boundary;
31 thence east along the north line of that Section 35 and
32 along the north line of Section 36 of that Township and
33 Range and Sections 31, 32, 33, and 34 of Township 5 North,
34 Range 22 West, San Bernardino Base and Meridian to the
35 northeast corner of that Section 34; thence, south along
36 the east line of that Section 34 and the east line of Section
37 3, Township 4 North, Range 22 West, San Bernardino
38 Base and Meridian to the northwest corner of the south
39 one-half of the northwest one-quarter of Section 2 of that
40 last mentioned Township and Range; thence, east along



1 the north line of that south one-half of the northwest
2 one-quarter of Section 2 to the northeast corner thereof
3 south along the east line of that south one-half of the
4 northwest one-quarter of Section 2 to the southeast
5 corner thereof; thence, west along the south line of that
6 south one-half of the northwest one-quarter of Section 2
7 to the northeast corner of the west one-half of the
8 southwest one-quarter of that Section 2; thence, south
9 along the east line of that west one-half of the southwest
10 one-quarter of Section 2 to the southeast corner thereof
11 to a point in the north line of fractional Section 11,
12 Township 4 North, Range 22 West, San Bernardino Base
13 and Meridian; thence, east along that north line to the
14 north quarter corner of that fractional Section 11; thence,
15 in a varying generally southwesterly and westerly
16 direction along the watershed dividing ridge line, as
17 shown on the Ojai Quadrangle of the United States
18 Geological Survey 7.5 minute series of topographic maps,
19 between the Ojai Valley and the Lions Creek Drainage,
20 a distance of approximately four and three-quarter miles,
21 more or less, to the point at which the 1,400-foot contour
22 intersects the range line common to Range 22 West and
23 Range 23 West, San Bernardino Base and Meridian;
24 thence, in a straight line in a generally south of west
25 direction a distance of approximately one and one-half
26 miles, more or less, to the point of beginning.

27 Sec. 202. The boundaries of the agency shall be
28 depicted on a map which shall be adopted by the board
29 and thereafter recorded in the office of the county
30 recorder.

31

32

Article 3. Definitions

33

34 Sec. 301. Unless otherwise indicated by their context,
35 the terms defined in this article govern the interpretation
36 of this act.

37 Sec. 302. "Agency" means the Ojai Basin
38 Groundwater Management Agency.

39 Sec. 303. "Aquifer" means a geologic formation or
40 structure that transmits or stores water in sufficient

1 quantities to supply pumping wells or springs.

2 Sec. 304. "Available supply" means that quantity of
3 groundwater which can be withdrawn in any given year
4 from the groundwater basin without resulting in, or
5 aggravating, conditions of overdraft, subsidence, or
6 groundwater quality degradation. Available supply of the
7 basin includes the natural water supply, imported water,
8 and other water which has been spread to the basin or has
9 otherwise reached the basin and return flows to the basin
10 attributable to these sources reaching the basin in the
11 course of use.

12 Sec. 305. "Basin" means the Ojai groundwater basin,
13 as shown in the Department of Water Resources Bulletin
14 No. 12, "Ventura County Investigation," dated October
15 1953, to the extent included within the boundaries of the
16 district, as defined in Section 201.

17 Sec. 306. "Board" means the board of directors of the
18 agency.

19 Sec. 307. "Conjunctive use" means the coordinated
20 operation of groundwater and surface water supplies.
21 Conjunctive use includes increased groundwater use or
22 decreased groundwater replenishment with surface
23 supplies in years when surface supplies are less than
24 normal and, in years of more abundant surface supplies,
25 the increased use of surface water in lieu of groundwater,
26 either to allow groundwater levels to recover or to
27 replenish artificial groundwater supplies. Conjunctive
28 use also includes long-term storage of water in the basin.

29 Sec. 308. "County" means the County of Ventura.

30 Sec. 309. "Export" means extracting groundwater
31 from the basin for use on land, or within an area, which
32 does not overlie or is not within the boundaries of the
33 agency. Export does not include use on or after January
34 1, 1992, within any area served by groundwater from the
35 basin prior to January 1, 1992.

36 Sec. 310. "Extraction" means the act of obtaining
37 groundwater by pumping or other controlled means.

38 Sec. 311. "Extraction facility" means any device or
39 method for the extraction of groundwater within the
40 basin.



1 Sec. 312. "Groundwater" means water beneath the
2 surface of the earth within the zone below the water
3 table in which the soil is completely saturated with water

4 Sec. 313. "Groundwater basin" means a geologically
5 and hydrologically defined area containing one or more
6 aquifers which store, transmit, and yield significant
7 quantities of water to wells, or are capable of doing so

8 Sec. 314. "Groundwater management activities"
9 means programs, measures, or actions taken to preserve,
10 monitor, protect, and enhance groundwater resources
11 within the territory of the agency.

12 Sec. 315. "Groundwater rights adjudication" means
13 the determination of substantially all rights in the basin
14 or the area subject to the adjudication.

15 Sec. 316. "Mutual water company" means a
16 corporation organized for, or engaged in the business of,
17 selling, distributing, supplying, or delivering water to its
18 stockholders and members at cost for irrigation purposes
19 or for domestic use.

20 Sec. 317. "Notice" or a "noticed hearing" means the
21 notice required by Section 6061 of the Government Code.

22 Sec. 318. "Operator" means a person who operates a
23 groundwater extraction facility. If the agency is unable to
24 determine who operates a particular extraction facility,
25 then "operator" shall mean the person to whom the
26 extraction facility is assessed by the county assessor or, if
27 not separately assessed, the person who owns the land
28 upon which the extraction facility is located.

29 Sec. 319. "Overdraft" means the condition of the
30 basin where the average annual amount of water
31 extracted exceeds the average annual supply of water to
32 the basin.

33 Sec. 320. "Person" includes any state or local
34 governmental agency, private corporation, firm,
35 partnership, individual, group of individuals, or, to the
36 extent authorized by law, any federal agency.

37 Sec. 321. "Program" means a groundwater
38 management program prepared by the agency pursuant
39 to this act.

40 Sec. 322. "Recharge" means the natural or artificial



1, replenishment of groundwater storage by percolation or
2 injection of one or more sources of water at the surface.

3 Sec. 323. "Replenishment" means spreading water
4 over a permeable area for the purpose of allowing it to
5 percolate to groundwater basins or aquifers, or otherwise
6 adding water to groundwater basins or aquifers.

7 Sec. 324. "Standby charges" are charges imposed on
8 landowners within the agency for benefits received by
9 landowners from any activities or programs of the
10 agency, including, but not limited to, groundwater
11 management planning.

12 Sec. 325. "Supplemental water" means surface water
13 or groundwater imported from outside the watershed or
14 watersheds of the basin and flood waters that are
15 conserved and saved within the watershed or watersheds
16 which would otherwise have been lost or would not have
17 reached the basin.

18 Sec. 326. "Temporary surplus" means the amount of
19 water that can be extracted from the basin without
20 permanently adversely affecting the available supply of
21 the basin or the ability of the basin to provide storage
22 space for natural or artificial recharge that would be lost
23 during wet years if it could not be stored in the basin.

24 Sec. 327. "Water year" means the period from
25 October 1 of one calendar year to September 30,
26 inclusive, of the following calendar year.

27 Sec. 328. "Well interference" means a substantial
28 water level decline in a short time period in a localized
29 area caused by pumping from extraction facilities.

30
31 Article 4. General Provisions

32
33 Sec. 401. (a) The board shall consist of five directors
34 and shall be selected in the following manner:

35 (1) One director shall be a member of, and be
36 appointed by, each of the following entities, and shall be
37 chosen by their respective governing boards or bodies
38 from their members whose districts or divisions, if any,
39 overlie, at least in part, the boundaries of the agency:

40 (A) The Ojai City Council.



1 (B) The Board of the Casitas Municipal Water District.
2 (C) The Board of the Ojai Water Conservation
3 District.

4 (2) One director shall be a representative of the
5 Southern California Water Company.

6 (3) One director shall be chosen from the members of
7 the governing boards of the following mutual water
8 companies whose territory at least in part overlies the
9 boundaries of the agency.

10 (A) The Senior Canyon Mutual Water Company.

11 (B) The Siete Robles Mutual Water Company.

12 (C) The Hermitage Mutual Water Company.

13 The mutual water company director shall be chosen at
14 a public meeting where each mutual water company is
15 represented by the chairperson of its governing board. If
16 the mutual water companies fail to appoint a director
17 within three months, the remaining four directors shall
18 appoint a director from one of the boards of the mutual
19 water companies identified in this paragraph.

20 (b) The board is the governing body of the agency and
21 shall exercise the powers of the agency.

22 Sec. 402. (a) No provisions of this act shall be
23 construed to deny any entity from which a board
24 member is or may be selected any rights or powers which
25 they have or may be granted.

26 (b) The agency shall not involve itself in activities
27 normally and historically undertaken by any entity ~~from~~
28 ~~which a board member is or may be selected~~, such as the
29 construction and operation of dams, spreading grounds,
30 pipelines, flood control facilities, groundwater wells, and
31 water distribution facilities, or the wholesale and retail
32 sale of water, without prior consent of those entities, and
33 shall otherwise limit its activities to monitoring, planning,
34 managing, controlling, preserving, and regulating the
35 extraction and use of groundwater within the boundaries
36 of the agency.

37 Sec. 403. This act does not abrogate or impair the
38 overlying or appropriative rights of landowners or
39 existing appropriators within the agency, including the
40 right to seek an adjudication of those rights, or abrogate

1 or impair the jurisdiction of the California Public Utilities
2 Commission in regulating the activities and assets of the
3 Southern California Water Company.

4 Sec. 404. (a) The board may adopt ordinances for the
5 purpose of monitoring, regulating, conserving,
6 managing, and controlling the use and extraction of
7 groundwater within the boundaries of the agency. All
8 ordinances shall be adopted, after a noticed public
9 hearing, by a majority vote of the board. Notice of the
10 adoption of all ordinances shall be given. The ordinances
11 of the agency shall become effective on the 31st day after
12 adoption.

13 (b) Notwithstanding subdivision (a), the board ~~may,~~
14 ~~by the vote of at least four members of the board, and~~
15 ~~without a public hearing, adopt an emergency ordinance~~
16 ~~which shall become effective immediately upon~~
17 ~~adoption, if the board determines that the public health,~~
18 ~~safety, or welfare requires the emergency ordinance.~~
19 *shall comply with the Ralph M. Brown Act (Chapter 9*
20 *(commencing with Section 54950) of Part 1 of Division 2*
21 *of the Government Code), and may adopt as an urgency*
22 *measure an interim ordinance. That urgency measure*
23 *shall require a $\frac{1}{3}$ vote of the board for adoption. The*
24 *interim ordinance shall have no force and effect 45 days*
25 *after its adoption. After a noticed public hearing, the*
26 *board may extend the interim ordinance for 10 months*
27 *and 15 days by a $\frac{1}{3}$ vote of the board.*

28 Sec. 405. Any person who intentionally violates this
29 act or any agency ordinance is guilty of an infraction and
30 may be required to pay a fine to the agency not to exceed
31 five hundred dollars (\$500). No fine shall be imposed
32 until written notice has been given by registered mail to
33 the alleged violator stating that a hearing will be held by
34 the board not less than 30 days after the date of the notice,
35 at which time the board will consider the imposition of
36 the fine.

37 Sec. 406. Any person who negligently or intentionally
38 violates this act or any agency ordinance may also be
39 liable civilly to the agency for a sum not to exceed one
40 thousand dollars (\$1,000) per day for each day of



1 violation, in addition to any other penalties that may be
2 prescribed by law. No liability shall be imposed until
3 written notice has been given by registered mail to the
4 alleged violator stating that a hearing will be held by the
5 board not less than 30 days after the date of the notice,
6 at which time the board will consider the imposition of
7 the liability.

8 Sec. 407. Upon the failure of any person to comply
9 with this act or any agency ordinance, the agency may
10 petition the superior court for a temporary restraining
11 order, preliminary or permanent injunction, or other
12 appropriate equitable relief. The right to petition for
13 injunctive relief is in addition to other rights, which may
14 be provided elsewhere in this act or otherwise allowed by
15 law.

16 Sec. 408. The agency may petition the superior court
17 of the county to recover any sums due the agency or
18 damages incurred by the agency. To preserve and
19 manage the groundwater resources within the agency,
20 the agency may commence, maintain, intervene in,
21 defend in, compromise, and assume the costs and
22 expenses incurred by the agency in, actions and
23 proceedings involving groundwater, including, but not
24 limited to, groundwater rights adjudication.

25 Sec. 409. The agency may contract for staff and other
26 services and may hire other contractors and consultants.

27 Sec. 410. The agency may exclude from any of the
28 requirements of this act, or the operation of any
29 ordinance, any operator who extracts less than a
30 minimum amount of groundwater as specified by
31 ordinance adopted by the board.

32

33 Article 5. Studies and Investigations

34

35 Sec. 501. The agency may collect data and conduct
36 technical and other investigations in order to carry out
37 this act. All hydrological investigations and studies
38 carried out by, or on behalf of, the agency shall be
39 conducted by, or under the supervision of, licensed
40 engineers or other persons qualified in groundwater



1 geology or hydrology.

2 Sec. 502. (a) The agency shall prepare annually a
3 report on groundwater supplies and conditions in the
4 agency, including groundwater management objectives
5 and a plan of implementation of those objectives,
6 *following a determination that groundwater*
7 *management activities may be necessary.*

8 (b) The agency may prepare, or receive reports on
9 groundwater and supplemental water supplies and
10 conditions in the territory of the agency, including
11 groundwater management and conjunctive use
12 objectives and a plan for implementation of those
13 objectives.

14 Sec. 503. The agency may recommend and encourage
15 wastewater reuse and other water development projects,
16 if those projects will enhance and contribute to the
17 responsible management of groundwater resources, as
18 part of its annual plan for implementation of
19 groundwater management objectives.

20
21 Article 6. Groundwater Management Plans

22
23 Sec. 601. In order to maximize the long-term
24 available supply, the agency shall develop, adopt, and
25 implement a plan to protect the basin's groundwater
26 quality and to balance long-term average annual water
27 replenishment and extractions in the basin.

28 Sec. 602. The agency shall undertake a study to
29 develop the plan required pursuant to Section 601 which
30 includes all of the following components:

31 (a) A list of groundwater extraction facilities within
32 the boundaries of the agency.

33 (b) For each extraction facility, an estimate of annual
34 water production, in acre-feet per year, using industry
35 accepted monitoring and testing procedures.

36 (c) A table and graph depicting water level readings,
37 as of each October 1, from acceptable sources for the
38 period of record.

39 (d) Provisions and testing procedures for monitoring
40 water quality.



1 (e) Historical data for rainfall runoff and, basin usage
2 and replenishment, and water conservation activities.

3 (f) A proposed minimum amount of groundwater
4 extraction below which the requirements of this act will
5 not be applied.

6 Sec. 603. (a) The agency shall undertake a
7 groundwater management study for future extractions
8 from the basin. As a part of this study, the agency shall
9 determine the hydrologic characteristics of the basin,
10 which shall include all of the following information:

11 (1) Existing groundwater storage capacity.

12 (2) Existing groundwater storage.

13 (3) Existing and projected groundwater use.

14 (4) A review of the boundaries of the basin.

15 (5) The average annual variation in storage in existing
16 groundwater storage.

17 (6) Projected annual rainfall, runoff, and recharge
18 rates.

19 (7) Long-term recoverable storage, including an
20 estimate of nonrecoverable storage.

21 (8) Potential extractions and storage programs.

22 Sec. 604. (a) The plan required pursuant to Section
23 601 may consider any project alternatives designed to
24 enhance the overall balance of long-term average annual
25 basin replenishment and extractions.

26 (b) The plan shall investigate options of operating the
27 basin to provide an increased ability to capture, recharge,
28 and maximize reasonable uses by fully utilizing the
29 available groundwater supply. The options may include
30 the conjunctive operation of the basin with Casitas
31 Reservoir. The plan shall recommend alternative
32 methods of managing the basin to achieve the long-term
33 objectives of Section 601.

34 (c) The plan shall establish a minimum amount of
35 groundwater extraction below which the requirements
36 of this act will not be applied, which amount may be
37 modified from time to time based on its impact on the
38 operation of the agency.

39 Sec. 605. (a) The studies required in Sections 602 and
40 603 shall be completed and submitted to the board by



1 January 1, 1993.

2 (b) The plan required in Section 601 shall be
3 completed and submitted to the board by January 1, 1994.

4

5

Article 7. Groundwater Management

6

7 Sec. 701. If , after a noticed public hearing and
8 consideration of any relevant investigations, studies, and
9 evidence, *including compliance with the California*
10 *Environmental Quality Act (Division 13 (commencing*
11 *with Section 21000) of the Public Resources Code), the*
12 board determines that groundwater management
13 activities are necessary in order to improve or protect the
14 quantity or quality of groundwater supplies within the
15 basin, the board may, by ordinance ~~or resolution,~~
16 undertake any of the activities authorized by this article.
17 *The requirement in this section for compliance with the*
18 *California Environmental Quality Act does not, and shall*
19 *not be construed to, limit compliance with that act for*
20 *other discretionary actions by the board.*

21 Sec. 702. The board may exercise any of the following
22 measures:

23 (a) Require conservation practices and measures
24 within identified portions of the agency.

25 (b) Commence and prosecute legal actions to enjoin
26 unreasonable uses or methods of use of water within the
27 agency or outside the agency to the extent those uses or
28 methods of use adversely affect the groundwater supply
29 within the agency.

30 (c) Conserve and reclaim water within or outside the
31 agency, require conservation practices and measures
32 within the agency, and impose charges upon those within
33 or without the agency benefited by the conservation
34 practices.

35 Sec. 703. The agency may regulate groundwater
36 replenishment programs and the recapture of
37 supplemental groundwater resulting from those
38 programs within the agency.

39 Sec. 704. To encourage conjunctive use, the agency
40 may do either of the following:



1 (a) Contract with entities for benefits to areas outside
2 the basin which may result from conservation or
3 conjunctive use practices within the basin and may
4 impose appropriate charges for those benefits.

5 (b) Contract with groundwater users within the basin
6 to enhance the conjunctive use of groundwater and
7 surface water and compensate groundwater users for the
8 value of those measures.

9 Sec. 705. To minimize well interference, the agency
10 may do either of the following:

11 (a) Impose spacing requirements or require
12 reasonable mitigation measures relating to the
13 construction of any new extraction facility.

14 (b) Impose reasonable operating regulations on
15 extraction facilities.

16 Sec. 706. The agency may control groundwater
17 extractions by regulating, limiting, or suspending
18 extractions from extraction facilities, the construction of
19 new extraction facilities, the enlarging of existing
20 facilities, and the reactivation of abandoned or inactive
21 extraction facilities.

22 Sec. 707. The availability of supplemental water to
23 any operator shall not subject that operator to regulations
24 more restrictive than those imposed on other operators.

25 Sec. 708. (a) No groundwater shall be exported from
26 within the agency unless the exporter has applied for, and
27 obtained, a permit from the agency which establishes the
28 quantity of water which may be exported and the
29 conditions of the export. Notwithstanding any conditions
30 specified in the permit, exporters shall be subject to this
31 act.

32 (b) The agency shall not issue any permit to export
33 groundwater from the agency unless the applicant has
34 established that the temporary surplus is in excess of the
35 amount currently required for reasonable and beneficial
36 uses within the agency, and the board determines that
37 the export would not adversely affect the rights of
38 groundwater users within the agency. The agency shall
39 issue permits for export for time periods, and under terms
40 and conditions, it deems appropriate. All permits shall

1 declare that they are subject to the right of the agency to
2 reduce or suspend exports pursuant to this act.

3 (c) The agency shall, after published notice and a
4 hearing which discloses evidence of overdraft, or any
5 threat of overdraft, reduce or suspend extractions by
6 exporters regardless of whether a permit to export has
7 been granted pursuant to this act.

8 (d) The right to store and recapture imported or
9 developed water in the groundwater basin shall be
10 subject to prior permit by the agency. The agency shall
11 issue storage and recapture permits under terms and
12 conditions it deems appropriate and may impose charges
13 therefor. Existing recapture facilities are exempt from
14 this section.

15

16 Article 8. Registration of Groundwater Extraction
17 Facilities

18

19 Sec. 801. The agency may, by ordinance ~~or~~
20 ~~resolution~~, require extraction facilities to be registered
21 with the agency within 30 days of notice being given to
22 the operator of the extraction facility.

23 Sec. 802. The agency may require, by ordinance ~~or~~
24 ~~resolution~~, that the operator of a registered extraction
25 facility provide the agency annually with all of the
26 following information regarding the extraction facility:

27 (a) The name and address of the operator of the
28 extraction facility.

29 (b) The name and address of the owner of the land
30 upon which the extraction facility is located.

31 (c) A description of the equipment associated with the
32 extraction facility.

33 (d) The location of the water extraction facility.

34 (e) The purposes of groundwater use.

35 Sec. 803. No person may extract groundwater by the
36 use of any extraction facility required to be registered
37 unless the extraction facility has been registered with the
38 agency.

39 Sec. 804. The agency shall require extraction facilities
40 to be equipped with waterflow measuring devices



1 installed and calibrated by the agency or, at the agency's
2 option, by the extraction facility operator. The agency
3 may, by ordinance ~~or resolution~~, exempt specific
4 extraction facilities from the measuring device
5 requirements.

6 Sec. 805. No person may extract groundwater by the
7 use of any extraction facility required to be equipped
8 with a waterflow measuring device unless the extraction
9 facility is so equipped.

10 Sec. 806. If an extraction facility is equipped with a
11 waterflow measuring device, the record of extraction, as
12 disclosed by the waterflow measuring device, may at the
13 election of the board be presumed to be accurate, and if
14 so presumed, shall be used as the basis for computing the
15 water extraction of the extraction facility in completing
16 the groundwater extraction statement.

17 Sec. 807. The agency may require proof of the
18 accuracy of the waterflow measuring device from the
19 operator and may, absent adequate proof of accuracy,
20 order the operator, at the operator's sole cost, to have the
21 waterflow measuring device calibrated in a manner
22 acceptable to the agency. If the agency has probable
23 cause to believe that the extraction of groundwater from
24 any extraction facility is in excess of the amount reported
25 in a groundwater extraction statement filed pursuant to
26 Section 810, or if no statement is filed covering an
27 extraction facility, the agency may investigate the
28 extraction of water from the extraction facility.

29 Sec. 808. No person may intentionally injure, alter,
30 remove, reset, adjust, manipulate, obstruct, or in any
31 manner interfere or tamper with any waterflow
32 measuring device affixed to any extraction facility so that
33 the waterflow measuring device improperly or
34 inaccurately measures and records water extraction.

35 Sec. 809. The board may, by ordinance ~~or resolution~~,
36 establish reasonable methods to be used in computing the
37 amount of water extracted by exempted extraction
38 facilities.

39 Sec. 810. (a) The agency may, by ordinance ~~or~~
40 ~~resolution~~, require the operator of each extraction facility



1. to file, in the form specified by the agency, a groundwater
2 extraction statement that contains, but is not limited to,
3 the following information:

4 (1) Total extraction in acre-feet of water from the
5 extraction facility.

6 (2) The crop types or other uses and the acreage
7 served by the extraction facility *compared to the number*
8 *of acres owned or leased.*

9 (3) The method of measuring or computing
10 groundwater extraction.

11 (4) *Water conservation activities.*

12 (b) Each groundwater extraction statement shall be
13 verified by a written declaration under penalty of perjury
14 that the information contained in the statement is true
15 and correct.

16 (c) The operator of an extraction facility which has
17 been permanently abandoned on or after January 1, 1992,
18 shall give written notice of the abandonment to the
19 agency.

20 Sec. 811. No person who is required to file a
21 groundwater extraction statement may fail to do so.

22 Sec. 812. No person, with an intent to evade any
23 requirement of this act, may file a false or fraudulent
24 groundwater extraction statement with the agency.

25

26

Article 9. Management Charges

27

28 Sec. 901. (a) Each year the board may fix a
29 management charge in accordance with benefit-based
30 criteria to be established by the board, upon the City of
31 Ojai, the Casitas Municipal Water District, the Ojai Water
32 Conservation District, and the Southern California Water
33 Company, for the purpose of paying the costs of
34 initiating, carrying on, and completing any of the powers,
35 purposes, and groundwater management activities for
36 which the agency is organized.

37 (b) In the aggregate, management charges shall be
38 limited to fifty thousand dollars (\$50,000) in the first year
39 and twenty-five thousand dollars (\$25,000) in the second
40 year. None of the entities identified in subdivision (a)

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1 shall be required to pay more than one-third of the
2 aggregate allowable charges. Management charges in
3 succeeding years, or contributions in excess of the
4 established limits, shall be voluntary and payable at the
5 discretion of each entity identified in subdivision (a).

6 Sec. 902. Management charges shall be paid in the
7 manner prescribed by ordinance.

8
9 Article 10. *Standby Charges Management Charges*
10 *to Property*
11

12 Sec. 1001. Each year the agency may fix a *standby*
13 *management* charge for the purpose of paying the costs
14 of initiating, carrying on, and completing any of the
15 powers, projects, and purposes for which the agency is
16 organized.

17 Sec. 1002. Before levying *standby management*
18 charges, the board shall, after notice and hearing, find
19 and determine the portion of the agency to be benefited
20 by management and planning activities, the need for
21 *standby management* charges for the purpose of paying
22 the cost of these activities, and the amount of the charges
23 to be levied.

24 Sec. 1003. *Standby Management* charges may not
25 exceed seven dollars and fifty cents (\$7.50) per acre per
26 year for each acre of land, or five dollars (\$5.00) for each
27 parcel of land of less than one acre within the agency.

28 Sec. 1004. *Standby Management* charges applicable to
29 the territory served by the City of Ojai's corporate
30 franchise, or any other water purveyor within the
31 agency's boundaries, may be collected by the water
32 purveyor if the agency so requests and the water
33 purveyor agrees to do so, and shall be paid to the agency
34 in lieu of collection through the tax bills. The board may
35 exclude portions of the agency or may establish schedules
36 varying the *standby management* charges according to
37 the likelihood that the land will benefit, as determined by
38 the board, from improved groundwater management
39 and planning.

40 Sec. 1005. The *standby management* charge may, at

1 the option of the agency, be collected on the tax bills of
 2 the county, by the same persons, and at the same time as,
 3 together with not separately from, county property taxes.
 4 In lieu of this election, the agency shall collect ~~standby~~
 5 *fees management charges* at the same time, together
 6 with penalties and interest at the same rates, as is
 7 prescribed for the collection of county property taxes.

8 Sec. 1006. The amount of an unpaid ~~standby~~
 9 *management charge*, together with any penalty and
 10 interest thereon, shall constitute a lien on that land as of
 11 the same time and in the same manner as does the tax lien
 12 securing county property taxes.

13 Sec. 1007. The board may fix ~~standby~~ *management*
 14 *charges* until January 1, 1995.

15

16 Article 11. Groundwater Extraction Charges

17

18 Sec. 1101. (a) The agency may, by ordinance, levy
 19 groundwater extraction charges on the extraction of
 20 groundwater by the use of water extraction facilities
 21 within the boundaries of the agency to pay the costs of
 22 initiating, carrying on, and completing any of the powers,
 23 purposes, and groundwater management activities
 24 described in this act, *except that the charge shall not*
 25 *exceed the annual cost to the district incurred in carrying*
 26 *out the powers, purposes, and groundwater management*
 27 *activities and the cost of a reasonable reserve not to*
 28 *exceed 25 percent of the total appropriations in the*
 29 *agency's budget.*

30 (b) *Groundwater extraction charges shall be levied*
 31 *only within a zone or zones of benefit of the district which*
 32 *will benefit from the powers, purposes, and groundwater*
 33 *management activities.*

34 (c) *The board may establish zones of benefit within*
 35 *the district. Resolutions of the board shall describe the*
 36 *boundaries of the zones of benefit. The board may amend*
 37 *zones of benefit boundaries by annexing property to or*
 38 *by withdrawing property from a zone, or may divide a*
 39 *zone into two or more zones. Resolutions of the board*
 40 *shall describe the boundaries of the amended or divided*



1 zones.

2 **Sec. 1102.** The Legislature hereby finds and declares
3 that the groundwater management activities of the
4 agency are of equal benefit, as determined by the board,
5 to all operators of groundwater extraction facilities within
6 the territory of the agency.

7 **SEC. 1102.** (a) Before the levy of groundwater
8 extraction charges, the board of directors shall, after
9 notice and hearing, find and determine the activities
10 required to prepare or implement any groundwater
11 management program for the district and to initiate,
12 carry on, or complete any of the other powers and
13 purposes set forth in this act, and the sum of money
14 necessary for the ensuing water year for those activities.

15 (b) The board shall determine the need and
16 desirability of levying a groundwater extraction charge
17 for the purpose of paying the costs of initiating, carrying
18 on, and completing any of the powers and purposes set
19 forth in this act. The board shall find that the charge is
20 necessary to finance or otherwise support the
21 groundwater management services provided by the
22 district, except that the charge shall not exceed the
23 annual costs to the district incurred in carrying out the
24 powers and purposes of this act and the cost of a
25 reasonable reserve not to exceed 25 percent of the total
26 appropriations contained in the agency's budget.

27 **Sec. 1103.** The groundwater extraction charge rate
28 shall be uniform for groundwater extraction within the
29 territory of the agency.

30 **Sec. 1104.** Groundwater extraction charges shall be
31 calculated on the basis of groundwater extraction
32 statements filed pursuant to Section 810 and the benefit
33 determined pursuant to Section 1101.

34 **Sec. 1105.** If any operator of any extraction facility
35 fails to pay the groundwater extraction charge when due,
36 the agency shall charge and collect interest, at the rate of
37 1½ percent each month, on the delinquent amount of the
38 groundwater extraction charge. In addition, the agency
39 may exercise any of the rights granted pursuant to Article
40 5 (commencing with Section 75630) of Chapter 3 of Part



1 9 of Division 21 of the Water Code to collect delinquent
2 groundwater extraction charges.

3 Sec. 1106. All money collected by the agency
4 pursuant to this article, ~~or~~ Article 9 (commencing with
5 Section 901), or Article 10 (commencing with Section
6 1001), shall be available for expenditure by the agency in
7 carrying out its groundwater management activities.

8 Sec. 1107. The groundwater extraction charge shall
9 not exceed seven dollars and fifty cents (\$7.50) per
10 acre-foot pumped per year.

11
12 Article 12. Miscellaneous
13

14 Sec. 1201. The Legislature finds and declares that this
15 act, which is applicable only to the Ojai Basin
16 Groundwater Management Agency, is necessary because
17 of the unique and special groundwater management
18 problems in the area included in the agency. It is,
19 therefore, hereby declared that a general law cannot be
20 made applicable to the agency and the enactment of this
21 special law is necessary for the conservation,
22 development, control, and use of that water for the public
23 good and for the protection of life and property therein.

24 SEC. 2. Section 1 of Chapter 153 of the Statutes of
25 1974 is amended to read:

26 Section 1. The Ojai Water Conservation District shall
27 be governed by the Water Conservation Act of 1927
28 (Chapter 91 of the Statutes of 1927).

29 SEC. 3. Section 2 of Chapter 153 of the Statutes of
30 1974 is repealed.

31 SEC. 4. Section 3 of Chapter 153 of the Statutes of
32 1974 is amended and renumbered to read:

33 Sec. 2. The Legislature hereby finds and declares that
34 this act, which is applicable only to the Ojai Water
35 Conservation District, is necessary because of the unique
36 and special water conservation problems in the area
37 included in the district. It is, therefore, hereby declared
38 that a general law cannot be made applicable to the
39 district and the enactment of this special law is necessary
40 for the conservation, development, control, and use of



1 water in the district for the public good and for the
2 protection of life and property therein.

3 SEC. 5. Section 4 of Chapter 153 of the Statutes of
4 1974 is repealed.

5 SEC. 6. No reimbursement is required by this act
6 pursuant to Section 6 of Article XIII B of the California
7 Constitution because the local agency or school district
8 has the authority to levy service charges, fees, or
9 assessments sufficient to pay for the program or level of
10 service mandated by this act or the costs which may be
11 incurred by a local agency or school district will be
12 incurred because this act creates a new crime or
13 infraction, changes the penalty for a crime or infraction,
14 or eliminates a crime or infraction. Notwithstanding
15 Section 17580 of the Government Code, unless otherwise
16 specified in this act, the provisions of this act shall become
17 operative on the same date that the act takes effect
18 pursuant to the California Constitution.

O



AMENDED IN ASSEMBLY AUGUST 26, 1991

AMENDED IN ASSEMBLY AUGUST 20, 1991

AMENDED IN ASSEMBLY JUNE 24, 1991

AMENDED IN SENATE APRIL 17, 1991

SENATE BILL

No. 534

Introduced by Senator Hart

February 27, 1991

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no specific provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the district and provide for the management and financing of the district.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new crime, and would subject that person to an administrative fine



in an amount not to exceed \$500, as prescribed. The bill would subject any person who negligently or intentionally violates the act or any agency ordinance to civil liability in an amount not to exceed \$1,000 per day for each day of violation, as prescribed. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 cited as the Ojai Basin Groundwater Management
3 Agency Act.

4

5

Article 1. Creation

6

7 Sec. 101. The Legislature hereby finds and declares
8 that the preservation of the groundwater within the
9 territory of the Ojai Basin Groundwater Management
10 Agency, created pursuant to Section 102 for the
11 protection of agricultural, municipal, and industrial uses,
12 is in the public interest and for the common benefit of
13 water users within the agency.

14 Sec. 102. The Ojai Basin Groundwater Management
15 Agency is hereby created. The agency shall exercise the
16 express powers granted by this act for purposes of
17 groundwater management within the territory of the
18 agency, together with other powers reasonably implied



1 and necessary and proper to carry out the purposes of the
2 agency.

3
4 Article 2. Boundaries

5
6 Sec. 201. For the purposes of this act, the boundaries
7 of the agency shall include that portion of the Ojai Basin
8 watershed which lies within the boundaries of the Casitas
9 Municipal Water District or the Ojai Water Conservation
10 District, but shall do not include any land within the
11 boundaries of the Ventura River County Water District:
12 The boundaries of the agency are more particularly
13 described as follows:

14 The point of beginning is located at the intersection of
15 the centerline of Creek Road and the northerly boundary
16 of Camp Comfort; thence, northerly along the centerline
17 of Creek Road to the point of intersection with the
18 centerline of Hermosa Road; thence, westerly and
19 northwesterly along the centerline of Hermosa Road to
20 the point of intersection with the easterly line of Ventura
21 Avenue, also known as State Highway Routes 33 and 150;
22 thence, northerly along that easterly line of Ventura
23 Avenue to the point of intersection with the centerline of
24 Ojai Avenue; thence, northeasterly along the centerline
25 of Ojai Avenue to the point of intersection with the
26 centerline of Del Norte Road; thence, northerly along the
27 centerline of Del Norte Road and the northerly
28 prolongation of the centerline of Del Norte to the north
29 quarter corner of Section 35, Township 5 North, Range 23
30 West, San Bernardino Base and Meridian, that point
31 being also a point in the boundary of the Casitas
32 Municipal Water District; thence along that boundary;
33 thence east along the north line of that Section 35 and
34 along the north line of Section 36 of that Township and
35 Range and Sections 31, 32, 33, and 34 of Township 5 North,
36 Range 22 West, San Bernardino Base and Meridian to the
37 northeast corner of that Section 34; thence, south along
38 the east line of that Section 34 and the east line of Section
39 3, Township 4 North, Range 22 West, San Bernardino
40 Base and Meridian to the northwest corner of the south



1 one-half of the northwest one-quarter of Section 2 of that
 2 last mentioned Township and Range; thence, east along
 3 the north line of that south one-half of the northwest
 4 one-quarter of Section 2 to the northeast corner thereof,
 5 south along the east line of that south one-half of the
 6 northwest one-quarter of Section 2 to the southeast
 7 corner thereof; thence, west along the south line of that
 8 south one-half of the northwest one-quarter of Section 2
 9 to the northeast corner of the west one-half of the
 10 southwest one-quarter of that Section 2; thence, south
 11 along the east line of that west one-half of the southwest
 12 one-quarter of Section 2 to the southeast corner thereof
 13 to a point in the north line of fractional Section 11,
 14 Township 4 North, Range 22 West, San Bernardino Base
 15 and Meridian; thence, east along that north line to the
 16 north quarter corner of that fractional Section 11; thence,
 17 in a varying generally southwesterly and westerly
 18 direction along the watershed dividing ridge line, as
 19 shown on the Ojai Quadrangle of the United States
 20 Geological Survey 7.5 minute series of topographic maps,
 21 between the Ojai Valley and the Lions Creek Drainage,
 22 a distance of approximately four and three-quarter miles,
 23 more or less, to the point at which the 1,400-foot contour
 24 intersects the range line common to Range 22 West and
 25 Range 23 West, San Bernardino Base and Meridian;
 26 thence, in a straight line in a generally south of west
 27 direction a distance of approximately one and one-half
 28 miles, more or less, to the point of beginning.

29 Sec. 202. The boundaries of the agency shall be
 30 depicted on a map which shall be adopted by the board
 31 and thereafter recorded in the office of the county
 32 recorder.

33 Article 3. Definitions

34
 35
 36 Sec. 301. Unless otherwise indicated by their context,
 37 the terms defined in this article govern the interpretation
 38 of this act.

39 Sec. 302. "Agency" means the Ojai Basin
 40 Groundwater Management Agency.

1 Sec. 303. "Aquifer" means a geologic formation or
2 structure that transmits or stores water in sufficient
3 quantities to supply pumping wells or springs.

4 Sec. 304. "Available supply" means that quantity of
5 groundwater which can be withdrawn in any given year
6 from the groundwater basin without resulting in, or
7 aggravating, conditions of overdraft, subsidence, or
8 groundwater quality degradation. Available supply of the
9 basin includes the natural water supply, imported water,
10 and other water which has been spread to the basin or has
11 otherwise reached the basin and return flows to the basin
12 attributable to these sources reaching the basin in the
13 course of use.

14 Sec. 305. "Basin" means the Ojai groundwater basin,
15 as shown in the Department of Water Resources Bulletin
16 No. 12, "Ventura County Investigation," dated October
17 1953, to the extent included within the boundaries of the
18 district, as defined in Section 201.

19 Sec. 306. "Board" means the board of directors of the
20 agency.

21 Sec. 307. "Conjunctive use" means the coordinated
22 operation of groundwater and surface water supplies.
23 Conjunctive use includes increased groundwater use or
24 decreased groundwater replenishment with surface
25 supplies in years when surface supplies are less than
26 normal and, in years of more abundant surface supplies,
27 the increased use of surface water in lieu of groundwater,
28 either to allow groundwater levels to recover or to
29 replenish artificial groundwater supplies. Conjunctive
30 use also includes long-term storage of water in the basin.

31 Sec. 308. "County" means the County of Ventura.

32 Sec. 309. "Export" means extracting groundwater
33 from the basin for use on land, or within an area, which
34 does not overlie or is not within the boundaries of the
35 agency. Export does not include use on or after January
36 1, 1992, within any area served by groundwater from the
37 basin prior to January 1, 1992.

38 Sec. 310. "Extraction" means the act of obtaining
39 groundwater by pumping or other controlled means.

40 Sec. 311. "Extraction facility" means any device or



1 method for the extraction of groundwater within the
2 basin.

3 Sec. 312. "Groundwater" means water beneath the
4 surface of the earth within the zone below the water
5 table in which the soil is completely saturated with water

6 Sec. 313. "Groundwater basin" means a geologically
7 and hydrologically defined area containing one or more
8 aquifers which store, transmit, and yield significant
9 quantities of water to wells, or are capable of doing so.

10 Sec. 314. "Groundwater management activities"
11 means programs, measures, or actions taken to preserve,
12 monitor, protect, and enhance groundwater resources
13 within the territory of the agency.

14 Sec. 315. "Groundwater rights adjudication" means
15 the determination of substantially all rights in the basin
16 or the area subject to the adjudication.

17 Sec. 316. "Mutual water company" means a
18 corporation organized for, or engaged in the business of,
19 selling, distributing, supplying, or delivering water to its
20 stockholders and members at cost for irrigation purposes
21 or for domestic use.

22 Sec. 317. "Notice" or a "noticed hearing" means the
23 notice required by Section 6061 of the Government Code.

24 Sec. 318. "Operator" means a person who operates a
25 groundwater extraction facility. If the agency is unable to
26 determine who operates a particular extraction facility,
27 then "operator" shall mean the person to whom the
28 extraction facility is assessed by the county assessor or, if
29 not separately assessed, the person who owns the land
30 upon which the extraction facility is located.

31 Sec. 319. "Overdraft" means the condition of the
32 basin where the average annual amount of water
33 extracted exceeds the average annual supply of water to
34 the basin.

35 Sec. 320. "Person" includes any state or local
36 governmental agency, private corporation, firm,
37 partnership, individual, group of individuals, or, to the
38 extent authorized by law, any federal agency.

39 Sec. 321. "Program" means a groundwater
40 management program prepared by the agency pursuant

1 to this act.

2 Sec. 322. "Recharge" means the natural or artificial
3 replenishment of groundwater storage by percolation or
4 injection of one or more sources of water at the surface.

5 Sec. 323. "Replenishment" means spreading water
6 over a permeable area for the purpose of allowing it to
7 percolate to groundwater basins or aquifers, or otherwise
8 adding water to groundwater basins or aquifers.

9 ~~Sec. 324. "Standby charges" are charges imposed on~~
10 ~~landowners within the agency for benefits received by~~
11 ~~landowners from any activities or programs of the~~
12 ~~agency, including, but not limited to, groundwater~~
13 ~~management planning.~~

14 ~~Sec. 325.~~

15 Sec. 324. "Supplemental water" means surface water
16 or groundwater imported from outside the watershed or
17 watersheds of the basin and flood waters that are
18 conserved and saved within the watershed or watersheds
19 which would otherwise have been lost or would not have
20 reached the basin.

21 ~~Sec. 326.~~

22 Sec. 325. "Temporary surplus" means the amount of
23 water that can be extracted from the basin without
24 permanently adversely affecting the available supply of
25 the basin or the ability of the basin to provide storage
26 space for natural or artificial recharge that would be lost
27 during wet years if it could not be stored in the basin.

28 ~~Sec. 327.~~

29 Sec. 326. "Water year" means the period from
30 October 1 of one calendar year to September 30,
31 inclusive, of the following calendar year.

32 ~~Sec. 328.~~

33 Sec. 327. "Well interference" means a substantial
34 water level decline in a short time period in a localized
35 area caused by pumping from extraction facilities.

36

37 Article 4. General Provisions

38

39 Sec. 401. (a) The board shall consist of five directors
40 and shall be selected in the following manner:



1 (1) One director shall be a member of, and be
 2 appointed by, each of the following entities, and shall be
 3 chosen by their respective governing boards or bodies
 4 from their members whose districts or divisions, if any,
 5 overlie, at least in part, the boundaries of the agency:

6 (A) The Ojai City Council.

7 (B) The Board of the Casitas Municipal Water District.

8 (C) The Board of the Ojai Water Conservation
 9 District.

10 (2) One director shall be a representative of the
 11 Southern California Water Company.

12 (3) One director shall be chosen from the members of
 13 the governing boards of the following mutual water
 14 companies whose territory at least in part overlies the
 15 boundaries of the agency.

16 (A) The Senior Canyon Mutual Water Company.

17 (B) The Siete Robles Mutual Water Company.

18 (C) The Hermitage Mutual Water Company.

19 The mutual water company director shall be chosen at
 20 a public meeting where each mutual water company is
 21 represented by the chairperson of its governing board. If
 22 the mutual water companies fail to appoint a director
 23 within three months, the remaining four directors shall
 24 appoint a director from one of the boards of the mutual
 25 water companies identified in this paragraph.

26 (b) The board is the governing body of the agency and
 27 shall exercise the powers of the agency.

28 Sec. 402. (a) No provisions of this act shall be
 29 construed to deny any entity from which a board
 30 member is or may be selected any rights or powers which
 31 they have or may be granted.

32 (b) The agency shall not involve itself in activities
 33 normally and historically undertaken by any entity, such
 34 as the construction and operation of dams, spreading
 35 grounds, pipelines, flood control facilities, groundwater
 36 wells, and water distribution facilities, or the wholesale
 37 and retail sale of water, without prior consent of those
 38 entities, and shall otherwise limit its activities to
 39 monitoring, planning, managing, controlling, preserving,
 40 and regulating the extraction and use of groundwater



1 within the boundaries of the agency.

2 Sec. 403. This act does not abrogate or impair the
3 overlying or appropriative rights of landowners or
4 existing appropriators within the agency, including the
5 right to seek an adjudication of those rights, or abrogate
6 or impair the jurisdiction of the California Public Utilities
7 Commission in regulating the activities and assets of the
8 Southern California Water Company.

9 Sec. 404. (a) The board may adopt ordinances for the
10 purpose of monitoring, regulating, conserving,
11 managing, and controlling the use and extraction of
12 groundwater within the boundaries of the agency. All
13 ordinances shall be adopted, after a noticed public
14 hearing, by a majority vote of the board. Notice of the
15 adoption of all ordinances shall be given. The ordinances
16 of the agency shall become effective on the 31st day after
17 adoption.

18 (b) Notwithstanding subdivision (a), the board shall
19 comply with the Ralph M. Brown Act (Chapter 9
20 (commencing with Section 54950) of Part 1 of Division 2
21 of the Government Code), and may adopt as an urgency
22 measure an interim ordinance. That urgency measure
23 shall require a $\frac{1}{3}$ vote of the board for adoption. The
24 interim ordinance shall have no force and effect 45 days
25 after its adoption. After a noticed public hearing, the
26 board may extend the interim ordinance for 10 months
27 and 15 days by a $\frac{1}{3}$ vote of the board.

28 Sec. 405. Any person who intentionally violates this
29 act or any agency ordinance is guilty of an infraction and
30 may be required to pay a fine to the agency not to exceed
31 five hundred dollars (\$500). No fine shall be imposed
32 until written notice has been given by registered mail to
33 the alleged violator stating that a hearing will be held by
34 the board not less than 30 days after the date of the notice,
35 at which time the board will consider the imposition of
36 the fine.

37 Sec. 406. Any person who negligently or intentionally
38 violates this act or any agency ordinance may also be
39 liable civilly to the agency for a sum not to exceed one
40 thousand dollars (\$1,000) per day for each day of



1 violation, in addition to any other penalties that may be
2 prescribed by law. No liability shall be imposed until
3 written notice has been given by registered mail to the
4 alleged violator stating that a hearing will be held by the
5 board not less than 30 days after the date of the notice,
6 at which time the board will consider the imposition of
7 the liability.

8 Sec. 407. Upon the failure of any person to comply
9 with this act or any agency ordinance, the agency may
10 petition the superior court for a temporary restraining
11 order, preliminary or permanent injunction, or other
12 appropriate equitable relief. The right to petition for
13 injunctive relief is in addition to other rights, which may
14 be provided elsewhere in this act or otherwise allowed by
15 law.

16 Sec. 408. The agency may petition the superior court
17 of the county to recover any sums due the agency or
18 damages incurred by the agency. To preserve and
19 manage the groundwater resources within the agency,
20 the agency may commence, maintain, intervene in,
21 defend in, compromise, and assume the costs and
22 expenses incurred by the agency in, actions and
23 proceedings involving groundwater, including, but not
24 limited to, groundwater rights adjudication.

25 Sec. 409. The agency may contract for staff and other
26 services and may hire other contractors and consultants.

27 Sec. 410. The agency may exclude from any of the
28 requirements of this act, or the operation of any
29 ordinance, any operator who extracts less than a
30 minimum amount of groundwater as specified by
31 ordinance adopted by the board.

32 33 Article 5. Studies and Investigations

34
35 Sec. 501. The agency may collect data and conduct
36 technical and other investigations in order to carry out
37 this act. All hydrological investigations and studies
38 carried out by, or on behalf of, the agency shall be
39 conducted by, or under the supervision of, licensed
40 engineers or other persons qualified in groundwater

1 geology or hydrology.

2 Sec. 502. (a) The agency shall prepare annually a
3 report on groundwater supplies and conditions in the
4 agency, including groundwater management objectives
5 and a plan of implementation of those objectives,
6 following a determination that groundwater
7 management activities may be necessary.

8 (b) The agency may prepare, or receive reports on
9 groundwater and supplemental water supplies and
10 conditions in the territory of the agency, including
11 groundwater management and conjunctive use
12 objectives and a plan for implementation of those
13 objectives.

14 Sec. 503. The agency may recommend and encourage
15 wastewater reuse and other water development projects,
16 if those projects will enhance and contribute to the
17 responsible management of groundwater resources, as
18 part of its annual plan for implementation of
19 groundwater management objectives.

20
21 Article 6. Groundwater Management Plans

22
23 Sec. 601. In order to maximize the long-term
24 available supply, the agency shall develop, adopt, and
25 implement a plan to protect the basin's groundwater
26 quality and to balance long-term average annual water
27 replenishment and extractions in the basin.

28 Sec. 602. The agency shall undertake a study to
29 develop the plan required pursuant to Section 601 which
30 includes all of the following components:

31 (a) A list of groundwater extraction facilities within
32 the boundaries of the agency.

33 (b) For each extraction facility, an estimate of annual
34 water production, in acre-feet per year, using industry
35 accepted monitoring and testing procedures.

36 (c) A table and graph depicting water level readings,
37 as of each October 1, from acceptable sources for the
38 period of record.

39 (d) Provisions and testing procedures for monitoring
40 water quality.



1 (e) Historical data for rainfall runoff, basin usage and
2 replenishment, and water conservation activities.

3 (f) A proposed minimum amount of groundwater
4 extraction below which the requirements of this act will
5 not be applied.

6 Sec. 603. (a) The agency shall undertake a
7 groundwater management study for future extractions
8 from the basin. As a part of this study, the agency shall
9 determine the hydrologic characteristics of the basin,
10 which shall include all of the following information:

11 (1) Existing groundwater storage capacity.

12 (2) Existing groundwater storage.

13 (3) Existing and projected groundwater use.

14 (4) A review of the boundaries of the basin.

15 (5) The average annual variation in storage in existing
16 groundwater storage.

17 (6) Projected annual rainfall, runoff, and recharge
18 rates.

19 (7) Long-term recoverable storage, including an
20 estimate of nonrecoverable storage.

21 (8) Potential extractions and storage programs.

22 Sec. 604. (a) The plan required pursuant to Section
23 601 may consider any project alternatives designed to
24 enhance the overall balance of long-term average annual
25 basin replenishment and extractions.

26 (b) The plan shall investigate options of operating the
27 basin to provide an increased ability to capture, recharge,
28 and maximize reasonable uses by fully utilizing the
29 available groundwater supply. The options may include
30 the conjunctive operation of the basin with Casitas
31 Reservoir. The plan shall recommend alternative
32 methods of managing the basin to achieve the long-term
33 objectives of Section 601.

34 (c) The plan shall establish a minimum amount of
35 groundwater extraction below which the requirements
36 of this act will not be applied, which amount may be
37 modified from time to time based on ~~its~~ the impact on
38 the operation of the agency.

39 Sec. 605. (a) The studies required in Sections 602 and
40 603 shall be completed and submitted to the board by



1 January 1, 1993.

2 (b) The plan required in Section 601 shall be
3 completed and submitted to the board by January 1, 1994.

4
5 Article 7. Groundwater Management

6
7 Sec. 701. If, after a noticed public hearing and
8 consideration of any relevant investigations, studies, and
9 evidence, including compliance with the California
10 Environmental Quality Act (Division 13 (commencing
11 with Section 21000) of the Public Resources Code), the
12 board determines that groundwater management
13 activities are necessary in order to improve or protect the
14 quantity or quality of groundwater supplies within the
15 basin, the board may, by ordinance, undertake any of the
16 activities authorized by this article. The requirement in
17 this section for compliance with the California
18 Environmental Quality Act does not, and shall not be
19 construed to, limit compliance with that act for other
20 discretionary actions by the board.

21 Sec. 702. The board may exercise any of the following
22 measures:

23 (a) Require conservation practices and measures
24 within identified portions of the agency.

25 (b) Commence and prosecute legal actions to enjoin
26 unreasonable uses or methods of use of water within the
27 agency or outside the agency to the extent those uses or
28 methods of use adversely affect the groundwater supply
29 within the agency.

30 (c) Conserve and reclaim water within or outside the
31 agency, require conservation practices and measures
32 within the agency, and impose charges upon those within
33 or without the agency benefited by the conservation
34 practices.

35 Sec. 703. The agency may regulate groundwater
36 replenishment programs and the recapture of
37 supplemental groundwater resulting from those
38 programs within the agency.

39 Sec. 704. To encourage conjunctive use, the agency
40 may do either *or both* of the following:



1 (a) Contract with entities for benefits to areas outside
2 the basin which may result from conservation or
3 conjunctive use practices within the basin and may
4 impose appropriate charges for those benefits.

5 (b) Contract with groundwater users within the basin
6 to enhance the conjunctive use of groundwater and
7 surface water and compensate groundwater users for the
8 value of those measures.

9 Sec. 705. To minimize well interference, the agency
10 may do either *or both* of the following:

11 (a) Impose spacing requirements or require
12 reasonable mitigation measures relating to the
13 construction of any new extraction facility.

14 (b) Impose reasonable operating regulations on
15 extraction facilities.

16 Sec. 706. The agency may control groundwater
17 extractions by regulating, limiting, or suspending
18 extractions from extraction facilities, the construction of
19 new extraction facilities, the enlarging of existing
20 facilities, and the reactivation of abandoned or inactive
21 extraction facilities.

22 Sec. 707. The availability of supplemental water to
23 any operator shall not subject that operator to regulations
24 more restrictive than those imposed on other operators.

25 Sec. 708. (a) No groundwater shall be exported from
26 within the agency unless the exporter has applied for, and
27 obtained, a permit from the agency which establishes the
28 quantity of water which may be exported and the
29 conditions of the export. Notwithstanding any conditions
30 specified in the permit, exporters shall be subject to this
31 act.

32 (b) The agency shall not issue any permit to export
33 groundwater from the agency unless the applicant has
34 established that the temporary surplus is in excess of the
35 amount currently required for reasonable and beneficial
36 uses within the agency, and the board determines that
37 the export would not adversely affect the rights of
38 groundwater users within the agency. The agency shall
39 issue permits for export for time periods, and under terms
40 and conditions, it deems appropriate. All permits shall



1 declare that they are subject to the right of the agency to
2 reduce or suspend exports pursuant to this act.

3 (c) The agency shall, after published notice and a
4 hearing which discloses evidence of overdraft, or any
5 threat of overdraft, reduce or suspend extractions by
6 exporters regardless of whether a permit to export has
7 been granted pursuant to this act.

8 (d) The right to store and recapture imported or
9 developed water in the groundwater basin shall be
10 subject to prior permit by the agency. The agency shall
11 issue storage and recapture permits under terms and
12 conditions it deems appropriate and may impose charges
13 therefor. Existing recapture facilities are exempt from
14 this section.

15
16 Article 8. Registration of Groundwater Extraction
17 Facilities
18

19 Sec. 801. The agency may, by ordinance, require
20 extraction facilities to be registered with the agency
21 within 30 days of notice being given to the operator of the
22 extraction facility.

23 Sec. 802. The agency may require, by ordinance, that
24 the operator of a registered extraction facility provide the
25 agency annually with all of the following information
26 regarding the extraction facility:

27 (a) The name and address of the operator of the
28 extraction facility.

29 (b) The name and address of the owner of the land
30 upon which the extraction facility is located.

31 (c) A description of the equipment associated with the
32 extraction facility.

33 (d) The location of the water extraction facility.

34 (e) The purposes of groundwater use.

35 Sec. 803. No person may extract groundwater by the
36 use of any extraction facility required to be registered
37 unless the extraction facility has been registered with the
38 agency.

39 Sec. 804. The agency shall require extraction facilities
40 to be equipped with waterflow measuring devices



1 installed and calibrated by the agency or, at the agency's
2 option, by the extraction facility operator. The agency
3 may, by ordinance, exempt specific extraction facilities
4 from the measuring device requirements.

5 Sec. 805. No person may extract groundwater by the
6 use of any extraction facility required to be equipped
7 with a waterflow measuring device unless the extraction
8 facility is so equipped.

9 Sec. 806. If an extraction facility is equipped with a
10 waterflow measuring device, the record of extraction, as
11 disclosed by the waterflow measuring device, may at the
12 election of the board be presumed to be accurate, and if
13 so presumed, shall be used as the basis for computing the
14 water extraction of the extraction facility in completing
15 the groundwater extraction statement.

16 Sec. 807. The agency may require proof of the
17 accuracy of the waterflow measuring device from the
18 operator and may, absent adequate proof of accuracy,
19 order the operator, at the operator's sole cost, to have the
20 waterflow measuring device calibrated in a manner
21 acceptable to the agency. If the agency has probable
22 cause to believe that the extraction of groundwater from
23 any extraction facility is in excess of the amount reported
24 in a groundwater extraction statement filed pursuant to
25 Section 810, or if no statement is filed covering an
26 extraction facility, the agency may investigate the
27 extraction of water from the extraction facility.

28 Sec. 808. No person may intentionally injure, alter,
29 remove, reset, adjust, manipulate, obstruct, or in any
30 manner interfere or tamper with any waterflow
31 measuring device affixed to any extraction facility so that
32 the waterflow measuring device improperly or
33 inaccurately measures and records water extraction.

34 Sec. 809. The board may, by ordinance, establish
35 reasonable methods to be used in computing the amount
36 of water extracted by exempted extraction facilities.

37 Sec. 810. (a) The agency may, by ordinance, require
38 the operator of each extraction facility to file, in the form
39 specified by the agency, a groundwater extraction
40 statement that contains, but is not limited to, the

1 following information:

2 (1) Total extraction in acre-feet of water from the
3 extraction facility.

4 (2) The crop types or other uses and the acreage
5 served by the extraction facility compared to the number
6 of acres owned or leased.

7 (3) The method of measuring or computing
8 groundwater extraction.

9 (4) Water conservation activities.

10 (b) Each groundwater extraction statement shall be
11 verified by a written declaration under penalty of perjury
12 that the information contained in the statement is true
13 and correct.

14 (c) The operator of an extraction facility which has
15 been permanently abandoned on or after January 1, 1992,
16 shall give written notice of the abandonment to the
17 agency.

18 Sec. 811. No person who is required to file a
19 groundwater extraction statement may fail to do so.

20 Sec. 812. No person, with an intent to evade any
21 requirement of this act, may file a false or fraudulent
22 groundwater extraction statement with the agency.

23

24

Article 9. Management Charges

25

26 Sec. 901. (a) Each year the board may fix a
27 management charge in accordance with benefit-based
28 criteria to be established by the board, upon the City of
29 Ojai, the Casitas Municipal Water District, the Ojai Water
30 Conservation District, and the Southern California Water
31 Company, for the purpose of paying the costs of
32 initiating, carrying on, and completing any of the powers,
33 purposes, and groundwater management activities for
34 which the agency is organized.

35 (b) In the aggregate, management charges shall be
36 limited to fifty thousand dollars (\$50,000) in the first year
37 and twenty-five thousand dollars (\$25,000) in the second
38 year. None of the entities identified in subdivision (a)
39 shall be required to pay more than one-third of the
40 aggregate allowable charges. Management charges in



1 succeeding years, or contributions in excess of the
2 established limits, shall be voluntary and payable at the
3 discretion of each entity identified in subdivision (a).

4 Sec. 902. Management charges shall be paid in the
5 manner prescribed by ordinance.

6 7 Article 10. Management Charges to Property

8
9 Sec. 1001. Each year the agency may fix a
10 management charge for the purpose of paying the costs
11 of initiating, carrying on, and completing any of the
12 powers, projects, and purposes for which the agency is
13 organized.

14 Sec. 1002. Before levying management charges, the
15 board shall, after notice and hearing, find and determine
16 the portion of the agency to be benefited by management
17 and planning activities, the need for management
18 charges for the purpose of paying the cost of these
19 activities, and the amount of the charges to be levied.

20 Sec. 1003. Management charges may not exceed
21 seven dollars and fifty cents (\$7.50) per acre per year for
22 each acre of land, or five dollars (\$5.00) for each parcel
23 of land of less than one acre within the agency.

24 Sec. 1004. Management charges applicable to the
25 territory served by the City of Ojai's corporate franchise,
26 or any other water purveyor within the agency's
27 boundaries, may be collected by the water purveyor if
28 the agency so requests and the water purveyor agrees to
29 do so, and shall be paid to the agency in lieu of collection
30 through the tax bills. The board may exclude portions of
31 the agency or may establish schedules varying the
32 management charges according to the likelihood that the
33 land will benefit, as determined by the board, from
34 improved groundwater management and planning.

35 Sec. 1005. The management charge may, at the
36 option of the agency, be collected on the tax bills of the
37 county, by the same persons, and at the same time as,
38 together with *and* not separately from, county property
39 taxes. In lieu of this election, the agency shall collect
40 management charges at the same time, together with

1 penalties and interest at the same rates, as is prescribed
2 for the collection of county property taxes.

3 Sec. 1006. The amount of an unpaid management
4 charge, together with any penalty and interest thereon,
5 shall constitute a lien on that land as of the same time and
6 in the same manner as does the tax lien securing county
7 property taxes.

8 Sec. 1007. The board may fix management charges
9 until January 1, 1995.

10
11 Article 11. Groundwater Extraction Charges

12
13 Sec. 1101. (a) The agency may, by ordinance, levy
14 groundwater extraction charges on the extraction of
15 groundwater by the use of water extraction facilities
16 within the boundaries of the agency to pay the costs of
17 initiating, carrying on, and completing any of the powers;
18 purposes, and groundwater management activities
19 described in this act, except that the charge shall not
20 exceed the annual cost to the district incurred in carrying
21 out the powers, purposes, and groundwater management
22 activities and the cost of a reasonable reserve not to
23 exceed 25 percent of the total appropriations in the
24 agency's budget.

25 (b) Groundwater extraction charges shall be levied
26 only within a zone or zones of benefit of the district which
27 will benefit from the powers, purposes, and groundwater
28 management activities.

29 (c) The board may establish zones of benefit within
30 the district. Resolutions of the board shall describe the
31 boundaries of the zones of benefit. The board may amend
32 zones of benefit boundaries by annexing property to or
33 by withdrawing property from a zone, or may divide a
34 zone into two or more zones. Resolutions of the board
35 shall describe the boundaries of the amended or divided
36 zones.

37 SEC. 1102. (a) Before the levy of groundwater
38 extraction charges, the board of directors shall, after
39 notice and hearing, find and determine the activities
40 required to prepare or implement any groundwater



1 management program for the district and to initiate,
2 carry on, or complete any of the other powers and
3 purposes set forth in this act, and the sum of money
4 necessary for the ensuing water year for those activities.

5 (b) The board shall determine the need and
6 desirability of levying a groundwater extraction charge
7 for the purpose of paying the costs of initiating, carrying
8 on, and completing any of the powers and purposes set
9 forth in this act. The board shall find that the charge is
10 necessary to finance or otherwise support the
11 groundwater management services provided by the
12 district, except that the charge shall not exceed the
13 annual costs to the district incurred in carrying out the
14 powers and purposes of this act and the cost of a
15 reasonable reserve not to exceed 25 percent of the total
16 appropriations contained in the agency's budget.

17 Sec. 1103. The groundwater extraction charge rate
18 shall be uniform for groundwater extraction within the
19 territory of the agency.

20 Sec. 1104. Groundwater extraction charges shall be
21 calculated on the basis of groundwater extraction
22 statements filed pursuant to Section 810 and the benefit
23 determined pursuant to Section 1101.

24 Sec. 1105. If any operator of any extraction facility
25 fails to pay the groundwater extraction charge when due,
26 the agency shall charge and collect interest, at the rate of
27 1½ percent each month, on the delinquent amount of the
28 groundwater extraction charge. In addition, the agency
29 may exercise any of the rights granted pursuant to Article
30 5 (commencing with Section 75630) of Chapter 3 of Part
31 9 of Division 21 of the Water Code to collect delinquent
32 groundwater extraction charges.

33 Sec. 1106. All money collected by the agency
34 pursuant to this article, Article 9 (commencing with
35 Section 901), or Article 10 (commencing with Section
36 1001), shall be available for expenditure by the agency in
37 carrying out its groundwater management activities.

38 Sec. 1107. The groundwater extraction charge shall
39 not exceed seven dollars and fifty cents (\$7.50) per
40 acre-foot pumped per year.



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Article 12. Miscellaneous

Sec. 1201. The Legislature finds and declares that this act, which is applicable only to the Ojai Basin Groundwater Management Agency, is necessary because of the unique and special groundwater management problems in the area included in the agency. It is, therefore, hereby declared that a general law cannot be made applicable to the agency and the enactment of this special law is necessary for the conservation, development, control, and use of that water for the public good and for the protection of life and property therein.

SEC. 2. Section 1 of Chapter 153 of the Statutes of 1974 is amended to read:

Section 1. The Ojai Water Conservation District shall be governed by the Water Conservation Act of 1927 (Chapter 91 of the Statutes of 1927).

SEC. 3. Section 2 of Chapter 153 of the Statutes of 1974 is repealed.

SEC. 4. Section 3 of Chapter 153 of the Statutes of 1974 is amended and renumbered to read:

Sec. 2. The Legislature hereby finds and declares that this act, which is applicable only to the Ojai Water Conservation District, is necessary because of the unique and special water conservation problems in the area included in the district. It is, therefore, hereby declared that a general law cannot be made applicable to the district and the enactment of this special law is necessary for the conservation, development, control, and use of water in the district for the public good and for the protection of life and property therein.

SEC. 5. Section 4 of Chapter 153 of the Statutes of 1974 is repealed.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or the costs which may be

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1 incurred by a local agency or school district will be
2 incurred because this act creates a new crime or
3 infraction, changes the penalty for a crime or infraction,
4 or eliminates a crime or infraction. Notwithstanding
5 Section 17580 of the Government Code, unless otherwise
6 specified in this act, the provisions of this act shall become
7 operative on the same date that the act takes effect
8 pursuant to the California Constitution.

O



AMENDED IN ASSEMBLY SEPTEMBER 3, 1991

AMENDED IN ASSEMBLY AUGUST 26, 1991

AMENDED IN ASSEMBLY AUGUST 20, 1991

AMENDED IN ASSEMBLY JUNE 24, 1991

AMENDED IN SENATE APRIL 17, 1991

SENATE BILL

No. 534

Introduced by Senator Hart

February 27, 1991

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no specific provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the district and provide for the management and financing of the district.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new



crime, and would subject that person to an administrative fine in an amount not to exceed \$500, as prescribed. The bill would subject any person who negligently or intentionally violates the act or any agency ordinance to civil liability in an amount not to exceed \$1,000 per day for each day of violation, as prescribed. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known and may be
2 cited as the Ojai Basin Groundwater Management
3 Agency Act.

4
5 Article 1. Creation
6

7 Sec. 101. The Legislature hereby finds and declares
8 that the preservation of the groundwater within the
9 territory of the Ojai Basin Groundwater Management
10 Agency, created pursuant to Section 102 for the
11 protection of agricultural, municipal, and industrial uses,
12 is in the public interest and for the common benefit of
13 water users within the agency.

14 Sec. 102. The Ojai Basin Groundwater Management
15 Agency is hereby created. The agency shall exercise the
16 express powers granted by this act for purposes of
17 groundwater management within the territory of the



1 agency, together with other powers reasonably implied
2 and necessary and proper to carry out the purposes of the
3 agency.

4
5
6

Article 2. Boundaries

7 Sec. 201. For the purposes of this act, the boundaries
8 of the agency include that portion of the Ojai Basin
9 watershed which lies within the boundaries of the Casitas
10 Municipal Water District or the Ojai Water Conservation
11 District, but do not include any land within the
12 boundaries of the Ventura River County Water District.
13 The boundaries of the agency are more particularly
14 described as follows:

15 The point of beginning is located at the intersection of
16 the centerline of Creek Road and the northerly boundary
17 of Camp Comfort; thence, northerly along the centerline
18 of Creek Road to the point of intersection with the
19 centerline of Hermosa Road; thence, westerly and
20 northwesterly along the centerline of Hermosa Road to
21 the point of intersection with the easterly line of Ventura
22 Avenue, also known as State Highway Routes 33 and 150;
23 thence, northerly along that easterly line of Ventura
24 Avenue to the point of intersection with the centerline of
25 Ojai Avenue; thence, northeasterly along the centerline
26 of Ojai Avenue to the point of intersection with the
27 centerline of Del Norte Road; thence, northerly along the
28 centerline of Del Norte Road and the northerly
29 prolongation of the centerline of Del Norte to the north
30 quarter corner of Section 35, Township 5 North, Range 23
31 West, San Bernardino Base and Meridian, that point
32 being also a point in the boundary of the Casitas
33 Municipal Water District; thence along that boundary;
34 thence east along the north line of that Section 35 and
35 along the north line of Section 36 of that Township and
36 Range and Sections 31, 32, 33, and 34 of Township 5 North,
37 Range 22 West, San Bernardino Base and Meridian to the
38 northeast corner of that Section 34; thence, south along
39 the east line of that Section 34 and the east line of Section
40 3, Township 4 North, Range 22 West, San Bernardino



1 Base and Meridian to the northwest corner of the south
 2 one-half of the northwest one-quarter of Section 2 of that
 3 last mentioned Township and Range; thence, east along
 4 the north line of that south one-half of the northwest
 5 one-quarter of Section 2 to the northeast corner thereof,
 6 south along the east line of that south one-half of the
 7 northwest one-quarter of Section 2 to the southeast
 8 corner thereof; thence, west along the south line of that
 9 south one-half of the northwest one-quarter of Section 2
 10 to the northeast corner of the west one-half of the
 11 southwest one-quarter of that Section 2; thence, south
 12 along the east line of that west one-half of the southwest
 13 one-quarter of Section 2 to the southeast corner thereof
 14 to a point in the north line of fractional Section 11,
 15 Township 4 North, Range 22 West, San Bernardino Base
 16 and Meridian; thence, east along that north line to the
 17 north quarter corner of that fractional Section 11; thence,
 18 in a varying generally southwesterly and westerly
 19 direction along the watershed dividing ridge line, as
 20 shown on the Ojai Quadrangle of the United States
 21 Geological Survey 7.5 minute series of topographic maps,
 22 between the Ojai Valley and the Lions Creek Drainage,
 23 a distance of approximately four and three-quarter miles,
 24 more or less, to the point at which the 1,400-foot contour
 25 intersects the range line common to Range 22 West and
 26 Range 23 West, San Bernardino Base and Meridian;
 27 thence, in a straight line in a generally south of west
 28 direction a distance of approximately one and one-half
 29 miles, more or less, to the point of beginning.

30 Sec. 202. The boundaries of the agency shall be
 31 depicted on a map which shall be adopted by the board
 32 and thereafter recorded in the office of the county
 33 recorder.

34 Article 3. Definitions

35
 36
 37 Sec. 301. Unless otherwise indicated by their context,
 38 the terms defined in this article govern the interpretation
 39 of this act.

40 Sec. 302. "Agency" means the Ojai Basin



1 Groundwater Management Agency.

2 Sec. 303. "Aquifer" means a geologic formation or
3 structure that transmits or stores water in sufficient
4 quantities to supply pumping wells or springs.

5 Sec. 304. "Available supply" means that quantity of
6 groundwater which can be withdrawn in any given year
7 from the groundwater basin without resulting in, or
8 aggravating, conditions of overdraft, subsidence, or
9 groundwater quality degradation. Available supply of the
10 basin includes the natural water supply, imported water,
11 and other water which has been spread to the basin or has
12 otherwise reached the basin and return flows to the basin
13 attributable to these sources reaching the basin in the
14 course of use.

15 Sec. 305. "Basin" means the Ojai groundwater basin,
16 as shown in the Department of Water Resources Bulletin
17 No. 12, "Ventura County Investigation," dated October
18 1953, to the extent included within the boundaries of the
19 district, as defined in Section 201.

20 Sec. 306. "Board" means the board of directors of the
21 agency.

22 Sec. 307. "Conjunctive use" means the coordinated
23 operation of groundwater and surface water supplies.
24 Conjunctive use includes increased groundwater use or
25 decreased groundwater replenishment with surface
26 supplies in years when surface supplies are less than
27 normal and, in years of more abundant surface supplies,
28 the increased use of surface water in lieu of groundwater,
29 either to allow groundwater levels to recover or to
30 replenish artificial groundwater supplies. Conjunctive
31 use also includes long-term storage of water in the basin.

32 Sec. 308. "County" means the County of Ventura.

33 Sec. 309. "Export" means extracting groundwater
34 from the basin for use on land, or within an area, which
35 does not overlie or is not within the boundaries of the
36 agency. Export does not include use on or after January
37 1, 1992, within any area served by groundwater from the
38 basin prior to January 1, 1992.

39 Sec. 310. "Extraction" means the act of obtaining
40 groundwater by pumping or other controlled means.



1 Sec. 311. "Extraction facility" means any device or
2 method for the extraction of groundwater within the
3 basin.

4 Sec. 312. "Groundwater" means water beneath the
5 surface of the earth within the zone below the water
6 table in which the soil is completely saturated with water.

7 Sec. 313. "Groundwater basin" means a geologically
8 and hydrologically defined area containing one or more
9 aquifers which store, transmit, and yield significant
10 quantities of water to wells, or are capable of doing so.

11 Sec. 314. "Groundwater management activities"
12 means programs, measures, or actions taken to preserve,
13 monitor, protect, and enhance groundwater resources
14 within the territory of the agency.

15 Sec. 315. "Groundwater rights adjudication" means
16 the determination of substantially all rights in the basin
17 or the area subject to the adjudication.

18 Sec. 316. "Mutual water company" means a
19 corporation organized for, or engaged in the business of,
20 selling, distributing, supplying, or delivering water to its
21 stockholders and members at cost for irrigation purposes
22 or for domestic use.

23 Sec. 317. "Notice" or a "noticed hearing" means the
24 notice required by Section 6061 of the Government Code.

25 Sec. 318. "Operator" means a person who operates a
26 groundwater extraction facility. If the agency is unable to
27 determine who operates a particular extraction facility,
28 then "operator" shall mean the person to whom the
29 extraction facility is assessed by the county assessor or, if
30 not separately assessed, the person who owns the land
31 upon which the extraction facility is located.

32 Sec. 319. "Overdraft" means the condition of the
33 basin where the average annual amount of water
34 extracted exceeds the average annual supply of water to
35 the basin.

36 Sec. 320. "Person" includes any state or local
37 governmental agency, private corporation, firm,
38 partnership, individual, group of individuals, or, to the
39 extent authorized by law, any federal agency.

40 Sec. 321. "Program" means a groundwater

1 management program prepared by the agency pursuant
2 to this act.

3 Sec. 322. "Recharge" means the natural or artificial
4 replenishment of groundwater storage by percolation or
5 injection of one or more sources of water at the surface.

6 Sec. 323. "Replenishment" means spreading water
7 over a permeable area for the purpose of allowing it to
8 percolate to groundwater basins or aquifers, or otherwise
9 adding water to groundwater basins or aquifers.

10 Sec. 324. "Supplemental water" means surface water
11 or groundwater imported from outside the watershed or
12 watersheds of the basin and flood waters that are
13 conserved and saved within the watershed or watersheds
14 which would otherwise have been lost or would not have
15 reached the basin.

16 Sec. 325. "Temporary surplus" means the amount of
17 water that can be extracted from the basin without
18 permanently adversely affecting the available supply of
19 the basin or the ability of the basin to provide storage
20 space for natural or artificial recharge that would be lost
21 during wet years if it could not be stored in the basin.

22 Sec. 326. "Water year" means the period from
23 October 1 of one calendar year to September 30,
24 inclusive, of the following calendar year.

25 Sec. 327. "Well interference" means a substantial
26 water level decline in a short time period in a localized
27 area caused by pumping from extraction facilities.

28

29

Article 4. General Provisions

30

31 Sec. 401. (a) The board shall consist of five directors
32 and shall be selected in the following manner:

33 (1) One director shall be a member of, and be
34 appointed by, each of the following entities, and shall be
35 chosen by their respective governing boards or bodies
36 from their members whose districts or divisions, if any,
37 overlie, at least in part, the boundaries of the agency:

38 (A) The Ojai City Council.

39 (B) The Board of the Casitas Municipal Water District.

40 (C) The Board of the Ojai Water Conservation



1 District.

2 (2) One director shall be a representative of the
3 Southern California Water Company.

4 (3) One director shall be chosen from the members of
5 the governing boards of the following mutual water
6 companies whose territory at least in part overlies the
7 boundaries of the agency.

8 (A) The Senior Canyon Mutual Water Company.

9 (B) The Siete Robles Mutual Water Company.

10 (C) The Hermitage Mutual Water Company.

11 The mutual water company director shall be chosen at
12 a public meeting where each mutual water company is
13 represented by the chairperson of its governing board. If
14 the mutual water companies fail to appoint a director
15 within three months, the remaining four directors shall
16 appoint a director from one of the boards of the mutual
17 water companies identified in this paragraph.

18 (b) The board is the governing body of the agency and
19 shall exercise the powers of the agency.

20 Sec. 402. (a) No provisions of this act shall be
21 construed to deny any entity from which a board
22 member is or may be selected any rights or powers which
23 they have or may be granted.

24 (b) The agency shall not involve itself in activities
25 normally and historically undertaken by any entity, such
26 as the construction and operation of dams, spreading
27 grounds, pipelines, flood control facilities, groundwater
28 wells, and water distribution facilities, or the wholesale
29 and retail sale of water, without prior consent of those
30 entities, and shall otherwise limit its activities to
31 monitoring, planning, managing, controlling, preserving,
32 and regulating the extraction and use of groundwater
33 within the boundaries of the agency.

34 Sec. 403. This act does not abrogate or impair the
35 overlying or appropriative rights of landowners or
36 existing appropriators within the agency, including the
37 right to seek an adjudication of those rights, or abrogate
38 or impair the jurisdiction of the California Public Utilities
39 Commission in regulating the activities and assets of the
40 Southern California Water Company.



1 Sec. 404. (a) The board may adopt ordinances for the
2 purpose of monitoring, regulating, conserving,
3 managing, and controlling the use and extraction of
4 groundwater within the boundaries of the agency. All
5 ordinances shall be adopted, after a noticed public
6 hearing, by a majority vote of the board. Notice of the
7 adoption of all ordinances shall be given. The ordinances
8 of the agency shall become effective on the 31st day after
9 adoption.

10 (b) Notwithstanding subdivision (a), the board shall
11 comply with the Ralph M. Brown Act (Chapter 9
12 (commencing with Section 54950) of Part 1 of Division 2
13 of the Government Code), and may adopt as an urgency
14 measure an interim ordinance. That urgency measure
15 shall require a $\frac{2}{3}$ vote of the board for adoption. The
16 interim ordinance shall have no force and effect 45 days
17 after its adoption. After a noticed public hearing, the
18 board may extend the interim ordinance for 10 months
19 and 15 days by a $\frac{2}{3}$ vote of the board.

20 Sec. 405. Any person who intentionally violates this
21 act or any agency ordinance is guilty of an infraction and
22 may be required to pay a fine to the agency not to exceed
23 five hundred dollars (\$500). No fine shall be imposed
24 until written notice has been given by registered mail to
25 the alleged violator stating that a hearing will be held by
26 the board not less than 30 days after the date of the notice,
27 at which time the board will consider the imposition of
28 the fine.

29 Sec. 406. Any person who negligently or intentionally
30 violates this act or any agency ordinance may also be
31 liable civilly to the agency for a sum not to exceed one
32 thousand dollars (\$1,000) per day for each day of
33 violation, in addition to any other penalties that may be
34 prescribed by law. No liability shall be imposed until
35 written notice has been given by registered mail to the
36 alleged violator stating that a hearing will be held by the
37 board not less than 30 days after the date of the notice,
38 at which time the board will consider the imposition of
39 the liability.

40 Sec. 407. Upon the failure of any person to comply



1 with this act or any agency ordinance, the agency may
2 petition the superior court for a temporary restraining
3 order, preliminary or permanent injunction, or other
4 appropriate equitable relief. The right to petition for
5 injunctive relief is in addition to other rights, which may
6 be provided elsewhere in this act or otherwise allowed by
7 law.

8 Sec. 408. The agency may petition the superior court
9 of the county to recover any sums due the agency or
10 damages incurred by the agency. To preserve and
11 manage the groundwater resources within the agency,
12 the agency may commence, maintain, intervene in,
13 defend in, compromise, and assume the costs and
14 expenses incurred by the agency in, actions and
15 proceedings involving groundwater, including, but not
16 limited to, groundwater rights adjudication.

17 Sec. 409. The agency may contract for staff and other
18 services and may hire other contractors and consultants.

19 Sec. 410. The agency may exclude from any of the
20 requirements of this act, or the operation of any
21 ordinance, any operator who extracts less than a
22 minimum amount of groundwater as specified by
23 ordinance adopted by the board.

24 Article 5. Studies and Investigations

25
26
27 Sec. 501. The agency may collect data and conduct
28 technical and other investigations in order to carry out
29 this act. All hydrological investigations and studies
30 carried out by, or on behalf of, the agency shall be
31 conducted by, or under the supervision of, licensed
32 engineers or other persons qualified in groundwater
33 geology or hydrology.

34 Sec. 502. (a) The agency shall prepare annually a
35 report on groundwater supplies and conditions in the
36 agency, including groundwater management objectives
37 and a plan of implementation of those objectives,
38 following a determination that groundwater
39 management activities may be necessary.

40 (b) The agency may prepare, or receive reports on



1 groundwater and supplemental water supplies and
2 conditions in the territory of the agency, including
3 groundwater management and conjunctive use
4 objectives and a plan for implementation of those
5 objectives.

6 Sec. 503. The agency may recommend and encourage
7 wastewater reuse and other water development projects,
8 if those projects will enhance and contribute to the
9 responsible management of groundwater resources, as
10 part of its annual plan for implementation of
11 groundwater management objectives.

12
13 Article 6. Groundwater Management Plans

14
15 Sec. 601. In order to maximize the long-term
16 available supply, the agency shall develop, adopt, and
17 implement a plan to protect the basin's groundwater
18 quality and to balance long-term average annual water
19 replenishment and extractions in the basin.

20 Sec. 602. The agency shall undertake a study to
21 develop the plan required pursuant to Section 601 which
22 includes all of the following components:

23 (a) A list of groundwater extraction facilities within
24 the boundaries of the agency.

25 (b) For each extraction facility, an estimate of annual
26 water production, in acre-feet per year, using industry
27 accepted monitoring and testing procedures.

28 (c) A table and graph depicting water level readings,
29 as of each October 1, from acceptable sources for the
30 period of record.

31 (d) Provisions and testing procedures for monitoring
32 water quality.

33 (e) Historical data for rainfall runoff, basin usage and
34 replenishment, and water conservation activities.

35 (f) A proposed minimum amount of groundwater
36 extraction below which the requirements of this act will
37 not be applied.

38 Sec. 603. (a) The agency shall undertake a
39 groundwater management study for future extractions
40 from the basin. As a part of this study, the agency shall



1 determine the hydrologic characteristics of the basin,
2 which shall include all of the following information:

3 (1) Existing groundwater storage capacity.

4 (2) Existing groundwater storage.

5 (3) Existing and projected groundwater use.

6 (4) A review of the boundaries of the basin.

7 (5) The average annual variation in storage in existing
8 groundwater storage.

9 (6) Projected annual rainfall, runoff, and recharge
10 rates.

11 (7) Long-term recoverable storage, including an
12 estimate of nonrecoverable storage.

13 (8) Potential extractions and storage programs.

14 Sec. 604. (a) The plan required pursuant to Section
15 601 may consider any project alternatives designed to
16 enhance the overall balance of long-term average annual
17 basin replenishment and extractions.

18 (b) The plan shall investigate options of operating the
19 basin to provide an increased ability to capture, recharge,
20 and maximize reasonable uses by fully utilizing the
21 available groundwater supply. The options may include
22 the conjunctive operation of the basin with Casitas
23 Reservoir. The plan shall recommend alternative
24 methods of managing the basin to achieve the long-term
25 objectives of Section 601.

26 (c) The plan shall establish a minimum amount of
27 groundwater extraction below which the requirements
28 of this act will not be applied, which amount may be
29 modified from time to time based on the impact on the
30 operation of the agency.

31 Sec. 605. (a) The studies required in Sections 602 and
32 603 shall be completed and submitted to the board by
33 January 1, 1993.

34 (b) The plan required in Section 601 shall be
35 completed and submitted to the board by January 1, 1994.

36

37 Article 7. Groundwater Management

38

39 Sec. 701. If, after a noticed public hearing and
40 consideration of any relevant investigations, studies, and



1 evidence, including compliance with the California
2 Environmental Quality Act (Division 13 (commencing
3 with Section 21000) of the Public Resources Code), the
4 board determines that groundwater management
5 activities are necessary in order to improve or protect the
6 quantity or quality of groundwater supplies within the
7 basin, the board may, by ordinance, undertake any of the
8 activities authorized by this article. The requirement in
9 this section for compliance with the California
10 Environmental Quality Act does not, and shall not be
11 construed to, limit compliance with that act for other
12 discretionary actions by the board.

13 Sec. 702. The board may exercise any of the following
14 measures:

15 (a) Require conservation practices and measures
16 within identified portions of the agency.

17 (b) Commence and prosecute legal actions to enjoin
18 unreasonable uses or methods of use of water within the
19 agency or outside the agency to the extent those uses or
20 methods of use adversely affect the groundwater supply
21 within the agency.

22 (c) Conserve and reclaim water within or outside the
23 agency, require conservation practices and measures
24 within the agency, and impose charges upon those within
25 or without the agency benefited by the conservation
26 practices.

27 Sec. 703. The agency may regulate groundwater
28 replenishment programs and the recapture of
29 supplemental groundwater resulting from those
30 programs within the agency.

31 Sec. 704. To encourage conjunctive use, the agency
32 may do either or both of the following:

33 (a) Contract with entities for benefits to areas outside
34 the basin which may result from conservation or
35 conjunctive use practices within the basin and may
36 impose appropriate charges for those benefits.

37 (b) Contract with groundwater users within the basin
38 to enhance the conjunctive use of groundwater and
39 surface water and compensate groundwater users for the
40 value of those measures.



1 Sec. 705. To minimize well interference, the agency
2 may do either or both of the following:

3 (a) Impose spacing requirements or require
4 reasonable mitigation measures relating to the
5 construction of any new extraction facility.

6 (b) Impose reasonable operating regulations on
7 extraction facilities.

8 Sec. 706. The agency may control groundwater
9 extractions by regulating, limiting, or suspending
10 extractions from extraction facilities, the construction of
11 new extraction facilities, the enlarging of existing
12 facilities, and the reactivation of abandoned or inactive
13 extraction facilities. *Construction of new extraction
14 facilities may be suspended only after consulting with the
15 county water resources department.*

16 Sec. 707. The availability of supplemental water to
17 any operator shall not subject that operator to regulations
18 more restrictive than those imposed on other operators.

19 Sec. 708. (a) No groundwater shall be exported from
20 within the agency unless the exporter has applied for, and
21 obtained, a permit from the agency which establishes the
22 quantity of water which may be exported and the
23 conditions of the export. Notwithstanding any conditions
24 specified in the permit, exporters shall be subject to this
25 act.

26 (b) The agency shall not issue any permit to export
27 groundwater from the agency unless the applicant has
28 established that the temporary surplus is in excess of the
29 amount currently required for reasonable and beneficial
30 uses within the agency, and the board determines that
31 the export would not adversely affect the rights of
32 groundwater users within the agency. The agency shall
33 issue permits for export for time periods, and under terms
34 and conditions, it deems appropriate. All permits shall
35 declare that they are subject to the right of the agency to
36 reduce or suspend exports pursuant to this act.

37 (c) The agency shall, after published notice and a
38 hearing which discloses evidence of overdraft, or any
39 threat of overdraft, reduce or suspend extractions by
40 exporters regardless of whether a permit to export has



1 been granted pursuant to this act.

2 (d) The right to store and recapture imported or
3 developed water in the groundwater basin shall be
4 subject to prior permit by the agency. The agency shall
5 issue storage and recapture permits under terms and
6 conditions it deems appropriate and may impose charges
7 therefor. Existing recapture facilities are exempt from
8 this section.

9
10 Article 8. Registration of Groundwater Extraction
11 Facilities

12
13 Sec. 801. The agency may, by ordinance, require
14 extraction facilities to be registered with the agency
15 within 30 days of notice being given to the operator of the
16 extraction facility.

17 Sec. 802. The agency may require, by ordinance, that
18 the operator of a registered extraction facility provide the
19 agency annually with all of the following information
20 regarding the extraction facility:

21 (a) The name and address of the operator of the
22 extraction facility.

23 (b) The name and address of the owner of the land
24 upon which the extraction facility is located.

25 (c) A description of the equipment associated with the
26 extraction facility.

27 (d) The location of the water extraction facility.

28 (e) The purposes of groundwater use.

29 Sec. 803. No person may extract groundwater by the
30 use of any extraction facility required to be registered
31 unless the extraction facility has been registered with the
32 agency.

33 Sec. 804. The agency shall require extraction facilities
34 to be equipped with waterflow measuring devices
35 installed and calibrated by the agency or, at the agency's
36 option, by the extraction facility operator. The agency
37 may, by ordinance, exempt specific extraction facilities
38 from the measuring device requirements.

39 Sec. 805. No person may extract groundwater by the
40 use of any extraction facility required to be equipped



1 with a waterflow measuring device unless the extraction
2 facility is so equipped.

3 Sec. 806. If an extraction facility is equipped with a
4 waterflow measuring device, the record of extraction, as
5 disclosed by the waterflow measuring device, may at the
6 election of the board be presumed to be accurate, and if
7 so presumed, shall be used as the basis for computing the
8 water extraction of the extraction facility in completing
9 the groundwater extraction statement.

10 Sec. 807. The agency may require proof of the
11 accuracy of the waterflow measuring device from the
12 operator and may, absent adequate proof of accuracy,
13 order the operator, at the operator's sole cost, to have the
14 waterflow measuring device calibrated in a manner
15 acceptable to the agency. If the agency has probable
16 cause to believe that the extraction of groundwater from
17 any extraction facility is in excess of the amount reported
18 in a groundwater extraction statement filed pursuant to
19 Section 810, or if no statement is filed covering an
20 extraction facility, the agency may investigate the
21 extraction of water from the extraction facility.

22 Sec. 808. No person may intentionally injure, alter,
23 remove, reset, adjust, manipulate, obstruct, or in any
24 manner interfere or tamper with any waterflow
25 measuring device affixed to any extraction facility so that
26 the waterflow measuring device improperly or
27 inaccurately measures and records water extraction.

28 Sec. 809. The board may, by ordinance, establish
29 reasonable methods to be used in computing the amount
30 of water extracted by exempted extraction facilities.

31 Sec. 810. (a) The agency may, by ordinance, require
32 the operator of each extraction facility to file, in the form
33 specified by the agency, a groundwater extraction
34 statement that contains, but is not limited to, the
35 following information:

36 (1) Total extraction in acre-feet of water from the
37 extraction facility.

38 (2) The crop types or other uses and the acreage
39 served by the extraction facility compared to the number
40 of acres owned or leased.



1 (3) The method of measuring or computing
2 groundwater extraction.

3 (4) Water conservation activities.

4 (b) Each groundwater extraction statement shall be
5 verified by a written declaration under penalty of perjury
6 that the information contained in the statement is true
7 and correct.

8 (c) The operator of an extraction facility which has
9 been permanently abandoned on or after January 1, 1992,
10 shall give written notice of the abandonment to the
11 agency.

12 Sec. 811. No person who is required to file a
13 groundwater extraction statement may fail to do so.

14 Sec. 812. No person, with an intent to evade any
15 requirement of this act, may file a false or fraudulent
16 groundwater extraction statement with the agency.

17

18 Article 9. Management Charges

19

20 Sec. 901. (a) Each year the board may fix a
21 management charge in accordance with benefit-based
22 criteria to be established by the board, upon the City of
23 Ojai, the Casitas Municipal Water District, the Ojai Water
24 Conservation District, and the Southern California Water
25 Company, for the purpose of paying the costs of
26 initiating, carrying on, and completing any of the powers,
27 purposes, and groundwater management activities for
28 which the agency is organized.

29 (b) In the aggregate, management charges shall be
30 limited to fifty thousand dollars (\$50,000) in the first year
31 and twenty-five thousand dollars (\$25,000) in the second
32 year. None of the entities identified in subdivision (a)
33 shall be required to pay more than one-third of the
34 aggregate allowable charges. Management charges in
35 succeeding years, or contributions in excess of the
36 established limits, shall be voluntary and payable at the
37 discretion of each entity identified in subdivision (a).

38 Sec. 902. Management charges shall be paid in the
39 manner prescribed by ordinance.



1 Article 10. Management Charges to Property

2
3 Sec. 1001. Each year the agency may fix a
4 management charge for the purpose of paying the costs
5 of initiating, carrying on, and completing any of the
6 powers, projects, and purposes for which the agency is
7 organized.

8 Sec. 1002. Before levying management charges, the
9 board shall, after notice and hearing, find and determine
10 the portion of the agency to be benefited by management
11 and planning activities, the need for management
12 charges for the purpose of paying the cost of these
13 activities, and the amount of the charges to be levied.

14 Sec. 1003. Management charges may not exceed
15 seven dollars and fifty cents (\$7.50) per acre per year for
16 each acre of land, or five dollars (\$5.00) for each parcel
17 of land of less than one acre within the agency.

18 Sec. 1004. Management charges applicable to the
19 territory served by the City of Ojai's corporate franchise,
20 or any other water purveyor within the agency's
21 boundaries, may be collected by the water purveyor if
22 the agency so requests and the water purveyor agrees to
23 do so, and shall be paid to the agency in lieu of collection
24 through the tax bills. The board may exclude portions of
25 the agency or may establish schedules varying the
26 management charges according to the likelihood that the
27 land will benefit, as determined by the board, from
28 improved groundwater management and planning.

29 Sec. 1005. The management charge may, at the
30 option of the agency, be collected on the tax bills of the
31 county, by the same persons, and at the same time as,
32 together with and not separately from, county property
33 taxes. In lieu of this election, the agency shall collect
34 management charges at the same time, together with
35 penalties and interest at the same rates, as is prescribed
36 for the collection of county property taxes.

37 Sec. 1006. The amount of an unpaid management
38 charge, together with any penalty and interest thereon,
39 shall constitute a lien on that land as of the same time and
40 in the same manner as does the tax lien securing county

1 property taxes.

2 Sec. 1007. The board may fix management charges
3 until January 1, 1995.

4

5 Article 11. Groundwater Extraction Charges

6

7 Sec. 1101. (a) The agency may, by ordinance, levy
8 groundwater extraction charges on the extraction of
9 groundwater by the use of water extraction facilities
10 within the boundaries of the agency to pay the costs of
11 initiating, carrying on, and completing any of the powers,
12 purposes, and groundwater management activities
13 described in this act, except that the charge shall not
14 exceed the annual ~~cost~~ costs to the district incurred in
15 carrying out the powers, purposes, and groundwater
16 management activities out this act and the cost of a
17 reasonable reserve not to exceed 25 percent of the total
18 appropriations in the agency's budget.

19 (b) Groundwater extraction charges shall be levied
20 only within a zone or zones of benefit of the district which
21 will benefit from the powers, purposes, and groundwater
22 management activities.

23 (c) The board may establish zones of benefit within
24 the district. Resolutions of the board shall describe the
25 boundaries of the zones of benefit. The board may amend
26 zones of benefit boundaries by annexing property to or
27 by withdrawing property from a zone, or may divide a
28 zone into two or more zones. Resolutions of the board
29 shall describe the boundaries of the amended or divided
30 zones.

31 ~~SEC. 1102.~~

32 Sec. 1102. (a) Before the levy of groundwater
33 extraction charges, the board of directors shall, after
34 notice and hearing, find and determine the activities
35 required to prepare or implement any groundwater
36 management program for the district and to initiate,
37 carry on, or complete any of the other powers and
38 purposes set forth in this act, and the sum of money
39 necessary for the ensuing water year for those activities.

40 (b) The board shall determine the need and



1 desirability of levying a groundwater extraction charge
2 for the purpose of paying the costs of initiating, carrying
3 on, and completing any of the powers and purposes set
4 forth in this act. The board shall find that the charge is
5 necessary to finance or otherwise support the
6 groundwater management services provided by the
7 district, except that the charge shall not exceed the
8 annual costs to the district incurred in carrying out the
9 powers and purposes of this act and the cost of a
10 reasonable reserve not to exceed 25 percent of the total
11 appropriations contained in the agency's budget.

12 Sec. 1103. The groundwater extraction charge rate
13 shall be uniform for groundwater extraction within the
14 territory of the agency.

15 Sec. 1104. Groundwater extraction charges shall be
16 calculated on the basis of groundwater extraction
17 statements filed pursuant to Section 810 and the benefit
18 determined pursuant to Section 1101.

19 Sec. 1105. If any operator of any extraction facility
20 fails to pay the groundwater extraction charge when due,
21 the agency shall charge and collect interest, at the rate of
22 1½ percent each month, on the delinquent amount of the
23 groundwater extraction charge. In addition, the agency
24 may exercise any of the rights granted pursuant to Article
25 5 (commencing with Section 75630) of Chapter 3 of Part
26 9 of Division 21 of the Water Code to collect delinquent
27 groundwater extraction charges.

28 Sec. 1106. All money collected by the agency
29 pursuant to this article, Article 9 (commencing with
30 Section 901), or Article 10 (commencing with Section
31 1001), shall be available for expenditure by the agency in
32 carrying out its groundwater management activities.

33 Sec. 1107. The groundwater extraction charge shall
34 not exceed seven dollars and fifty cents (\$7.50) per
35 acre-foot pumped per year.

36

37

Article 12. Miscellaneous

38

39 Sec. 1201. The Legislature finds and declares that this
40 act, which is applicable only to the Ojai Basin

1 Groundwater Management Agency, is necessary because
2 of the unique and special groundwater management
3 problems in the area included in the agency. It is,
4 therefore, hereby declared that a general law cannot be
5 made applicable to the agency and the enactment of this
6 special law is necessary for the conservation,
7 development, control, and use of that water for the public
8 good and for the protection of life and property therein.

9 SEC. 2. Section 1 of Chapter 153 of the Statutes of
10 1974 is amended to read:

11 Section 1. The Ojai Water Conservation District shall
12 be governed by the Water Conservation Act of 1927
13 (Chapter 91 of the Statutes of 1927).

14 SEC. 3. Section 2 of Chapter 153 of the Statutes of
15 1974 is repealed.

16 SEC. 4. Section 3 of Chapter 153 of the Statutes of
17 1974 is amended and renumbered to read:

18 Sec. 2. The Legislature hereby finds and declares that
19 this act, which is applicable only to the Ojai Water
20 Conservation District, is necessary because of the unique
21 and special water conservation problems in the area
22 included in the district. It is, therefore, hereby declared
23 that a general law cannot be made applicable to the
24 district and the enactment of this special law is necessary
25 for the conservation, development, control, and use of
26 water in the district for the public good and for the
27 protection of life and property therein.

28 SEC. 5. Section 4 of Chapter 153 of the Statutes of
29 1974 is repealed.

30 SEC. 6. No reimbursement is required by this act
31 pursuant to Section 6 of Article XIII B of the California
32 Constitution because the local agency or school district
33 has the authority to levy service charges, fees, or
34 assessments sufficient to pay for the program or level of
35 service mandated by this act or the costs which may be
36 incurred by a local agency or school district will be
37 incurred because this act creates a new crime or
38 infraction, changes the penalty for a crime or infraction,
39 or eliminates a crime or infraction. Notwithstanding
40 Section 17580 of the Government Code, unless otherwise



1 specified in this act, the provisions of this act shall become
2 operative on the same date that the act takes effect
3 pursuant to the California Constitution.

O



enrollment in a board-approved out-of-state health benefits plan or may transfer to any other plan approved or maintained by the board.

An annuitant who leaves this state and elects to reside in another state in which the board maintains a health benefits plan which is approved by the board may transfer his or her enrollment to that plan and shall be entitled to the benefits of the employer's contributions as provided in this part.

SEC. 7. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund. Notwithstanding Section 17580 of the Government Code, unless otherwise specified in this act, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

CHAPTER 750

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

[Approved by Governor October 8, 1991. Filed with
Secretary of State October 9, 1991]

The people of the State of California do enact as follows:

SECTION 1. This act shall be known and may be cited as the Ojai Basin Groundwater Management Agency Act.

Article 1. Creation

Sec. 101. The Legislature hereby finds and declares that the preservation of the groundwater within the territory of the Ojai Basin Groundwater Management Agency, created pursuant to Section 102 for the protection of agricultural, municipal, and industrial uses, is in the public interest and for the common benefit of water users within the agency.

Sec. 102. The Ojai Basin Groundwater Management Agency is hereby created. The agency shall exercise the express powers granted by this act for purposes of groundwater management within the territory of the agency, together with other powers reasonably implied and necessary and proper to carry out the purposes of the



agency.

Article 2. Boundaries

Sec. 201. For the purposes of this act, the boundaries of the agency include that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District, but do not include any land within the boundaries of the Ventura River County Water District. The boundaries of the agency are more particularly described as follows:

The point of beginning is located at the intersection of the centerline of Creek Road and the northerly boundary of Camp Comfort; thence, northerly along the centerline of Creek Road to the point of intersection with the centerline of Hermosa Road; thence, westerly and northwesterly along the centerline of Hermosa Road to the point of intersection with the easterly line of Ventura Avenue, also known as State Highway Routes 33 and 150; thence, northerly along that easterly line of Ventura Avenue to the point of intersection with the centerline of Ojai Avenue; thence, northeasterly along the centerline of Ojai Avenue to the point of intersection with the centerline of Del Norte Road; thence, northerly along the centerline of Del Norte Road and the northerly prolongation of the centerline of Del Norte to the north quarter corner of Section 35, Township 5 North, Range 23 West, San Bernardino Base and Meridian, that point being also a point in the boundary of the Casitas Municipal Water District; thence along that boundary; thence east along the north line of that Section 35 and along the north line of Section 36 of that Township and Range and Sections 31, 32, 33, and 34 of Township 5 North, Range 22 West, San Bernardino Base and Meridian to the northeast corner of that Section 34; thence, south along the east line of that Section 34 and the east line of Section 3, Township 4 North, Range 22 West, San Bernardino Base and Meridian to the northwest corner of the south one-half of the northwest one-quarter of Section 2 of that last mentioned Township and Range; thence, east along the north line of that south one-half of the northwest one-quarter of Section 2 to the northeast corner thereof, south along the east line of that south one-half of the northwest one-quarter of Section 2 to the southeast corner thereof; thence, west along the south line of that south one-half of the northwest one-quarter of Section 2 to the northeast corner of the west one-half of the southwest one-quarter of that Section 2; thence, south along the east line of that west one-half of the southwest one-quarter of Section 2 to the southeast corner thereof to a point in the north line of fractional Section 11, Township 4 North, Range 22 West, San Bernardino Base and Meridian; thence, east along that north line to the north quarter corner of that fractional Section 11; thence, in a varying generally southwesterly and westerly direction along the watershed dividing ridge line, as shown on the Ojai Quadrangle of the United States Geological Survey 7.5 minute series

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of topographic maps, between the Ojai Valley and the Lions Creek Drainage, a distance of approximately four and three-quarter miles, more or less, to the point at which the 1,400-foot contour intersects the range line common to Range 22 West and Range 23 West, San Bernardino Base and Meridian; thence, in a straight line in a generally south of west direction a distance of approximately one and one-half miles, more or less, to the point of beginning.

Sec. 202. The boundaries of the agency shall be depicted on a map which shall be adopted by the board and thereafter recorded in the office of the county recorder.

Article 3. Definitions

Sec. 301. Unless otherwise indicated by their context, the terms defined in this article govern the interpretation of this act.

Sec. 302. "Agency" means the Ojai Basin Groundwater Management Agency.

Sec. 303. "Aquifer" means a geologic formation or structure that transmits or stores water in sufficient quantities to supply pumping wells or springs.

Sec. 304. "Available supply" means that quantity of groundwater which can be withdrawn in any given year from the groundwater basin without resulting in, or aggravating, conditions of overdraft, subsidence, or groundwater quality degradation. Available supply of the basin includes the natural water supply, imported water, and other water which has been spread to the basin or has otherwise reached the basin and return flows to the basin attributable to these sources reaching the basin in the course of use.

Sec. 305. "Basin" means the Ojai groundwater basin, as shown in the Department of Water Resources Bulletin No. 12, "Ventura County Investigation," dated October 1953, to the extent included within the boundaries of the district, as defined in Section 201.

Sec. 306. "Board" means the board of directors of the agency.

Sec. 307. "Conjunctive use" means the coordinated operation of groundwater and surface water supplies. Conjunctive use includes increased groundwater use or decreased groundwater replenishment with surface supplies in years when surface supplies are less than normal and, in years of more abundant surface supplies, the increased use of surface water in lieu of groundwater, either to allow groundwater levels to recover or to replenish artificial groundwater supplies. Conjunctive use also includes long-term storage of water in the basin.

Sec. 308. "County" means the County of Ventura.

Sec. 309. "Export" means extracting groundwater from the basin for use on land, or within an area, which does not overlie or is not within the boundaries of the agency. Export does not include use on or after January 1, 1992, within any area served by groundwater from the basin prior to January 1, 1992.

Sec. 310. "Extraction" means the act of obtaining groundwater



by pumping or other controlled means.

Sec. 311. "Extraction facility" means any device or method for the extraction of groundwater within the basin.

Sec. 312. "Groundwater" means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water.

Sec. 313. "Groundwater basin" means a geologically and hydrologically defined area containing one or more aquifers which store, transmit, and yield significant quantities of water to wells, or are capable of doing so.

Sec. 314. "Groundwater management activities" means programs, measures, or actions taken to preserve, monitor, protect, and enhance groundwater resources within the territory of the agency.

Sec. 315. "Groundwater rights adjudication" means the determination of substantially all rights in the basin or the area subject to the adjudication.

Sec. 316. "Mutual water company" means a corporation organized for, or engaged in the business of, selling, distributing, supplying, or delivering water to its stockholders and members at cost for irrigation purposes or for domestic use.

Sec. 317. "Notice" or a "noticed hearing" means the notice required by Section 6061 of the Government Code.

Sec. 318. "Operator" means a person who operates a groundwater extraction facility. If the agency is unable to determine who operates a particular extraction facility, then "operator" shall mean the person to whom the extraction facility is assessed by the county assessor or, if not separately assessed, the person who owns the land upon which the extraction facility is located.

Sec. 319. "Overdraft" means the condition of the basin where the average annual amount of water extracted exceeds the average annual supply of water to the basin.

Sec. 320. "Person" includes any state or local governmental agency, private corporation, firm, partnership, individual, group of individuals, or, to the extent authorized by law, any federal agency.

Sec. 321. "Program" means a groundwater management program prepared by the agency pursuant to this act.

Sec. 322. "Recharge" means the natural or artificial replenishment of groundwater storage by percolation or injection of one or more sources of water at the surface.

Sec. 323. "Replenishment" means spreading water over a permeable area for the purpose of allowing it to percolate to groundwater basins or aquifers, or otherwise adding water to groundwater basins or aquifers.

Sec. 324. "Supplemental water" means surface water or groundwater imported from outside the watershed or watersheds of the basin and flood waters that are conserved and saved within the watershed or watersheds which would otherwise have been lost or would not have reached the basin.



Sec. 325. "Temporary surplus" means the amount of water that can be extracted from the basin without permanently adversely affecting the available supply of the basin or the ability of the basin to provide storage space for natural or artificial recharge that would be lost during wet years if it could not be stored in the basin.

Sec. 326. "Water year" means the period from October 1 of one calendar year to September 30, inclusive, of the following calendar year.

Sec. 327. "Well interference" means a substantial water level decline in a short time period in a localized area caused by pumping from extraction facilities.

Article 4. General Provisions

Sec. 401. (a) The board shall consist of five directors and shall be selected in the following manner:

(1) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:

(A) The Ojai City Council.

(B) The Board of the Casitas Municipal Water District.

(C) The Board of the Ojai Water Conservation District.

(2) One director shall be a representative of the Southern California Water Company.

(3) One director shall be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency.

(A) The Senior Canyon Mutual Water Company.

(B) The Siete Robles Mutual Water Company.

(C) The Hermitage Mutual Water Company.

The mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.

(b) The board is the governing body of the agency and shall exercise the powers of the agency.

Sec. 402. (a) No provisions of this act shall be construed to deny any entity from which a board member is or may be selected any rights or powers which they have or may be granted.

(b) The agency shall not involve itself in activities normally and historically undertaken by any entity, such as the construction and operation of dams, spreading grounds, pipelines, flood control facilities, groundwater wells, and water distribution facilities, or the wholesale and retail sale of water, without prior consent of those entities, and shall otherwise limit its activities to monitoring, planning, managing, controlling, preserving, and regulating the



extraction and use of groundwater within the boundaries of the agency.

Sec. 403. This act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.

Sec. 404. (a) The board may adopt ordinances for the purpose of monitoring, regulating, conserving, managing, and controlling the use and extraction of groundwater within the boundaries of the agency. All ordinances shall be adopted, after a noticed public hearing, by a majority vote of the board. Notice of the adoption of all ordinances shall be given. The ordinances of the agency shall become effective on the 31st day after adoption.

(b) Notwithstanding subdivision (a), the board shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of the Government Code), and may adopt as an urgency measure an interim ordinance. That urgency measure shall require a $\frac{4}{5}$ vote of the board for adoption. The interim ordinance shall have no force and effect 45 days after its adoption. After a noticed public hearing, the board may extend the interim ordinance for 10 months and 15 days by a $\frac{4}{5}$ vote of the board.

Sec. 405. Any person who intentionally violates this act or any agency ordinance is guilty of an infraction and may be required to pay a fine to the agency not to exceed five hundred dollars (\$500). No fine shall be imposed until written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the board not less than 30 days after the date of the notice, at which time the board will consider the imposition of the fine.

Sec. 406. Any person who negligently or intentionally violates this act or any agency ordinance may also be liable civilly to the agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of violation, in addition to any other penalties that may be prescribed by law. No liability shall be imposed until written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the board not less than 30 days after the date of the notice, at which time the board will consider the imposition of the liability.

Sec. 407. Upon the failure of any person to comply with this act or any agency ordinance, the agency may petition the superior court for a temporary restraining order, preliminary or permanent injunction, or other appropriate equitable relief. The right to petition for injunctive relief is in addition to other rights, which may be provided elsewhere in this act or otherwise allowed by law.

Sec. 408. The agency may petition the superior court of the county to recover any sums due the agency or damages incurred by the agency. To preserve and manage the groundwater resources within the agency, the agency may commence, maintain, intervene



in, defend in, compromise, and assume the costs and expenses incurred by the agency in, actions and proceedings involving groundwater, including, but not limited to, groundwater rights adjudication.

Sec. 409. The agency may contract for staff and other services and may hire other contractors and consultants.

Sec. 410. The agency may exclude from any of the requirements of this act, or the operation of any ordinance, any operator who extracts less than a minimum amount of groundwater as specified by ordinance adopted by the board.

Article 5. Studies and Investigations

Sec. 501. The agency may collect data and conduct technical and other investigations in order to carry out this act. All hydrological investigations and studies carried out by, or on behalf of, the agency shall be conducted by, or under the supervision of, licensed engineers or other persons qualified in groundwater geology or hydrology.

Sec. 502. (a) The agency shall prepare annually a report on groundwater supplies and conditions in the agency, including groundwater management objectives and a plan of implementation of those objectives, following a determination that groundwater management activities may be necessary.

(b) The agency may prepare, or receive reports on groundwater and supplemental water supplies and conditions in the territory of the agency, including groundwater management and conjunctive use objectives and a plan for implementation of those objectives.

Sec. 503. The agency may recommend and encourage wastewater reuse and other water development projects, if those projects will enhance and contribute to the responsible management of groundwater resources, as part of its annual plan for implementation of groundwater management objectives.

Article 6. Groundwater Management Plans

Sec. 601. In order to maximize the long-term available supply, the agency shall develop, adopt, and implement a plan to protect the basin's groundwater quality and to balance long-term average annual water replenishment and extractions in the basin.

Sec. 602. The agency shall undertake a study to develop the plan required pursuant to Section 601 which includes all of the following components:

(a) A list of groundwater extraction facilities within the boundaries of the agency.

(b) For each extraction facility, an estimate of annual water production, in acre-feet per year, using industry accepted monitoring and testing procedures.

(c) A table and graph depicting water level readings, as of each



October 1, from acceptable sources for the period of record.

(d) Provisions and testing procedures for monitoring water quality.

(e) Historical data for rainfall runoff, basin usage and replenishment, and water conservation activities.

(f) A proposed minimum amount of groundwater extraction below which the requirements of this act will not be applied.

Sec. 603. (a) The agency shall undertake a groundwater management study for future extractions from the basin. As a part of this study, the agency shall determine the hydrologic characteristics of the basin, which shall include all of the following information:

(1) Existing groundwater storage capacity.

(2) Existing groundwater storage.

(3) Existing and projected groundwater use.

(4) A review of the boundaries of the basin.

(5) The average annual variation in storage in existing groundwater storage.

(6) Projected annual rainfall, runoff, and recharge rates.

(7) Long-term recoverable storage, including an estimate of nonrecoverable storage.

(8) Potential extractions and storage programs.

Sec. 604. (a) The plan required pursuant to Section 601 may consider any project alternatives designed to enhance the overall balance of long-term average annual basin replenishment and extractions.

(b) The plan shall investigate options of operating the basin to provide an increased ability to capture, recharge, and maximize reasonable uses by fully utilizing the available groundwater supply. The options may include the conjunctive operation of the basin with Casitas Reservoir. The plan shall recommend alternative methods of managing the basin to achieve the long-term objectives of Section 601.

(c) The plan shall establish a minimum amount of groundwater extraction below which the requirements of this act will not be applied, which amount may be modified from time to time based on the impact on the operation of the agency.

Sec. 605. (a) The studies required in Sections 602 and 603 shall be completed and submitted to the board by January 1, 1993.

(b) The plan required in Section 601 shall be completed and submitted to the board by January 1, 1994.

Article 7. Groundwater Management

Sec. 701. If, after a noticed public hearing and consideration of any relevant investigations, studies, and evidence, including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), the board determines that groundwater management activities are



necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin, the board may, by ordinance, undertake any of the activities authorized by this article. The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Sec. 702. The board may exercise any of the following measures:

(a) Require conservation practices and measures within identified portions of the agency.

(b) Commence and prosecute legal actions to enjoin unreasonable uses or methods of use of water within the agency or outside the agency to the extent those uses or methods of use adversely affect the groundwater supply within the agency.

(c) Conserve and reclaim water within or outside the agency, require conservation practices and measures within the agency, and impose charges upon those within or without the agency benefited by the conservation practices.

Sec. 703. The agency may regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs within the agency.

Sec. 704. To encourage conjunctive use, the agency may do either or both of the following:

(a) Contract with entities for benefits to areas outside the basin which may result from conservation or conjunctive use practices within the basin and may impose appropriate charges for those benefits.

(b) Contract with groundwater users within the basin to enhance the conjunctive use of groundwater and surface water and compensate groundwater users for the value of those measures.

Sec. 705. To minimize well interference, the agency may do either or both of the following:

(a) Impose spacing requirements or require reasonable mitigation measures relating to the construction of any new extraction facility.

(b) Impose reasonable operating regulations on extraction facilities.

Sec. 706. The agency may control groundwater extractions by regulating, limiting, or suspending extractions from extraction facilities, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities. Construction of new extraction facilities may be suspended only after consulting with the county water resources department.

Sec. 707. The availability of supplemental water to any operator shall not subject that operator to regulations more restrictive than those imposed on other operators.

Sec. 708. (a) No groundwater shall be exported from within the agency unless the exporter has applied for, and obtained, a permit



from the agency which establishes the quantity of water which may be exported and the conditions of the export. Notwithstanding any conditions specified in the permit, exporters shall be subject to this act.

(b) The agency shall not issue any permit to export groundwater from the agency unless the applicant has established that the temporary surplus is in excess of the amount currently required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency. The agency shall issue permits for export for time periods, and under terms and conditions, it deems appropriate. All permits shall declare that they are subject to the right of the agency to reduce or suspend exports pursuant to this act.

(c) The agency shall, after published notice and a hearing which discloses evidence of overdraft, or any threat of overdraft, reduce or suspend extractions by exporters regardless of whether a permit to export has been granted pursuant to this act.

(d) The right to store and recapture imported or developed water in the groundwater basin shall be subject to prior permit by the agency. The agency shall issue storage and recapture permits under terms and conditions it deems appropriate and may impose charges therefor. Existing recapture facilities are exempt from this section.

Article 8. Registration of Groundwater Extraction Facilities

Sec. 801. The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility.

Sec. 802. The agency may require, by ordinance, that the operator of a registered extraction facility provide the agency annually with all of the following information regarding the extraction facility:

(a) The name and address of the operator of the extraction facility.

(b) The name and address of the owner of the land upon which the extraction facility is located.

(c) A description of the equipment associated with the extraction facility.

(d) The location of the water extraction facility.

(e) The purposes of groundwater use.

Sec. 803. No person may extract groundwater by the use of any extraction facility required to be registered unless the extraction facility has been registered with the agency.

Sec. 804. The agency shall require extraction facilities to be equipped with waterflow measuring devices installed and calibrated by the agency or, at the agency's option, by the extraction facility operator. The agency may, by ordinance, exempt specific extraction facilities from the measuring device requirements.

Sec. 805. No person may extract groundwater by the use of any



extraction facility required to be equipped with a waterflow measuring device unless the extraction facility is so equipped.

Sec. 806. If an extraction facility is equipped with a waterflow measuring device, the record of extraction, as disclosed by the waterflow measuring device, may at the election of the board be presumed to be accurate, and if so presumed, shall be used as the basis for computing the water extraction of the extraction facility in completing the groundwater extraction statement.

Sec. 807. The agency may require proof of the accuracy of the waterflow measuring device from the operator and may, absent adequate proof of accuracy, order the operator, at the operator's sole cost, to have the waterflow measuring device calibrated in a manner acceptable to the agency. If the agency has probable cause to believe that the extraction of groundwater from any extraction facility is in excess of the amount reported in a groundwater extraction statement filed pursuant to Section 810, or if no statement is filed covering an extraction facility, the agency may investigate the extraction of water from the extraction facility.

Sec. 808. No person may intentionally injure, alter, remove, reset, adjust, manipulate, obstruct, or in any manner interfere or tamper with any waterflow measuring device affixed to any extraction facility so that the waterflow measuring device improperly or inaccurately measures and records water extraction.

Sec. 809. The board may, by ordinance, establish reasonable methods to be used in computing the amount of water extracted by exempted extraction facilities.

Sec. 810. (a) The agency may, by ordinance, require the operator of each extraction facility to file, in the form specified by the agency, a groundwater extraction statement that contains, but is not limited to, the following information:

(1) Total extraction in acre-feet of water from the extraction facility.

(2) The crop types or other uses and the acreage served by the extraction facility compared to the number of acres owned or leased.

(3) The method of measuring or computing groundwater extraction.

(4) Water conservation activities.

(b) Each groundwater extraction statement shall be verified by a written declaration under penalty of perjury that the information contained in the statement is true and correct.

(c) The operator of an extraction facility which has been permanently abandoned on or after January 1, 1992, shall give written notice of the abandonment to the agency.

Sec. 811. No person who is required to file a groundwater extraction statement may fail to do so.

Sec. 812. No person, with an intent to evade any requirement of this act, may file a false or fraudulent groundwater extraction statement with the agency.



Article 9. Management Charges

Sec. 901. (a) Each year the board may fix a management charge in accordance with benefit-based criteria to be established by the board, upon the City of Ojai, the Casitas Municipal Water District, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

(b) In the aggregate, management charges shall be limited to fifty thousand dollars (\$50,000) in the first year and twenty-five thousand dollars (\$25,000) in the second year. None of the entities identified in subdivision (a) shall be required to pay more than one-third of the aggregate allowable charges. Management charges in succeeding years, or contributions in excess of the established limits, shall be voluntary and payable at the discretion of each entity identified in subdivision (a).

Sec. 902. Management charges shall be paid in the manner prescribed by ordinance.

Article 10. Management Charges to Property

Sec. 1001. Each year the agency may fix a management charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, projects, and purposes for which the agency is organized.

Sec. 1002. Before levying management charges, the board shall, after notice and hearing, find and determine the portion of the agency to be benefited by management and planning activities, the need for management charges for the purpose of paying the cost of these activities, and the amount of the charges to be levied.

Sec. 1003. Management charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency.

Sec. 1004. Management charges applicable to the territory served by the City of Ojai's corporate franchise, or any other water purveyor within the agency's boundaries, may be collected by the water purveyor if the agency so requests and the water purveyor agrees to do so, and shall be paid to the agency in lieu of collection through the tax bills. The board may exclude portions of the agency or may establish schedules varying the management charges according to the likelihood that the land will benefit, as determined by the board, from improved groundwater management and planning.

Sec. 1005. The management charge may, at the option of the agency, be collected on the tax bills of the county, by the same persons, and at the same time as, together with and not separately



from, county property taxes. In lieu of this election, the agency shall collect management charges at the same time, together with penalties and interest at the same rates, as is prescribed for the collection of county property taxes.

Sec. 1006. The amount of an unpaid management charge, together with any penalty and interest thereon, shall constitute a lien on that land as of the same time and in the same manner as does the tax lien securing county property taxes.

Sec. 1007. The board may fix management charges until January 1, 1995.

Article 11. Groundwater Extraction Charges

Sec. 1101. (a) The agency may, by ordinance, levy groundwater extraction charges on the extraction of groundwater by the use of water extraction facilities within the boundaries of the agency to pay the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities described in this act, except that the charge shall not exceed the annual costs to the district incurred in carrying out this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall describe the boundaries of the zones of benefit. The board may amend zones of benefit boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones.

Sec. 1102. (a) Before the levy of groundwater extraction charges, the board of directors shall, after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Sec. 1103. The groundwater extraction charge rate shall be



uniform for groundwater extraction within the territory of the agency.

Sec. 1104. Groundwater extraction charges shall be calculated on the basis of groundwater extraction statements filed pursuant to Section 810 and the benefit determined pursuant to Section 1101.

Sec. 1105. If any operator of any extraction facility fails to pay the groundwater extraction charge when due, the agency shall charge and collect interest, at the rate of 1½ percent each month, on the delinquent amount of the groundwater extraction charge. In addition, the agency may exercise any of the rights granted pursuant to Article 5 (commencing with Section 75630) of Chapter 3 of Part 9 of Division 21 of the Water Code to collect delinquent groundwater extraction charges.

Sec. 1106. All money collected by the agency pursuant to this article, Article 9 (commencing with Section 901), or Article 10 (commencing with Section 1001), shall be available for expenditure by the agency in carrying out its groundwater management activities.

Sec. 1107. The groundwater extraction charge shall not exceed seven dollars and fifty cents (\$7.50) per acre-foot pumped per year.

Article 12. Miscellaneous

Sec. 1201. The Legislature finds and declares that this act, which is applicable only to the Ojai Basin Groundwater Management Agency, is necessary because of the unique and special groundwater management problems in the area included in the agency. It is, therefore, hereby declared that a general law cannot be made applicable to the agency and the enactment of this special law is necessary for the conservation, development, control, and use of that water for the public good and for the protection of life and property therein.

SEC. 2. Section 1 of Chapter 153 of the Statutes of 1974 is amended to read:

Section 1. The Ojai Water Conservation District shall be governed by the Water Conservation Act of 1927 (Chapter 91 of the Statutes of 1927).

SEC. 3. Section 2 of Chapter 153 of the Statutes of 1974 is repealed.

SEC. 4. Section 3 of Chapter 153 of the Statutes of 1974 is amended and renumbered to read:

Sec. 2. The Legislature hereby finds and declares that this act, which is applicable only to the Ojai Water Conservation District, is necessary because of the unique and special water conservation problems in the area included in the district. It is, therefore, hereby declared that a general law cannot be made applicable to the district and the enactment of this special law is necessary for the conservation, development, control, and use of water in the district for the public good and for the protection of life and property



therein.

SEC. 5. Section 4 of Chapter 153 of the Statutes of 1974 is repealed.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or the costs which may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, changes the penalty for a crime or infraction, or eliminates a crime or infraction. Notwithstanding Section 17580 of the Government Code, unless otherwise specified in this act, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

CHAPTER 751

An act to amend Section 2557 of the Streets and Highways Code, relating to highways, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 8, 1991. Filed with
Secretary of State October 9, 1991]

The people of the State of California do enact as follows:

SECTION 1. Section 2557 of the Streets and Highways Code is amended to read:

2557. (a) Except as provided in subdivisions (c) and (d), the moneys received by each authority pursuant to subdivision (b) of Section 9250.10 of the Vehicle Code shall be used for the implementation, maintenance, and operation of a motorist aid system of call boxes, including the lease or lease-purchase of facilities and equipment for the system, on the portions of the California Freeway and Expressway System and a county expressway system, and on state highway routes that connect segments of these systems, which are located within the county in which the authority is established and over which the Department of the California Highway Patrol or an agency designated by that department has law enforcement responsibility. The Department of Transportation and the Department of the California Highway Patrol shall each review and approve plans for implementation of a motorist aid system proposed for any state highway route and shall be reimbursed by the service authority for all costs incurred.

(b) An authority or any other public entity may construct and maintain, and lease or lease-purchase on terms and conditions it deems appropriate, the facilities of a motorist aid system or it may contract with a private person or entity to do so.



VOLUME 1
CALIFORNIA LEGISLATURE
AT SACRAMENTO
1991-92 REGULAR SESSION

SENATE FINAL HISTORY

SHOWING ACTION TAKEN IN THIS SESSION ON ALL SENATE BILLS,
CONSTITUTIONAL AMENDMENTS, CONCURRENT, JOINT RESOLUTIONS
AND SENATE RESOLUTIONS

CONVENED DECEMBER 3, 1990
ADJOURNED SINE DIE NOVEMBER 30, 1992

DAYS IN SESSION..... 284
CALENDAR DAYS 728

LT. GOVERNOR
President of the Senate

SENATOR DAVID ROBERTI
President pro Tempore

Compiled Under the Direction of
RICK ROLLENS
Secretary of the Senate

By
DAVID H. KNEALE, ESQ.
History Clerk



S.B. No. 534—Hart.

An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

1991

- Feb. 27—Introduced. Read first time. To Com. on RLS. for assignment. To print.
- Feb. 28—From print. May be acted upon on or after March 30.
- Mar. 7—To Com. on AGR. & WAT. RES.
- April 17—From committee with author's amendments. Read second time. Amended. Re-referred to committee.
- May 2—Senate Rule 29.4(a) (2) suspended.
- May 2—Set for hearing May 7.
- May 7—From committee: Do pass, but first be re-referred to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0. Page 1167.) Re-referred to Com. on APPR.
- May 9—Set for hearing May 20.
- May 15—From committee: Be placed on second reading file pursuant to Senate Rule 28.8.
- May 16—Read second time. To third reading.
- May 20—To Special Consent Calendar.
- May 24—Read third time. Passed. (Ayes 35. Noes 0. Page 1499.) To Assembly.
- May 24—In Assembly. Read first time. Held at Desk.
- June 10—To Com. on L. GOV.
- June 24—From committee with author's amendments. Read second time. Amended. Re-referred to committee.
- July 3—Hearing postponed by committee.
- Aug. 19—Joint Rule 61 suspended.
- Aug. 19—From committee: Do pass as amended, but first amend, and re-refer to Com. on W.P. & W. with recommendation: To Consent Calendar. (Ayes 10. Noes 0.)
- Aug. 20—Read second time. Amended. Re-referred to Com. on W.P. & W.
- Aug. 22—From committee: Do pass as amended, but first amend, and re-refer to Com. on W. & M. with recommendation: To Consent Calendar. (Ayes 10. Noes 0.)
- Aug. 26—Read second time. Amended. Re-referred to Com. on W. & M.
- Aug. 30—From committee: Do pass as amended To Consent Calendar.
- Sept. 3—Read second time. Amended. To second reading.
- Sept. 4—Read second time. To Consent Calendar.
- Sept. 9—Read third time. Passed. (Ayes 75. Noes 0. Page 4226.) To Senate.
- Sept. 10—In Senate. To unfinished business.
- Sept. 11—To Special Consent Calendar.
- Sept. 12—Senate concurs in Assembly amendments. (Ayes 38. Noes 0. Page 4298.) To enrollment.
- Sept. 26—Enrolled. To Governor at 4 p.m.
- Oct. 8—Approved by Governor.
- Oct. 9—Chaptered by Secretary of State. Chapter 750, Statutes of 1991.

S.B. No. 535—Alquist.

An act relating to agricultural pest control, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

1991

- Feb. 27—Introduced. Read first time. To Com. on RLS. for assignment. To print.
- Feb. 28—From print. May be acted upon on or after March 30.
- Mar. 7—To Com. on B. & F.R.

1992

- Feb. 4—Returned to Secretary of Senate pursuant to Joint Rule 56.



SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



Agriculture and Water Resources

BILL NO.	SB 534	SB 747	SCR 27		
ACTION VOTED ON	Do pass and re-refer to Com on APPR. rec. Consent	Do pass, to Consent	Do pass and re-refer to Com on APPR. rec. Consent		
	Aye : No	Aye : No	Aye : No	Aye : No	
Craven	X :	X :	X :	:	:
Cecil Green	X :	X :	X :	:	:
McCorguodale	X :	X :	X :	:	:
Presley	X :	X :	X :	:	:
Roberti	:	:	:	:	:
Rogers	X :	X :	X :	:	:
Thompson	X :	X :	X :	:	:
Vuich	X :	X :	X :	:	:
Mello(V.Chair)	:	:	:	:	:
Ayala(Chair)	:	:	:	:	:
	Ayes: 7	Ayes: 7	Ayes: 7	Ayes: 0	
	Noes: 0	Noes: 0	Noes: 0	Noes: 0	

05/07/91

Date of Hearing

Chairman

LEGISLATIVE INTENT SERVICE (800) 666-1917



Board of Supervisors
Government Center
800 So. Victoria
Ventura, Calif. 93009

*Please do not pass
this bill. It is a private
company So Cal, a Mutual
Water Co, and Ojai Water Conservation District
which is being set up along with this bill
see Article 12 (Misc) starting with page 17
S.B. 534 (Senator Hart)*

1928 Rice Rd.
Ojai, Calif. 93023
April, 25, 1991

Ojai Groundwater Management Agency - Joint Powers Agreement

Enclosed please find a letter that I wrote to Senator Gary Hart on Mar. 27, 1991.

On Mar. 26, 1991, this Board tabled the above item, and on the same day, the city of Ojai approved the letter that Mrs. Kildee wrote to Senator Hart, and Casitas approved S.B. 534 on April 8, 1991. Now a new version of the bill is now out, dated April 17, 1991, having been completely re-written, with omissions and additions including a new map. The map has no name, no date, and appears to be a portion of a larger map, that was supplied along with the original bill. There are some wiggly lines showing the Ojai Basin Boundry, but there are no location marks, no canyon indentification, no street or highway names, no location points to the south. Is this deliberate, in order the boundries can and will be enlarged later as mentioned in Article #201 and # 202 of the above bill?

Under Item # 318, "the Mutual Water Companies" was deleted under "Definitions" and changes made under # 401. Was this done because it was finally exposed that the Hermitage Mutual Water Company was owned by one person, and he was using Casitas water outside of the district? Senior Canyon Mutual Water Co. was also using Casitas water outside of the district, along with the east part of Ventura City. Would this cause 3 of the 5 directors of this new Agency be under the control or influence of Casitas? Why did Karl Huntsinger of the Ojai Water Conservation District, the Hermitage Mutual Water Co. and Senior Canyon Mutual Water Co. all drill new wells or are in the process of drilling this past year? Was the Basin so low that they had to drill new wells?

Does it mean on item #403 that changing the wording from, "any limitation upon the rights of a public utility would be subject to approval of the California Public Utility Commission to read, " regulating the activities and assets of the Southern California Water Company" nullify the jurisdiction of the Public Utilities Commission and give their authority to this new agency?

Since there are so many changes in the new version of this bill, does it now need new approval of the governmental agencies? Is the public ever going to see this bill or have an opportunity to comment on it before it becomes law?

*fine me \$ 1000⁰⁰ per day if I disobey any of their
Created ordinances? Are you going to give them
that power? see Page 8 without any appeal? This
has nothing to do with what I brought. I was,*

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My concerns are still the same as written in my letter to Senator Hart, the lack of public input, the secrecy, the arm twisting to obtain support, and one additional one -- the environment. One of Southern California Water Company's wells has a high rate of manganese in it, and the original well of Hermitage Ranch was so high in chemicals that it was unusable. My concern is that if Casitas pumps water from the Ojai Basin into its reservoir in order to replenish its supply to account for the selling of water outside of its boundaries, isn't it probable, that wells on the perimeter of the basin will go dry or some of the other wells be contaminated with chemicals or salts with the drawdown of water? Apparently, Casitas thought so, because of their interdepartmental memorandum of August 16, 1989, it is stated, " to pumping by an agency designed to manage the groundwater basin. These alternatives would present a wide range of environmental, legal and political concerns. Casitas Municipal Water District apparently recognized the problems in 1989 as well during their regular meeting of September 28, 1988.

Since the problems have not been solved, wouldn't it be wise to solve them first before going into what might end up being a disaster?

Yours truly,

Mrs. Richard C. Davis

c.c. Senator Gary Hart
 Governor Pete Wilson
 Rep. Bob Lagomarsino
 State Water Resources Control Board
 Public Utilities Commission
 Mr. Wicks - Pres. SoCal
 Ojai Valley Inn
 Ojai Oaks
 Ojai Valley News
 Star-Free Press
 Jos DeVito Councilman



1928 Rice Rd.
Ojai, Calif. 93023
March 27, 1991

Senator Gary K. Hart
801 So. Victoria Ave. Suite 301
Ventura, Calif. 93003

S.B. 534 (Hart)

Ojai Groundwater Management Agency - Joint Powers Agreement

Dear Senator Hart,

I do not wish to discuss whether or not groundwater in this state should be regulated, controlled or managed. My concerns are legal questions regarding this bill that you are carrying in the Senate.

First, there has been no public hearings, no legal announcements, and at one time the press was excluded from the committee that was set up to draft this bill. I was usually the only public member there. I complained that the public was going to be taxed without a public hearing, so then it was decided that this was not a tax, but a BENEFIT. This agency is being set up with a governing body of 5, with two of them being appointed.

1. The City of Ojai, with approximately 7,000 inhabitants. It is well to note that Councilman Loeb1 and Councilman McKinney are also employed by Casitas Municipal Water District (CMWD). Mr. Loeb1 is the attorney for CMWD and Mr. McKinney is a paid consultant and previous manager. I believe this is a conflict of interest.

2. Casitas Municipal Water District has approximately 2100 urban hookups along with 780 other customers, including approximately 10 mutual water companies and backup for 2 larger companies, who obtain most of their water from wells. Also, about one third of their water goes to part of the city of Ventura. It is also well to note that three of the Board member come from Ventura. CMWD is controlled by the State Water Resources Board (SWRCB) with license #11834 dated Sept. 28, 1982 under the Public Trust Doctrine and on Page 2, paragraph 3, it reads, "The diversion and/or storage of water under this license shall NOT result in unreasonable interference with prior rights to the use of underground water." *Does SWRCB know?*

3. Southern California Water Co. (SoCal) is a private stockholder company, serves most of the city of Ojai with approximately 2500 hookups, and whose office is in San Dimas, Calif. with stockholders all over the state and nation. The director to this agency will be appointed. This company answers to the Public Utilities Commission (P.U.C.) and obtains water from its own wells in the Ojai Basin.

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4. The Ojai Water Conservation District who last December changed their name from—"San Antonio Conservation District) It was formed to help urge the Bureau of Reclamation build Casitas Dam. It consists mainly of farmers, and answers to no one.

5. The fifth director will be selected by three Mutual water companies, and if they do not wish to participate, then the other 4 will appoint the fifth director. Mutual companies always own their own water supply and it is owned by the members for their use only. Heritage Mutual has only one member, Senior Canyon obtains water from a spring, and Siete Robles has a well.

My concerns are these:

from Casitas

The boundaries of this agency will be established AFTER the agency is set up. A map is referred to by S.B. 534, however, that map consists of and is named the entire UPPER Ojai Basin, but the agency is titled Ojai Basin. Will the boundaries include or part of the National Forest? Who will have jurisdiction, the Federal government or this agency?

Why were no public hearings held? There have been several "press releases" which mostly described the drought, and the need to control, manage etc. groundwater, never telling the public what will happen to their water rights and what it will cost them.

It will cost the three members of this agency set up charges of \$25,000 each. Will Casitas have to raise water rates? Will Ojai have to raise taxes? Will the P.U.C. give permission to SoCal to raise their rates or will it be charged to the stockholders? Will controlling and managing wells, about 250 of them, be considered to be Unreasonable interference with prior rights to the use of underground water? Will the SWRCB give permission? SoCal uses underground water from its own wells, can Casitas be involved in that?

It will cost \$5.00 for each piece of property under one half acre and \$7.50 for each parcel over one half acre per year to be collected on the property tax bill along with a charge of \$7.50 an acre foot of water that is used. The city of Ojai — and SoCal will collect the money for the taxes. Can this agency demand that the city as well as SoCal collect these (benefits) with only 2 of the agencies paying the cost of collecting these fees? Will the P.U.C. allow this extra expense for using their own wells, and acting as a collection agency? Will this be charged to unknowing stockholders who don't even know where Ojai is on the map? Can this agency be given that kind of power without any kind of appeal?



Can this agency fine any private well owner \$500 for any infraction of their rules without an appeal? Since all of this money will be used by this agency, to control and manage underground water, which state agency will have control over them and account for the money spent?

The last sentence under article 604^{603 B} reads, "These options MAY include the conjunctive operation of the basin with the Casitas Reservoir"! Also the first paragraph of article 704 reads that only members or other governmental agencies may benefit from the basin water OUTSIDE of the basin. Then article 704⁷⁰⁴ ties it down to only those who can obtain a permit from the agency (Casitas) can EXPORT water from the Basin. Does this mean that ONLY Casitas can or will export water from the Basin. What about other owners haveing rights but can't export? Does this mean that Casitas can drill wells, and pump water into the Casitas Reservoir and take all the water thereby freezing out SoCal and others, in order that SoCal loose its franchise and stockholders will take a loss? Since SoCal has only one vote and the rest of the public has none, how can they protect themselves? Is this one way to obtain more water, and/or customers or do they want only enough to make up the amount of water that has been sold illegally outside of the district?

On March 26, 1991, the Board of Supervisors of Ventura County were to vote supporting this bill. A motion was made and seconded, since I had a card to speak, I was allowed to speak before the vote was taken. I told the Board some of my concerns and remarked that I was trying to save them from embarassment, then they rescined the motion, and a new motion was made to table the letter written by the chairwomen, killing the support for this bill.

Last months magazine called Ag Alert mentioned that a Tom Rogers from Santa Barbara, and Diane Owens of Santa Maria had proposed a similar bill which you were carrying. After a public meeting in Buellton, Calif. you pulled the bill for lack of support. I would like you to consider my concerns and correct them before the lawsuits commences. Thank you for your time and patience,

Yours truly,

Mrs Richard C Davis
Mrs. Richard C. Davis

c.c. Governor Pete Wilson
Senator Ed. Davis
Rep. Bob Lagonarino
State Water Resources Control Board
Public Utilities Commission
Mr. Wicks - Pres. SoCal
Ojai Valley Inn
Ojai Valley News
Star-Free Press Ventura County



(3)REPORTS OF STANDING COMMITTEES<c2>

(3)Committee on Agriculture and Water Resources

Senate Chamber, 04/17/91 [_]

(5)Mr. President: The Chair of the Committee on Agriculture and Water Resources, to which was/were referred:

[pc]SB 534

<pc;norm>

[t10f]Reports the same back with author's amendments with the recommendation: Amend, and re-refer to the committee.

_____, Chairman [_]<r>

HISTORY ACTION CODE: 39 AUTHOR'S AMENDMENTS



AMENDMENTS TO SENATE BILL NO. 534

Amendment 1

In line 1 of the title, strike out "authorize a joint powers agreement among the" strike out lines 2 to 4, inclusive, and insert:

amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

Amendment 2

On page 1, strike out line 1 and insert:

SECTION 1. This act shall be known and may be cited as the Ojai Basin Groundwater Management Agency Act.

Article 1. Creation

Sec. 101. The Legislature hereby finds and declares that the preservation of the groundwater within the territory of the Ojai Basin Groundwater Management Agency, created pursuant to Section 102 for the protection of agricultural, municipal, and industrial uses, is in the public interest and for the common benefit of water users within the agency.

Sec. 102. The Ojai Basin Groundwater Management Agency is hereby created. The agency shall exercise the express powers granted by this act for purposes of groundwater management within the territory of the agency, together with other powers reasonably implied and necessary and proper to carry out the purposes of the agency.

Article 2. Boundaries

Sec. 201. For the purposes of this act, the boundaries of the agency shall include that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District, as determined pursuant to Section 202.

Sec. 202. The agency shall establish the specific location of the boundaries described in Section 201 after a noticed public hearing. The boundaries shall be depicted on a map which shall be adopted by the board



and thereafter recorded in the office of the county recorder.

Article 3. Definitions

Sec. 301. Unless otherwise indicated by their context, the terms defined in this article govern the interpretation of this act.

Sec. 302. "Agency" means the Ojai Basin Groundwater Management Agency.

Sec. 303. "Aquifer" means a geologic formation or structure that transmits or stores water in sufficient quantities to supply pumping wells or springs. A confined aquifer is an aquifer with an overlying less permeable or impermeable layer.

Sec. 304. "Available supply" means that quantity of groundwater which can be withdrawn in any given year from the groundwater basin without resulting in, or aggravating, conditions of overdraft, subsidence, or groundwater quality degradation. Available supply of the basin includes the natural water supply, imported water, or other water which has been spread to the basin or has otherwise reached the basin and return flows to the basin attributable to these sources reaching the basin in the course of use.

Sec. 305. "Basin" means the Ojai groundwater basin.

Sec. 306. "Board" means the board of directors of the agency.

Sec. 307. "Conjunctive use" means the coordinated operation of groundwater and surface water supplies. Conjunctive use includes increased groundwater use or decreased groundwater replenishment with surface supplies in years when surface supplies are less than normal and, in years of more abundant surface supplies, the increased use of surface water in lieu of groundwater, either to allow groundwater levels to recover or to replenish artificial groundwater supplies. Conjunctive use also includes long-term storage of water in the basin.

Sec. 308. "County" means the County of Ventura.

Sec. 309. "Export" means exporting groundwater extracted from the basin for use on land, or within an area, not overlying the basin or within the boundaries of the agency. Export does not include use within any area served by groundwater from the basin as of January 1, 1992.

Sec. 310. "Extraction" means the act of obtaining groundwater by pumping or other controlled means.



Sec. 311. "Extraction facility" means any device or method for the extraction of groundwater within the basin.

Sec. 312. "Groundwater" means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water.

Sec. 313. "Groundwater basin" means a geologically and hydrologically defined area containing one or more aquifers which store and transmit water yielding significant quantities of water to wells.

Sec. 314. "Groundwater management activities" means programs, measures, or actions taken to preserve, monitor, protect, and enhance groundwater resources within the territory of the agency.

Sec. 315. "Groundwater rights adjudication" means the determination of substantially all rights in the basin or the area subject to the adjudication.

Sec. 316. "Notice" or a "noticed hearing" means the notice required by Section 6061 of the Government Code.

Sec. 317. "Operator" means a person who operates a groundwater extraction facility. If the agency is unable to determine who operates a particular extraction facility, then "operator" shall mean the person to whom the extraction facility is assessed by the county assessor or, if not separately assessed, the person who owns the land upon which the extraction facility is located.

Sec. 318. "Overdraft" means the condition of the basin where the average annual amount of water extracted exceeds the average annual supply of water to the basin.

Sec. 319. "Person" includes any state or local governmental agency, private corporation, firm, partnership, individual, group of individuals, or, to the extent authorized by law, any federal agency.

Sec. 320. "Program" means a groundwater management program prepared by the agency pursuant to this act.

Sec. 321. "Recharge" means the natural or artificial replenishment of groundwater storage by percolation or injection of one or more sources of water at the surface.

Sec. 322. "Replenishment" means spreading water over a permeable area for the purpose of allowing it to percolate to groundwater basins or aquifers, or otherwise adding water to groundwater basins or aquifers.

Sec. 323. "Standby charges" are charges imposed on landowners within the agency for benefits received by landowners from improved groundwater



management planning.

Sec. 324. "Supplemental water" means surface water or groundwater imported from outside the watershed or watersheds of the basin and flood waters that are conserved and saved within the watershed or watersheds which would otherwise have been lost or would not have reached the basin.

Sec. 325. "Temporary surplus" means the amount of water that can be extracted from the basin without permanently adversely affecting the available supply of the basin to provide storage space for natural or artificial recharge that would be lost during wet years if it could not be stored in the basin.

Sec. 326. "Water year" means the period from October 1 of one calendar year to September 30, inclusive, of the following calendar year.

Sec. 327. "Well interference" means a substantial water level decline in a short time period in a localized area caused by pumping from extraction facilities.

Article 4. General Provisions

Sec. 401. (a) The board shall consist of five directors and shall be selected in the following manner:

(1) One director shall be a member of, and be appointed by, each of the following entities:

- (A) The Ojai City Council.
- (B) The Board of the Casitas Municipal Water District.
- (C) The Board of the Ojai Water Conservation District.

(2) One director shall be a representative of the Southern California Water Company.

(3) One director shall be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency.

- (A) The Senior Canyon Mutual Water Company.
- (B) The Siete Robles Mutual Water Company.
- (C) The Hermitage Mutual Water Company.

The mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.

(b) The board is the governing body of the agency and shall exercise the powers of the agency.

Sec. 402. (a) No provisions of this act shall



be construed to deny any entity from which a board member is or may be selected any rights or powers which they already have or which they may be granted.

(b) The agency shall not involve itself in activities normally and historically undertaken by any entity from which a board member is or may be selected, such as the construction and operation of dams, spreading grounds, pipelines, flood control facilities, groundwater wells, and water distribution facilities, or the wholesale and retail sale of water, without prior consent of those entities, and shall otherwise limit its activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within the boundaries of the agency.

Sec. 403. This act does not abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights, or to abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.

Sec. 404. (a) The board may adopt ordinances for the purpose of monitoring, regulating, conserving, managing, and controlling the use and extraction of groundwater within the boundaries of the agency. All ordinances shall be adopted, after a noticed public hearing, by a majority vote of the board. Notice of the adoption of all ordinances shall be given. The ordinances of the agency shall become effective on the 31st day after adoption.

(b) Notwithstanding subdivision (a), the board may, by the vote of at least four members of the board, without a public hearing, adopt an emergency ordinance which shall become effective immediately upon adoption, if the board determines that the public health, safety, or welfare requires the emergency ordinance.

Sec. 405. Any person who intentionally violates this act or any agency ordinance is guilty of an infraction and may be required to pay a fine to the agency not to exceed five hundred dollars (\$500).

Sec. 406. Any person who negligently or intentionally violates this act or any agency ordinance may also be liable civilly to the agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of violation, in addition to any other penalties that may be prescribed by law.

Sec. 407. Upon the failure of any person to comply with this act or any agency ordinance, the agency may petition the superior court for a temporary restraining order, preliminary or permanent injunction, or other appropriate equitable relief. The right to petition



for injunctive relief is in addition to other rights, which may be provided elsewhere in this act or otherwise allowed by law.

Sec. 408. The agency may petition the superior court of the county to recover any sums due the agency or damages incurred by the agency. To preserve and manage the groundwater resources within the agency, the agency may commence, maintain, intervene in, defend in, compromise, and assume the costs and expenses incurred by the agency in, actions and proceedings involving groundwater, including, but not limited to, groundwater rights adjudication.

Sec. 409. The agency may contract for staff and other services and may hire other contractors and consultants.

Sec. 410. The agency may exclude from any of the requirements of this act, or the operation of any ordinance, any operator who extracts less than a minimum amount of groundwater as specified by ordinance adopted by the board.

Article 5. Studies and Investigations

Sec. 501. The agency may collect data and conduct technical and other investigations in order to carry out this act. All hydrological investigations and studies carried out by, or on behalf of, the agency shall be conducted by, or under the supervision of, licensed engineers or other persons qualified in groundwater geology or hydrology.

Sec. 502. (a) The agency shall prepare annually a report on groundwater supplies and conditions in the agency, including groundwater management objectives and a plan of implementation of those objectives.

(b) The agency may prepare, or receive reports on groundwater and supplemental water supplies and conditions in the territory of the agency, including groundwater management and conjunctive use objectives and a plan for implementation of those objectives.

Sec. 503. The agency may recommend and encourage waste water reuse and other water development projects, if those projects will enhance and contribute to the responsible management of groundwater resources, as part of its annual plan for implementation of groundwater management objectives.

Article 6. Groundwater Management Plans

Sec. 601. The agency shall develop, adopt, and implement a plan to protect the basin's groundwater quality and to balance long-term average annual water



replenishment and extractions in the basin, in order to maximize the long-term available supply.

Sec. 602. The agency shall undertake a study to develop the plan required pursuant to Section 601 which includes all of the following components:

(a) A list of groundwater extraction facilities within the boundaries of the agency.

(b) An estimate of annual water production, in acre feet per year, for each extraction facility, using industry accepted monitoring and testing procedures.

(c) A table and graph depicting water level readings, as of each October 1, from acceptable sources for the period of record.

(d) Provisions and testing procedures for monitoring water quality.

(e) Historical data for rainfall runoff and basin usage and replenishment.

Sec. 603. (a) The agency shall undertake a groundwater management study for future extractions from the basin. As a part of this study, the agency shall determine the hydrologic characteristics of the basin which shall include all of the following information:

(1) Existing groundwater storage capacity.

(2) Existing groundwater storage.

(3) Existing and projected groundwater use.

(4) A review of the boundaries of the basin.

(5) The average annual variation in storage, with respect to paragraph (2) and projected annual rainfall, runoff, and recharge rates.

(6) Long-term recoverable storage, including an estimate of nonrecoverable storage.

(7) Potential extractions and storage programs.

Sec. 604. (a) The plan required pursuant to Section 601 may consider any project alternatives designed to enhance the overall balance of long-term average annual basin replenishment and extractions.

(b) The plan shall investigate options of operating the basin to provide an increased ability to capture, recharge, and maximize reasonable uses by fully utilizing the available groundwater supply. The options may include the conjunctive operation of the basin with Casitas Reservoir. The plan shall recommend consideration of alternative management approaches and associated further steps towards effective implementation of groundwater management strategies to achieve the long-term objectives identified in Section 601.

Sec. 605. (a) The studies required in Sections 602 and 603 shall be completed and submitted to the board by January 1, 1993.

(b) The plan required in Section 601 shall be



completed and submitted to the board by January 1, 1994.

Article 7. Groundwater Management

Sec. 701. If the board determines after a noticed public hearing, and consideration of any relevant investigations, studies, and evidence that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin, the board may, by ordinance, or resolution, undertake any of the activities authorized by this article.

Sec. 702. The board may exercise any of the following measures:

(a) Require conservation practices and measures within identified portions of the agency.

(b) Commence and prosecute legal actions to enjoin unreasonable uses or methods of use of water within the agency or outside the agency to the extent those uses or methods of use adversely affect the groundwater supply within the agency.

(c) Conserve and reclaim water within or outside the agency, require conservation practices and measures within the agency, and impose charges upon those within or without the agency benefited by the conservation practices.

Sec. 703. The agency may regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs within the agency.

Sec. 704. To encourage conjunctive use, the agency may do either of the following:

(a) Contract with entities for benefits to areas outside the basin which may result from conservation or conjunctive use practices within the basin and may impose appropriate charges for those benefits.

(b) Contract with groundwater users within the basin to enhance the conjunctive use of groundwater and surface water and compensate groundwater users for the value of those measures.

Sec. 705. To minimize well interference, the agency may do either of the following:

(a) Impose spacing requirements or require reasonable mitigation measures relating to the construction of any new extraction facility.

(b) Impose reasonable operating regulations on extraction facilities.

Sec. 706. The agency may control groundwater extractions by regulating, limiting, or suspending extractions from extraction facilities, the construction of new extraction facilities, the enlarging of existing



facilities, and the reactivation of abandoned or inactive extraction facilities.

Sec. 707. The availability of supplemental water to any operator shall not subject that operator to regulations more restrictive than those imposed on other operators.

Sec. 708. (a) No groundwater shall be exported from within the agency unless the exporter has applied for, and obtained, a permit from the agency which establishes the quantity of water which may be exported and the conditions of the export. Notwithstanding any conditions specified in the permit, exporters shall be subject to this act.

(b) The agency shall not issue any permit to export water from the agency unless the applicant has established that there is an available water supply as defined in this act, in excess of the amount currently required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency. The agency shall issue permits for export for time periods, and under terms and conditions, it deems appropriate. All permits shall declare that they are subject to the right of the agency to reduce or suspend exports pursuant to this act.

(c) The agency shall, after published notice and a hearing which discloses evidence of overdraft, or any threat of overdraft, reduce or suspend extractions by exporters regardless of whether a permit to export has been granted pursuant to this act.

(d) The right to store and recapture imported or developed water in the groundwater basin shall be subject to prior permit by the agency. The agency shall issue storage and recapture permits under terms and conditions it deems appropriate and may impose charges therefor. Existing recapture facilities shall be exempt from this section.

Article 8. Registration of Groundwater Extraction Facilities

Sec. 801. The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility.

Sec. 802. The agency may require, by ordinance, that the operator of a registered extraction facility provide the agency annually with all of the following information regarding the extraction facility:

(a) The name and address of the operator of the extraction facility.

(b) The name and address of the owner of the



land upon which the extraction facility is located.

(c) A description of the equipment associated with the extraction facility.

(d) The location of the water extraction facility.

(e) The purposes of groundwater use.

Sec. 803. No person may extract groundwater by the use of any extraction facility required to be registered unless the extraction facility has been registered with the agency.

Sec. 804. The agency shall require extraction facilities to be equipped with waterflow measuring devices installed and calibrated by the agency or, at the agency's option, by the extraction facility operator. The agency may, by ordinance, exempt specific extraction facilities from the measuring device requirements.

Sec. 805. No person may extract groundwater by the use of any extraction facility required to be equipped with a waterflow measuring device unless the extraction facility is so equipped.

Sec. 806. If an extraction facility is equipped with a waterflow measuring device, the record of extraction, as disclosed by the waterflow measuring device, may at the election of the board be presumed to be accurate, and if so presumed, shall be used as the basis for computing the water extraction of the extraction facility in completing the groundwater extraction statement.

Sec. 807. The agency may require proof of the accuracy of the waterflow measuring device from the operator and may, absent adequate proof of accuracy, order the operator, at the operator's sole cost, to have the waterflow measuring device calibrated in a manner acceptable to the agency. If the agency has probable cause to believe that the extraction of groundwater from any extraction facility is in excess of the amount reported in a groundwater extraction statement filed pursuant to Section 810, or if no statement is filed covering an extraction facility, the agency may investigate the extraction of water from the extraction facility.

Sec. 808. No person may intentionally injure, alter, remove, reset, adjust, manipulate, obstruct, or in any manner interfere or tamper with any waterflow measuring device affixed to any extraction facility so that the waterflow measuring device improperly or inaccurately measures and records water extraction.

Sec. 809. The board may, by ordinance, establish reasonable methods to be used in computing the amount of water extracted by exempted extraction facilities.

Sec. 810. (a) The agency may, by ordinance,



require the operator of each extraction facility to file, as specified by the agency, a groundwater extraction statement that contains, but is not limited to, the following information:

(1) Total extraction in acre-feet of water from the extraction facility.

(2) The crop types or other uses and the acreage served by the extraction facility.

(3) The method of measuring or computing groundwater extraction.

(b) Each groundwater extraction statement shall be verified by a written declaration under penalty of perjury that the information contained in the statement is true and correct.

(c) The operator of an extraction facility which has been permanently abandoned after January 1, 1992, shall give written notice of the abandonment to the agency.

Sec. 811. No person who is required to file a groundwater extraction statement may fail to do so.

Sec. 812. No person, with an intent to evade any requirement of this act, may file a false or fraudulent groundwater extraction statement with the agency.

Article 9. Management Charges

Sec. 901. (a) Each year the board may fix a management charge in accordance with benefit based criteria to be established by the board, upon the City of Ojai, the Casitas Municipal Water District, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

(b) In the aggregate, management charges shall be limited to fifty thousand dollars (\$50,000) in the first year and twenty-five thousand dollars (\$25,000) in the second year. None of the entities identified in subdivision (a) shall be required to pay more than one-third of the aggregate allowable charges. Management charges in succeeding years, or contributions in excess of the established limits, shall be voluntary and payable at the discretion of each entity identified in subdivision (a).

Sec. 902. Management charges shall be paid in the manner prescribed by ordinance.

Article 10. Standby Charges



Sec. 1001. Each year the agency may fix a standby charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, projects, and purposes for which the agency is organized.

Sec. 1002. Before levying standby charges, the board shall, after notice and hearing, find and determine the portion of the agency to be benefitted by management and planning activities, the need for standby charges for the purpose of paying the cost of these activities, and the amount of the charges to be levied.

Sec. 1003. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency.

Sec. 1004. Standby charges applicable to the territory served by the city's corporate franchise, or any other water purveyor within the agency's boundaries, may be collected by the water purveyor if the agency so requests and the water purveyor agrees to do so, and shall be paid to the agency in lieu of collection through the tax bills. The board may exclude portions of the agency or may establish schedules varying the standby charges according to the likelihood that the land will benefit, as determined by the board, from improved groundwater management and planning.

Sec. 1005. The standby charge may, at the option of the agency, be collected on the tax bills of the county, by the same persons, and at the same time as, together with not separately from, county property taxes. In lieu of this election, the agency shall collect standby fees at the same time, together with penalties and interest at the same rates, as is prescribed for the collection of county property taxes.

Sec. 1006. The amount of an unpaid standby charge, together with any penalty and interest thereon, shall constitute a lien on that land as of the same time and in the same manner as does the tax lien securing county property taxes.

Sec. 1007. The board may fix standby charges until January 1, 1995.

Article 11. Groundwater Extraction Charges

Sec. 1101. The agency may, by ordinance, levy groundwater extraction charges on the extraction of groundwater by the use of water extraction facilities within the boundaries of the agency to pay the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities described in this act.

Sec. 1102. The Legislature hereby finds and



declares that the groundwater management activities of the agency are of equal benefit, as determined by the board, to all operators of groundwater extraction facilities within the territory of the agency.

Sec. 1103. The groundwater extraction charge rate shall be uniform for groundwater extraction within the territory of the agency.

Sec. 1104. Groundwater extraction charges shall be calculated on the basis of groundwater extraction statements filed pursuant to Section 810.

Sec. 1105. If any operator of any extraction facility fails to pay the groundwater extraction charge when due, the agency shall charge and collect interest, at the rate of 1 1/2 percent each month, on the delinquent amount of the groundwater extraction charge. In addition, the agency may exercise any of the provisions of Article 5 (commencing with Section 75630) of Chapter 3 of Part 9 of Division 21 of the Water Code to collect delinquent groundwater extraction charges.

Sec. 1106. All money collected by the agency shall be available for expenditure by the agency in carrying out its groundwater management activities.

Sec. 1107. The groundwater extraction charge shall not exceed seven dollars and fifty cents (\$7.50) per acre-foot pumped per year.

Article 12. Miscellaneous

Sec. 1201. The Legislature finds and declares that this act, which is applicable only to the Ojai Basin Groundwater Management Agency, is necessary because of the unique and special groundwater management problems in the area included in the agency. It is, therefore, hereby declared that a general law cannot be made applicable to the agency and the enactment of this special law is necessary for the conservation, development, control, and use of that water for the public good and for the protection of life and property therein.

SEC. 2. Section 1 of Chapter 153 of the Statutes of 1974 is amended to read:

Section 1. The San Antonio Water Ojai Water Conservation District in Ventura County shall, on and after the effective date of this act, be governed by the provisions of the Water Conservation District Law of 1934 as contained in Division 24 (commencing with Section 74000) of the Water Code. The provisions of the Water Conservation Act of 1927 (Chapter 91 of the Statutes of 1927) shall, on and after the effective date of this act, have no application to the San Antonio Water Conservation District.

SEC. 3. Section 2 of Chapter 153 of the



Statutes of 1974 is repealed.

Sec. 2. The Board of Directors of the San Antonio Water Conservation District in Ventura County may by resolution change the name of the district to the Ojai Water Conservation District.

SEC. 4. Section 3 of Chapter 153 of the Statutes of 1974 is amended and renumbered to read:

Sec. 3.

Sec. 2. The Legislature hereby finds and declares that facts and circumstances exist in the San Antonio Water Conservation District peculiar to that district which necessitates that the district be governed under the Water Conservation District Law of 1937 including, but not limited to, the general location of the district and the extremely rapid changes in the geographic and economic composition of the district this act, which is applicable only to the Ojai Water Conservation District, is necessary because of the unique and special water conservation problems in the area included in the district. It is, therefore, hereby declared that a general law cannot be made applicable to the district and the enactment of this special law is necessary for the conservation, development, control, and use of water in the district for the public good and for the protection of life and property therein.

SEC. 5. Section 4 of Chapter 153 of the Statutes of 1974 is repealed.

Sec. 4. The Legislature further finds and declares that the name "San Antonio Water Conservation District" is no longer descriptive of the actual operation of the district and the proper functioning of the district may require that the name of the district be changed to the Ojai Water Conservation District. The problem is not common to other water conservation districts. It is necessary, therefore, that the provisions of this act be made applicable only to the San Antonio Water Conservation District.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or the costs which may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, changes the penalty for a crime or infraction, or eliminates a crime or infraction. Notwithstanding Section 17580 of the Government Code, unless otherwise specified in this act, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.



Amendment 3
On page 1, strike out lines 2 to 9, inclusive,
and strike out page 2

- 0 -





**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

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FAX: (805) 654-2226

April 30, 1991

Honorable Ruben Ayala, Chair
Senate Agriculture and Water
Resources Committee
State Capitol, Room 2082
Sacramento, CA 94248-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

Dear Senator Ayala:

Your Senate Committee on Agriculture and Water Resources is scheduled to hear Senate Bill 534 (Hart) on May 7, 1991. The Ventura County Board of Supervisors supports SB 534.

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



Recycled Paper



Senate Water and Agriculture
Resources Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,



MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Committee Members
Committee Consultant
Ventura County Delegation
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer
County Supervisors Association of California
Urban Counties Caucus

sb534sag&w.pb



- (L/O) = Legislative Analyst indicates no fiscal effect (eligible for 28.8 recommendation) and the Consultant(s) concur(s).
- (C) = Consultant indicates no fiscal effect (eligible for 28.8 recommendation) -- no Legislative Analyst analysis.
- (A) = Clarification and/or author's amendments -- No effect on 28.8 recommendation.

Bill #	Author	LAO & C	C	A	Chairman Approves		Assembly Floor Vote	Comments
					Yes	No		
SB 246	PRESLEY	✓			✓			
SB 534	HART		✓		✓			
SB 625	PRESLEY	✓			✓			
SB 627	THOMPSON	✓			✓			
SB 669	MORGAN	✓			✓			
SB 1018	MCCORQUODALE	✓			✓			
SB 1064	DETDEH	✓			✓			TECHNICAL PROPER TAX ADMINISTRATIVE BILL.
SCR 27	VUICH	✓			✓			

LEGISLATIVE INTENT SERVICE (800) 666-1917

SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(S.B.C.)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#####

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT Finance	AUTHOR Hart	BILL NUMBER SB 534
SPONSORED BY	RELATED BILLS	AMENDMENT DATE April 17, 1991

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF COMMENTS

There would not be any costs to any state or local agency from terms of this bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Code Fund
		(Dollars in Thousands)						
	PROP	FC	1990-91	FC	1991-92	FC	1992-93	
	98	FC		FC		FC		
-----None-----								

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District it is erroneously listed in the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. As a clarifying amendment, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency.

(continued)

POSITION:	Department Director:	Date
Neutral, recommend technical amendment		

<i>[Signature]</i> Principal Analyst (622) Apps	Date 5/15/91	Program Budget Manager Fred Klass	Date 5/15/91	Governor's Office Position noted Position approved Position disapproved by: _____ date: _____
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LEGISLATIVE INTENT SERVICE (800) 666-1917

**Suggested Amendment for
SB 534
(as amended April 17, 1991)**

on page 16, line 23 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



Local Cost	NO. 1	ISSUE DATE NOV 15 1991	BILL NUMBER SB 534
ESTIMATE	AUTHOR	DATE LAST AMENDED	
Department of Finance	Hart	April 17, 1991	

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
	<u>(Dollars in Thousands)</u>		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, standby charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the standby charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED (622)	Date	* REVIEWED	Date	* APPROVED	Date
<i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5/15/91
LR: LCE 490 \ 980534-1.022					

LEGISLATIVE INTENT SERVICE (800) 666-1917



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors Association states that counties withhold a fee from revenues that they collect from various types of special districts. .

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the act provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

LR:LCE-SB\SB0534-1.622/2



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).

6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.

7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer is appropriate for the



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably the local agencies will not incur any costs over the \$200 limit to appoint one of their members to the new board of directors for the newly created agency.

LR:LCE-SB\SB0534-1.622/4



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
 County of Ventura
 Casitas Water District
 Southern California Water Company
 Senior Canyon Mutual Water Company
 Hermitage Mutual Water Company
 City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



SPECIAL CONSENT

<p>SENATE RULES COMMITTEE</p> <p>Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614</p>	<p>Bill No. SB 534</p> <p>Author: Hart (D)</p> <p>Amended: 4/17/91</p> <p>Vote Required: 21</p>
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Committee Votes:

Senate Floor Vote:

COMMITTEE: AG. & WATER RES.		
BILL NO.:	SB 534	
DATE OF HEARING:	5-7-91	
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberti		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Avala (Ch)		
TOTAL:	7	0

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Assembly Floor Vote:

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS: SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

CONTINUED

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

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Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



SPECIAL CONSENT

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614	Bill No.	SB 534
	Author:	Hart (D)
	Amended:	4/17/91
	Vote Required:	21

Committee Votes:

Senate Floor Vote:

COMMITTEE: AG. & WATER RES.		
BILL NO.: SB 534		
DATE OF HEARING: 5-7-91		
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberti		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Avala (Ch)		
TOTAL:	7	0

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Assembly Floor Vote:

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS: SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

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Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



SPECIAL CONSENT

<p>SENATE RULES COMMITTEE</p> <p>Office of Senate Floor Analyses 1020 N Street, Suite 524 445-6614</p>	<p>Bill No. SB 534</p> <p>Author: Hart (D)</p> <p>Amended: 9/3/91</p> <p>Vote Required: 21</p>
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Committee Votes:

Senate Floor Vote: Page 1499, 5/24/91

COMMITTEE: AG. & WATER RES.		
BILL NO.:	SB 534	
DATE OF HEARING:	5-7-91	
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberts		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Avala (Ch)		
TOTAL:	7	0

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Senate Bill 534—An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

Bill read third time, passed, and ordered transmitted to the Assembly.

The roll was called, and the above measures on the Consent Calendar passed by the following vote:

AYES (35)—Senators Alquist, Bergeson, Beverly, Boatwright, Craven, Davis, Deddeh, Dills, Cecil Green, Bill Greene, Hart, Hill, Johnston, Keene, Killea, Kopp, Leonard, Lewis, Lockyer, Maddy, Marks, McCorquodale, Mello, Morgan, Petris, Presley, Roberts, Rogers, Rosenthal, Royce, Russell, Thompson, Torres, Vuich, and Watson.

NOES (0)—None.

Assembly Floor Vote: 75-0, 9/9/91

(Passed Assembly on Consent)

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

Assembly Amendments specify the boundaries of the agency and makes clarifying changes.

ANALYSIS: Background - Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

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SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

CONTINUED

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 9/9/91)

Ojai Water Conservation District (source)
Ventura County
California Water Association
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

DLW:nf 9/10/91 Senate Floor Analyses



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SB 534

Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE> COMMITTEE W., P. & W. VOTE>

COMMITTEE W. & M. VOTE> COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- continued -

SB 534
Page 1

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- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

- continued -



2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Study Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill better define "emergency," or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

- continued -



7) Permits/Registrations and Fees.

This bill allows permits to export and the registration of extraction facilities. This bill also allows the agency to control groundwater extractions, but does not require extraction permits or identify factors to be used in allocating the groundwater supply necessary to implement a program (e.g., crop type, use, reasonable need, conservation activities).

Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

<p>Ojai Water Conservation District {SPONSOR} Ventura County CA Water Assoc. Casitas Municipal Water District City of Ojai Hermitage Mutual Water Company Ojai Water Conservation District Siete Robles Mutual Water Company Senior Canyon Mutual Water Company Southern California Water Company Huntsinger Live Oak Ranch Huntsinger Ojai Ranches The Hermitage Topa Topa Ranch & Nursery, Inc. Roger Essick William G. Myers</p>	<p>None on file.</p>
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Randy Pestor
 445-6034
 7/1/91:algov



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	<u> L. GOV. </u>	VOTE>	COMMITTEE	<u> W., P. & W. </u>	VOTE>
COMMITTEE	<u> W. & M. </u>	VOTE>	COMMITTEE	<u> </u>	VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will

- continued -

not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is

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not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

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6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction charges with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

<p>Ojai Water Conservation District [SPONSOR] Ventura County CA Water Assoc. Casitas Municipal Water District City of Ojai Hermitage Mutual Water Company Ojai Water Conservation District Siete Robles Mutual Water Company Senior Canyon Mutual Water Company Southern California Water Company Huntsinger Live Oak Ranch Huntsinger Ojai Ranches The Hermitage Topa Topa Ranch & Nursery, Inc. Roger Essick William G. Myers</p>	<p>None on file.</p>
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Randy Pestor
 445-6034
 7/1/91:algv

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

PAGE 1

COMMITTEE HISTORY ACTIONS REPORT

DATE OF HEARING: 07/03/91

<u>MEASURE NUMBER</u>	<u>ACTION</u>	<u>ACTION CODE</u>
SB 78	Hearing postponed by committee.	
SB 130		
SB 410		
SB 440		
SB 441		
SB 534		
SB 638		
SB 659		
SB 682		
SB 683		
SB 723		
SB 740		
SB 746		
SB 755		
SB 849		
SB 992		
SB 1019		
SB 1056		
SB 772	Set, first hearing. Hearing cancelled at the	
SB 867	request of author.	
SB 1024		
SB 1047		
SB 1067		

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SB 534

Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE> COMMITTEE W., P. & W. VOTE>

COMMITTEE W. & M. VOTE> COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- continued -



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
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- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

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2) District Boundaries.

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3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Study Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

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Should the bill better define "emergency," or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

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7) Permits/Registrations and Fees.

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Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

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If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

<p>Ojai Water Conservation District {SPONSOR} Ventura County CA Water Assoc. Casitas Municipal Water District City of Ojai Hermitage Mutual Water Company Ojai Water Conservation District Siete Robles Mutual Water Company Senior Canyon Mutual Water Company Southern California Water Company Huntsinger Live Oak Ranch Huntsinger Ojai Ranches The Hermitage Topa Topa Ranch & Nursery, Inc. Roger Essick William G. Myers</p>	<p>None on file.</p>
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Randy Pestor
 445-6034
 7/1/91:algov

SB 534
 Page 4



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	<u>L. GOV.</u>	VOTE>	COMMITTEE	<u>W., P. & W.</u>	VOTE>
COMMITTEE	<u>W. & M.</u>	VOTE>	COMMITTEE		VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

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- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is

- continued -

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entitites.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -

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6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction charges with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

- Ojai Water Conservation District [SPONSOR] None on file.
- Ventura County
- CA Water Assoc.
- Casitas Municipal Water District
- City of Ojai
- Hermitage Mutual Water Company
- Ojai Water Conservation District
- Siete Robles Mutual Water Company
- Senior Canyon Mutual Water Company
- Southern California Water Company
- Huntsinger Live Oak Ranch
- Huntsinger Ojai Ranches
- The Hermitage
- Topa Topa Ranch & Nursery, Inc.
- Roger Essick
- William G. Myers

Randy Pestor
445-6034
7/1/91:algv

[ALCL] 91
SB 534 SV

SENATE THIRD READING

SB 534 (Hart) - As Amended: September 3, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE 10-0 COMMITTEE W., P. & W. VOTE 11-0
RECOMMEND CONSENT RECOMMEND CONSENT

COMMITTEE W. & M. VOTE 23-0 COMMITTEE _____ VOTE _____
RECOMMEND CONSENT

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by any entity.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- continued -



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property, (\$7.50/acre, \$5.00/parcel of less than one acre), and extraction charges (based on groundwater extraction statements) with zones of benefit.
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

- 1) Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, the Sierra Valley Groundwater Basin Act, the Malaga County Water District, the Mono County Tri-Valley Groundwater Management District Act, and the Honey Lake Valley Groundwater Basin Act provide for the management of groundwater.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells -- which could overdraft the basin.

- 2) This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

Randy Pestor
445-6034
algov

SB 534
Page 2



Display 1991-1992 Bill History - INFORMATION

COMPLETE BILL HISTORY

11/19/91

BILL NUMBER : S.B. No. 534

AUTHOR : Hart

BILL HISTORY

1991

Oct. 9 Chaptered by Secretary of State. Chapter 750, Statutes of 1991.
 Oct. 8 Approved by Governor.
 Sept. 26 Enrolled. To Governor at 4 p.m.
 Sept. 12 Senate concurs in Assembly amendments. (Ayes 38. Noes 0. Page 4298.) To enrollment.
 Sept. 11 To Special Consent Calendar.
 Sept. 10 In Senate. To unfinished business.
 Sept. 9 Read third time. Passed. (Ayes 75. Noes 0. Page 4226.) To Senate.
 Sept. 4 Read second time. To Consent Calendar.
 Sept. 3 Read second time. Amended. To second reading.
 Aug. 30 From committee: Do pass as amended. To Consent Calendar.
 Aug. 26 Read second time. Amended. Re-referred to Com. on W. & M.
 Aug. 22 From committee: Do pass as amended, but first amend, and re-refer to Com. on W. & M. with recommendation: To Consent Calendar. (Ayes 10. Noes 0.)
 Aug. 20 Read second time. Amended. Re-referred to Com. on W.P. & W.
 Aug. 19 Joint Rule 61 suspended.
 Aug. 19 From committee: Do pass as amended, but first amend, and re-refer to Com. on W. & M. with recommendation: To Consent Calendar. (Ayes 10. Noes 0.)
 July 3 Hearing postponed by committee.
 June 24 From committee with author's amendments. Read second time. Amended. Re-referred to committee.
 June 10 To Com. on L. GOV.
 May 24 In Assembly. Read first time. Held at Desk.
 May 24 Read third time. Passed. (Ayes 35. Noes 0. Page 1499.) To Assembly.
 May 20 To Special Consent Calendar.
 May 16 Read second time. To third reading.
 May 15 From committee: Be placed on second reading file pursuant to Senate Rule 28.8.
 May 9 Set for hearing May 20.
 May 7 From committee: Do pass, but first be re-referred to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0. Page 1167.) Re-referred to Com. on APPR.
 May 2 Set for hearing May 7.
 May 2 Senate Rule 29.4(a)(2) suspended.
 Apr. 17 From committee with author's amendments. Read second time. Amended. Re-referred to committee.
 Mar. 7 To Com. on AGR. & WAT. RES.
 Feb. 28 From print. May be acted upon on or after March 30.
 Feb. 27 Introduced. Read first time. To Com. on RLS. for assignment. To



LOCAL GOVERNMENT

Date of Hearing: 07/17/91

BILL NO.	SB 485	SB 507	SB 534	SB 606
ACTION VOTED ON	Do pass as amended and re-refer to the Com on W. & M.	Do pass as amended	Do pass as amended and re-refer to Com on W.P. & W. Rec. Consent	Committee amendments.
	Aye : No	Aye : No	Aye : No	Aye : No
Farr(Chair)	X	X	X	N.V.
Becerra	X	X	X	X
Boland	X	X	X	X
Cannella	X	X	X	X
Chandler	Ab.	Ab.	Ab.	Ab.
Frazer	X	X	X	X
Gotch	X	X	X	X
Hannigan	X	X	X	Ab.
Hughes	X	X	X	X
Lancaster	X	Ab.	X	X
Murray	X	X	X	N.V.
	Ayes: 7	Ayes: 9	Ayes: 10	Ayes: 7
	Noes: 3	Noes: 0	Noes: 0	Noes: 0

N.V. - Not voting
Ab. - Absent

Abst - Abstain

RECEIVED: _____

Sam Farr Chair

LEGISLATIVE INTENT SERVICE (800) 666-1917



(2)REPORTS OF STANDING COMMITTEES<c2>

(2)Committee on LOCAL GOVERNMENT

Date of Hearing: 07/17/91 [_]<r>

Mr. Speaker: Your Committee on LOCAL GOVERNMENT reports:

Senate Bill No. 534 (10-0)

(1)With amendments with the recommendation: Amend, do pass, as amended, and be re-referred to the Committee on Water, Parks and Wildlife with the recommendation: To Consent Calendar. <1>


Farr

, Chair [_]

(5)Above bill ordered to second reading.



AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

Amendment 1

On page 5, line 35, after "'Export'" insert:

means

Amendment 2

On page 9, lines 7 and 8, strike out "from
which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," strike
out lines 34 to 38, inclusive, and insert:

shall comply with the Ralph M. Brown Act (Chapter 9
(commencing with Section 54950) of Part 1 of Division 2 of
the Government Code), and may adopt as an urgency measure
an interim ordinance. That urgency measure shall require
a 4/5 vote of the board for adoption. The interim
ordinance shall have no force and effect 45 days after its
adoption. After a noticed public hearing, the board may
extend the interim ordinance for 10 months and 15 days by
a 4/5 vote of the board.

Amendment 4

On page 11, line 16, after "objectives" insert:

, following a determination that groundwater management
activities may be necessary

Amendment 5

On page 12, line 12, strike out "and" and
insert a comma

Amendment 6

On page 12, line 13, after "replenishment"
insert:

, and water conservation activities



Amendment 7

On page 13, line 27, after "evidence" insert:

, including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code)

Amendment 8

On page 13, line 31, strike out "or resolution"

Amendment 9

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 10

On page 15, lines 33 and 34, strike out "or resolution"

Amendment 11

On page 15, lines 37 and 38, strike out "or resolution"

Amendment 12

On page 16, line 17, strike out "or resolution"

Amendment 13

On page 17, line 9, strike out "or resolution"

Amendment 14

On page 17, lines 13 and 14, strike out "or resolution"

Amendment 15

On page 17, line 21, after "facility" insert:

compared to the number of acres owned or leased

Amendment 16



On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 17

On page 18, line 24, strike out "Standby Charges" and insert:

Management Charges to Property

Amendment 18

On page 18, line 26, strike out "standby" and insert:

management

Amendment 19

On page 18, line 30, strike out "standby" and insert:

management

Amendment 20

On page 18, line 33, strike out "standby" and insert:

management

Amendment 21

On page 18, line 36, strike out "Standby" and insert:

Management

Amendment 22

On page 18, line 40, strike out "Standby" and insert:

Management

Amendment 23

On page 19, line 8, strike out "standby" and insert:



management

Amendment 24

On page 19, line 11, strike out "standby" and
insert:

management

Amendment 25

On page 19, line 15, strike out "standby fees"
and insert:

management charges

Amendment 26

On page 19, line 19, strike out "standby" and
insert:

management

Amendment 27

On page 19, line 24, strike out "standby" and
insert:

management

Amendment 28

On page 19, line 29, after "1101." insert:

(a)

Amendment 29

On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall



describe the boundaries of the zones of benefit. The board may amend zones of benefit boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones

Amendment 30

On page 19, strike out lines 36 to 40, inclusive, and insert:

SEC. 1102. (a) Before the levy of groundwater extraction charges, the board of directors shall, after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Amendment 31

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101

Amendment 32

On page 20, line 17, strike out "or"

Amendment 33

On page 20, line 18, after "901)" insert a
comma

- 0 -



AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

Amendment 1

On page 5, line 35, after "Export" insert:

means

Amendment 2

On page 9, lines 7 to 8, strike out "from which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," and insert:

shall

Amendment 4

On page 9, strike out lines 34 to 38 and insert:

comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of the Government Code), and may adopt as an urgency measure an interim ordinance. That urgency measure shall require a four-fifths vote of the board for adoption. The interim ordinance shall be of no further force and effect 45 days from its adoption. After a noticed public hearing, the board may extend the interim ordinance for 10 months and 15 days by a four-fifths vote of the board.

Amendment 5

On page 11, line 16, after "objectives" insert:

, following a determination that groundwater management activities may be necessary

Amendment 6

On page 12, line 12, strike out "and" and insert:

,

Amendment 7

On page 12, line 13, after "replenishment" insert:

, and water conservation activities

Amendment 8

On page 13, line 27, after the third comma insert:

including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code),

Amendment 9

On page 13, line 31, strike out "or resolution,"



Amendment 10

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 11

On page 15, lines 33 to 34, strike out "or resolution"

Amendment 12

On page 15, lines 37 to 38, strike out "or resolution"

Amendment 13

On page 16, line 17, strike out "or resolution"

Amendment 14

On page 17, line 9, strike out "or resolution"

Amendment 15

On page 17, lines 13 to 14, strike out "or resolution"

Amendment 16

On page 17, line 21, after "facility" insert:

compared to the number of acres owned or leased

Amendment 17

On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 18

On page 18, line 24, strike out "Standby Charges" and insert:

Management Charges to Property

Amendment 19

On page 18, line 26, strike out "standby" and insert:

management

Amendment 20

On page 18, line 30, strike out "standby" and insert:

management

Amendment 21

On page 18, line 33, strike out "standby" and insert:

management



Amendment 22

On page 18, line 36, strike out "Standby" and insert:
Management

Amendment 23

On page 18, line 40, strike out "Standby" and insert:
Management

Amendment 24

On page 19, line 8, strike out "standby" and insert:
management

Amendment 25

On page 19, line 11, strike out "standby" and insert:
management

Amendment 26

On page 19, line 15, strike out "standby fees" and insert:
management charges

Amendment 27

On page 19, line 19, strike out "standby" and insert:
management

Amendment 28

On page 19, line 24, strike out "standby" and insert:
management

Amendment 29

On page 19, line 26, after "1101." insert:
(a)

Amendment 30

On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall describe the boundaries of the zones of benefit. The board may amend zone of benefit



boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones.

Amendment 31

On page 19, strike out lines 36 to 40 and insert:

1102. (a) Before the levy of groundwater extraction charges, the board of directors shall after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Amendment 32

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101

7/17/91



LEGISLATIVE COUNSEL

No. 23718
TYPE AMEND

REQUEST OF ASSEMBLY MEMBER SAM FARR
per DIXIE MARTINEAU

Amend bill, regarding Ojai Basin Groundwater Management Agency, per attached.

ATTACHMENTS:
Memorandum and amendments.

DELIVERY INSTRUCTIONS:

Any questions, contact RANDY PESTOR at 5-6034
Any questions, contact BETTY YEE at 5-6034

WATER AGENCY

07/25/91

This will acknowledge your request received on the date indicated. Please examine the above statement to determine if it correctly sets forth your request.

Any questions with respect to this request may be directed to

MR. ANDERSON at 445-1599

to whom it has been assigned.

BION M. GREGORY
Legislative Counsel

LEGISLATIVE INTENT SERVICE (800) 666-1917



(2)AUTHOR'S AMENDMENTS<c2>

(2)Committee on LOCAL GOVERNMENT

Assembly Chamber, 06/24/91 [1]<r>

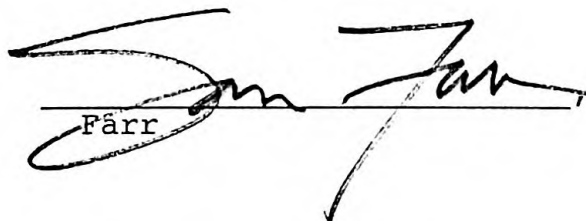
Mr. Speaker: The Chairman of your Committee on LOCAL GOVERNMENT reports:

Senate Bill No. 534

LEGISLATIVE INTENT SERVICE (800) 666-1917



(1)With author's amendments with the recommendation: Amend, and re-refer to the committee. <l>


Farr Chair [1]

AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN SENATE APRIL 17, 1991

Amendment 1

On page 3, strike out lines 14 to 17,
inclusive, and insert:

District, but shall not include any land within the boundaries of the Ventura River County Water District. The boundaries of the agency are more particularly described as follows:

The point of beginning is located at the intersection of the centerline of Creek Road and the northerly boundary of Camp Comfort; thence, northerly along the centerline of Creek Road to the point of intersection with the centerline of Hermosa Road; thence, westerly and northwesterly along the centerline of Hermosa Road to the point of intersection with the easterly line of Ventura Avenue, also known as State Highway Routes 33 and 150; thence, northerly along that easterly line of Ventura Avenue to the point of intersection with the centerline of Ojai Avenue; thence, northeasterly along the centerline of Ojai Avenue to the point of intersection with the centerline of Del Norte Road; thence, northerly along the centerline of Del Norte Road and the northerly prolongation of the centerline of Del Norte to the north quarter corner of Section 35, Township 5 North, Range 23 West, San Bernardino Base and Meridian, that point being also a point in the boundary of the Casitas Municipal Water District; thence along that boundary; thence east along the north line of that Section 35 and along the north line of Section 36 of that Township and Range and Sections 31, 32, 33, and 34 of Township 5 North, Range 22 West, San Bernardino Base and Meridian to the northeast corner of that Section 34; thence, south along the east line of that Section 34 and the east line of Section 3, Township 4 North, Range 22 West, San Bernardino Base and Meridian to the northwest corner of the south one-half of the northwest one-quarter of Section 2 of that last mentioned Township and Range; thence, east along the north line of that south one-half of the northwest one-quarter of Section 2 to the northeast corner thereof, south along the east line of that south one-half of the northwest one-quarter of Section 2 to the southeast corner thereof; thence, west along the south line of that south one-half of the northwest one-quarter of Section 2 to the northeast corner of the west one-half of the southwest one-quarter of that Section 2; thence, south along the east line of that west one-half of the southwest one-quarter of Section



2 to the southeast corner thereof to a point in the north line of fractional Section 11, Township 4 North, Range 22 West, San Bernardino Base and Meridian; thence, east along that north line to the north quarter corner of that fractional Section 11; thence, in a varying generally southwesterly and westerly direction along the watershed dividing ridge line, as shown on the Ojai Quadrangle of the United States Geological Survey 7.5 minute series of topographic maps, between the Ojai Valley and the Lions Creek Drainage, a distance of approximately four and three-quarter miles, more or less, to the point at which the 1,400-foot contour intersects the range line common to Range 22 West and Range 23 West, San Bernardino Base and Meridian; thence, in a straight line in a generally south of west direction a distance of approximately one and one-half miles, more or less, to the point of beginning.

Sec. 202. The boundaries of the agency shall be

Amendment 2

On page 3, line 31, strike out "A confined"
strike out lines 32 and 33

Amendment 3

On page 3, line 40, strike out the first "or"
and insert:

and

Amendment 4

On page 4, line 4, after "basin" insert:

, as shown in the Department of Water Resources Bulletin No. 12, "Ventura County Investigation," dated October 1953, to the extent included within the boundaries of the district, as defined in Section 201

Amendment 5

On page 4, lines 18 and 19, strike out
"exporting groundwater extracted" and insert:

extracting groundwater

Amendment 6

On page 4, line 20, strike out "not overlying
the basin or" and insert:

which does not overlie or is not



Amendment 7

On page 4, line 21, after "use" insert:

on or after January 1, 1992,

Amendment 8

On page 4, line 22, strike out "as of" and
insert:

prior to

Amendment 9

On page 4, line 34, strike out "and transmit
water yielding" strike out line 35 and insert:

, transmit, and yield significant quantities of water to
wells, or are capable of doing so.

Amendment 10

On page 5, line 3, after "Sec. 316." insert:

"Mutual water company" means a corporation organized for,
or engaged in the business of, selling, distributing,
supplying, or delivering water to its stockholders and
members at cost for irrigation purposes or for domestic
use.

Sec. 317.

Amendment 11

On page 5, line 5, strike out "Sec. 317." and
insert:

Sec. 318.

Amendment 12

On page 5, line 12, strike out "Sec. 318." and
insert:

Sec. 319.

Amendment 13

On page 5, line 16, strike out "Sec. 319." and
insert:

Sec. 320.

Amendment 14

On page 5, line 20, strike out "Sec. 320." and
insert:



Sec. 321.

Amendment 15
insert: On page 5, line 23, strike out "Sec. 321." and

Sec. 322.

Amendment 16
insert: On page 5, line 26, strike out "Sec. 322." and

Sec. 323.

Amendment 17
insert: On page 5, line 30, strike out "Sec. 323." and

Sec. 324.

Amendment 18
insert: On page 5, line 32, strike out "improved" and
any activities or programs of the agency, including, but
not limited to,

Amendment 19
insert: On page 5, line 34, strike out "Sec. 324." and

Sec. 325.

Amendment 20
insert: On page 5, line 40, strike out "Sec. 325." and

Sec. 326.

Amendment 21
On page 6, line 3, after "basin" insert:
or the ability of the basin

Amendment 22
insert: On page 6, line 6, strike out "Sec. 326." and

Sec. 327.

Amendment 23



insert: On page 6, line 9, strike out "Sec. 327." and

Sec. 328.

Amendment 24

On page 6, line 18, after "entities" insert:

, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency

Amendment 25

On page 7, strike out line 4, and insert:

they have or may be granted.

Amendment 26

On page 7, line 17, strike out "the"

Amendment 27

On page 7, line 18, strike out "other"

Amendment 28

On page 7, line 19, strike out the second "to"

Amendment 29

On page 7, line 33, after the comma insert:

and

Amendment 30

On page 8, line 1, after the period, insert:

No fine shall be imposed until written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the board not less than 30 days after the date of the notice, at which time the board will consider the imposition of the fine.

Amendment 31

On page 8, line 7, after the period, insert:

No liability shall be imposed until written notice has



been given by registered mail to the alleged violator stating that a hearing will be held by the board not less than 30 days after the date of the notice, at which time the board will consider the imposition of the liability.

Amendment 32

On page 9, line 13, strike out "waste water" and insert:

wastewater

Amendment 33

On page 9, line 21, strike out "The" and insert:

In order to maximize the long-term available supply, the

Amendment 34

On page 9, line 24, strike out ", in order to" strike out line 25 and insert a period

Amendment 35

On page 9, line 31, strike out "An" and insert:

For each extraction facility, an

Amendment 36

On page 9, line 32, strike out "for each extraction facility,"

Amendment 37

On page 9, below line 40, insert:

(f) A proposed minimum amount of groundwater extraction below which the requirements of this act will not be applied.

Amendment 38

On page 10, line 4, after "basin" insert a comma

Amendment 39

On page 10, line 10, strike out ", with" strike out line 11, and insert:

in existing groundwater storage.

(6) Projected annual rainfall,

Amendment 40



insert: On page 10, line 13, strike out "(6)" and

(7)

Amendment 41

insert: On page 10, line 15, strike out "(7)" and

(8)

Amendment 42

On page 10, line 25, strike out "consideration of" strike out lines 26 to 29, inclusive, and insert:

alternative methods of managing the basin to achieve the long-term objectives of Section 601.

Amendment 43

On page 10, between lines 29 and 30, insert:

(c) The plan shall establish a minimum amount of groundwater extraction below which the requirements of this act will not be applied, which amount may be modified from time to time based on its impact on the operation of the agency.

Amendment 44

On page 10, line 38, strike out "the board determines" and insert a comma

Amendment 45

On page 10, line 39, strike out the comma

Amendment 46

On page 10, line 40, after "evidence" insert:
, the board determines

Amendment 47

On page 11, line 3, strike out the third comma

Amendment 48

insert: On page 12, line 18, strike out "water" and
groundwater

Amendment 49



On page 12, strike out lines 19 and 20, and
insert:
established that the temporary surplus is in excess of the
amount currently

Amendment 50
On page 12, line 39, strike out "shall be" and
insert:
are

Amendment 51
On page 13, line 5, after "ordinance" insert:
or resolution

Amendment 52
On page 13, line 9, after "ordinance" insert:
or resolution

Amendment 53
On page 13, line 29, after "ordinance" insert:
or resolution

Amendment 54
On page 14, line 20, after "ordinance" insert:
or resolution

Amendment 55
On page 14, line 23, after "ordinance" insert:
or resolution

Amendment 56
On page 14, line 24, strike out "as" and
insert:
in the form

Amendment 57
On page 14, line 38, after "abandoned" insert:
on or

Amendment 58
On page 15, line 9, strike out "benefit based"
and insert:



benefit-based

Amendment 59

On page 16, line 6, strike out "city's" and
insert:

City of Ojai's

Amendment 60

On page 17, line 17, strike out "provisions of"
and insert:

rights granted pursuant to

Amendment 61

On page 17, line 21, after "agency" insert:
pursuant to this article, or Article 9 (commencing with
Section 901) or Article 10 (commencing with Section 1001),

- 0 -



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California Legislature
Assembly Committee on
Local Government

SAM FARR
CHAIRMAN

RANDY PESTOR
Principal Consultant
BETTY T. YEE
Senior Consultant
TERI BROWN
Committee Secretary

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
PHONE (916) 445-6034

JULY 17, 1991

LATE POSITION PAPER

~~XXXXXXXXXX~~ BART

Support: Association of CA Water Agencies (ACWA)

SB 1019 - L. GREENE

Support: CA Chamber of Commerce

SB 1056 - BERGESON

Support: Monterey County Local Agency Formation Commission

Oppose: City of Cupertino [phone]
City of Santa Rosa
League of CA Cities
Town of Apple Valley

SB 1154 - BERGESON

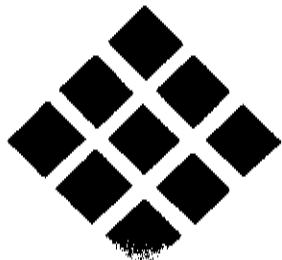
Support: Long Beach Unified School District

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late
Don. Sarr
3/20

ACWA



July 16, 1991

The Honorable Gary Hart
California State Senate
4074 State Capitol
Sacramento, California 95814

RE: Senate Bill 534

Dear Senator Hart:

The Association's Legislative Committee on Friday reviewed your Senate Bill 534, as amended June 24, which would enact the Ojai Basin Groundwater Management Agency Act, and I am pleased to advise you that ACWA now supports this bill.

The measure will provide for improved management of the Ojai Basin and will be of substantial benefit to citizens who rely on this basin for some or all of their water supply.

We will be pleased to assist you in securing passage of SB 534.

Sincerely,

Dan Smith
Legislative Advocate

DS/pah

cc: Members, Assembly Local Government Committee

910 K STREET, SUITE 250
SACRAMENTO, CA 95814-3577
(916) 441-4545
FAX - (916) 441-7893

ONE MASSACHUSETTS AVE., N.W.
SUITE 800
WASHINGTON, D.C. 20001-1431
(202) 898-1450
FAX - (202) 408-7763

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✓

LAW OFFICES
NOSSAMAN, GUTHNER, KNOX & ELLIOTT
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

WALTER L. NOSSAMAN
(1986-1984)

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LOS ANGELES, CA 90071-1602
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ORANGE COUNTY
SUITE 1250
650 TOWN CENTER DRIVE
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WRITER'S DIRECT DIAL NUMBER

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SACRAMENTO, CALIFORNIA 95814-3701
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WARREN ELLIOTT
OF COUNSEL

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SAN FRANCISCO, CA 94111-4712
(415) 398-3600

WASHINGTON, D.C.
SUITE 800
1227 25TH STREET, N. W.
WASHINGTON, D. C. 20037-1156
(202) 223-9100

REFER TO FILE NUMBER

June 28, 1991

The Honorable Sam Farr
Chair, Assembly Local Government Committee
State Capitol
Sacramento, CA 95814

Dear ~~Assembly Member Farr:~~ *Sam*

The California Water Association (CWA), a client of this firm, wishes to be recorded as supporting SB 534 (Hart), which will be heard in the Assembly Local Government Committee.

SB 534 would create the Ojai Basin Groundwater Management Agency, the board of directors of which would include representatives of specified entities, including investor-owned water utilities and mutual water companies. CWA supports this as a reasonable approach, in groundwater management, to addressing the financial exposure and the service obligations of private water suppliers.

CWA therefore urges you to support SB 534 when it comes before you in committee. Please do not hesitate to contact me if you have any questions regarding CWA's position on this measure.

Sincerely,

Meg
Margaret Catzen
Legislative Advocate

cc: The Honorable Gary Hart

128/MC:scl

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JUN 21 1991

ASSEMBLY LOCAL GOVERNMENT
COMMITTEE

June 14, 1991

Honorable Sam Farr, Chair
Assembly Committee on Local Government
State Capitol, Room 3120
Sacramento, CA 94249-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

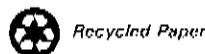
Dear Assembly Member Farr:

Your Assembly Committee on Local Government is scheduled to hear Senate Bill 534 (Hart) on July 3, 1991. The Ventura County Board of Supervisors supports SB 534.

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



Assembly Local Government Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,



MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Committee Members
Randy Pestor, Committee Consultant
Ventura County Delegation
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer
County Supervisors Association of California
Urban Counties Caucus

sb534alg.pb





**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

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800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

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MAGGIE ERICKSON KILDEE
SUPERVISOR, THIRD DISTRICT
(805) 664-2276
FAX: (805) 654-2226

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MAY 17 1991

Ans'd.....

May 13, 1991

Honorable Robert Presley, Chair
Senate Appropriations Committee
State Capitol, Room 4048
Sacramento, CA 94248-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

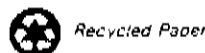
Dear Senator Presley:

Your Senate Appropriations Committee is scheduled to hear Senate Bill 534 (Hart) on May 20, 1991. The Ventura County Board of Supervisors supports SB 534.

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

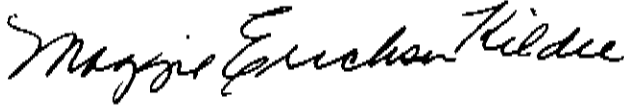
Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



Senate Appropriations Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,



MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Committee Members
Committee Consultant
Ventura County Delegation
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer
County Supervisors Association of California
Urban Counties Caucus

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Senior Canyon Mutual Water Company
603 West Ojai Avenue
Ojai, California 93023

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APR 22 1991
Ans'd.....

April 18, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The Board of Directors for Senior Canyon Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Senior Canyon Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,



Michael A. Miller
Director, Senior Canyon
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant

LEGISLATIVE INTENT SERVICE (800) 666-1917



HERMITAGE MUTUAL WATER COMPANY

**2376 Gridley Road
Ojai, CA 93023
805-646-8195**

**RECEIVED
APR 15 1991**

Ans'd.....

April 11, 1991

**The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814**

Re: Senate Bill 534

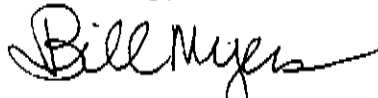
Dear Senator Hart:

The Board of Directors of the Hermitage Mutual Water Company has reviewed the legislation introduced as Senate Bill 534. Our Board unanimously supports this legislation and the creation of the Ojai Basin Groundwater Management Agency.

The residents of the Ojai Valley can best be served with a long term groundwater management plan that balances annual replenishment and extractions in the Ojai Basin. Creating the Ojai Agency will allow the Ojai Valley to speak as One in cooperating with Ventura County in it's Emergency Drought Program.

Your help in sponsoring Senate Bill 534 is greatly appreciated by the Hermitage Mutual Water Company.

Sincerely,



**William G. Myers
President**



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

June 5, 1991

Governor's Office
State Capitol
Sacramento, CA 95814

Attention: Mr. Kevin Sloat,
Deputy Legislative Secretary

RE: SENATE BILL 534 (HART)

Dear Mr. Sloat:

The Ojai Water Conservation District and it's Agricultural Members urge Governor Wilson to support Senate Bill 534, creating the Ojai Basin Groundwater Management Agency.

At the suggestion of Mr. John Amodio, I am taking the liberty to solicit your support.

The Ojai Groundwater Basin furnishes approximately 45% of the water to the Ojai Valley - Agricultural and Municipal (City of Ojai). Casitas Municipal Water District furnishes the remaining 55% of water supply. Current costs to pump water from the Ojai Basin approximate \$70 per acre foot.

On May 29, 1991, the Casitas Board of Directors certified the EIR to build a Filtration Plant, under a California DOHS edict enforcing the 1986 Safe Drinking Water Act. The cost of the Filtration Plant is expected to raise agricultural water rates from the present \$88/acre foot to a projected \$238/acre foot. The Ojai Groundwater Basin is not large - 25,500 acre feet available supply. The Basin is neither managed nor adjudicated. We are concerned that with greatly increased Casitas water rates, agricultural users will either drill new wells or reactivate old wells, in order to produce less expensive water from the Ojai Basin. Such activity, in a few years, could "Over-Draft" the Basin.

We urge the Governor to support SB 534, and allow the water users in the Ojai Valley to manage their Basin in order to protect their most vital resource - the groundwater in the Ojai Valley.

Sincerely,



Carl F. Huntsinger





CITY OF OJAI

401 SOUTH VENTURA STREET
P.O. BOX 1570/OJAI, CALIF. 93023
TELEPHONE (805) 646-5581

RECEIVED
MAR 28 1991

NINA V. SHELLEY
MAYOR
646-5581/646-4046/646-6890

Ans'd.....

26 March 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The City Council has reviewed the legislation introduced as S.B. 534 to provide for the creation of an Ojai Groundwater Management Agency. Our Council unanimously supports this legislation, and we appreciate your efforts in drafting and introducing it to the State Senate.

As you know, the primary benefit of this legislation is that it will provide an opportunity for the community to plan and manage our local groundwater resources at the local level. This will allow us to undertake coordinated conservation efforts and study how we can obtain maximum beneficial utilization of the resource.

Balancing our State's water supply and demand is becoming ever more difficult. This type of local initiative can facilitate responsible public management in order to protect the groundwater from overdraft, while using it effectively and efficiently.

The City Council and staff will be available during the legislative hearings on this bill to respond to questions and help in any way we can.

Sincerely,

Nina V. Shelley
Mayor

c: Assemblywoman Cathie Wright
Casitas Municipal Water Dist.
Ojai Water Conservation Dist.
Southern California Water Co.

LEGISLATIVE INTENT SERVICE (800) 666-1917



HUNTSINGER OJAI RANCHES

214 E. MATILIDA AVE. 646-8165
OJAI, CA 93022

June 5, 1991

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JUN 10 1991

Ans'd.....

Honorable Dominic Cortese, Chairman
Assembly Water, Parks and Wildlife Committee
State Capitol - Room 6031
Sacramento, California 954249-0001

RE: SENATE BILL 534 (HART)

Dear Assembly Member Cortese:

I am writing to ask for your support and that of your Committee, to approve Senate Bill 534 creating the Ojai Basin Groundwater Management Agency.

We are active citrus growers in the Ojai Valley, farming approximately one hundred fifty (150) acres of Valencia oranges. All of our acreage is contained within the Ojai Valley Water Conservation District. Our citrus acreage utilizes well water from the Ojai Basin. We have experienced a considerable drop in water level during this five-year drought - in particular during this past year.

Casitas deliveries currently exceed the "Safe-Yield" of the Casitas Reservoir. Casitas plans to institute an allocation program for agricultural users, starting July 1, 1991. On May 29, 1991 the Casitas Board of Directors certified the EIR for a Filtration Plant that is expected to increase water costs for agricultural users approximately 170%. Such an increase in Casitas water rates will force Ojai Valley agriculture to either reactivate old wells or drill new wells. Such activity in a small (Available Capacity - 25,000 AF), non-managed, unadjudicated groundwater basin could in a few years lead to an "Over-Draft" condition.

Agriculture in the Ojai Valley recognizes the need for long term management of the Basin. We would appreciate your support for SB 534, to help us protect our most vital resource - the groundwater supply in the Ojai Valley.

Sincerely,



Carl F. Huntsinger

cc: Honorable Senator
Gary K. Hart

LEGISLATIVE INTENT SERVICE (800) 666-1917





1055 Ventura Avenue
P.O. Box 37
Oak View, CA 93022
805-649-2251
Fax 805-649-3001

April 10, 1991

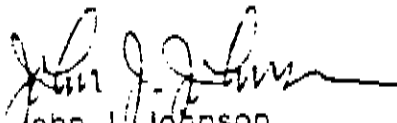
The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

On Monday, April 8, 1991, the Casitas Municipal Water District Board of Directors adopted a resolution (see attachment) in support of the formation of the Ojai Basin Groundwater Management Agency. It is the belief of this Board that water is a precious commodity in these days and years of drought and that all sources of groundwater should be carefully managed for the benefit of all users in this area. This proposed Agency would work to accomplish the responsible management of the groundwater within the boundaries of this agreement.

Casitas Municipal Water District appreciates your support in the form of SB 534. Casitas will be happy to offer any assistance possible as you proceed through the hearings on this legislation.

Very truly yours,


John J. Johnson
General Manager

JJJ:ep
Attachment

cc: Carl Huntsinger ✓
Southern California Water Company
Ojai Water Conservation District
City of Ojai

- Bill Hicks
Director
- William C. Austin
Director
- Laurence R. Wheeler
Director
- A. Aviles
Director
- James W. Gaultas
Director
- John L. Johnson
General Manager
- James D. Loebl
Director
- Rona J. Morse
Auditor

LEGISLATIVE INTENT SERVICE (800) 666-1917



CASITAS MUNICIPAL WATER DISTRICT

A RESOLUTION SUPPORTING THE ESTABLISHMENT OF THE OJAI BASIN
GROUNDWATER MANAGEMENT AGENCY AND RECOMMENDING THAT THE
STATE LEGISLATURE APPROVE THAT PROPOSED ACT

RESOLUTION NO. 91-30

WHEREAS, the Ojai Basin is a critical water storage basin within the boundaries of Casitas; and

WHEREAS, this Basin has no management currently going on; and

WHEREAS, there are indications from Casitas' supply and demand study that demands upon this Basin may exceed its supplies; and

WHEREAS, it is in the interest of Casitas to seek to help manage that Basin so that supplies and demands are matched; and

WHEREAS, Casitas has worked with the City of Ojai, the Ojai Groundwater Conservation District, the Southern California Water Company and mutuals in the area to develop a draft act for consideration by the Legislature; and

WHEREAS, this act will only use staff from the agencies involved to complete the work, thus maintaining tight control over expenses; and

WHEREAS, ultimately this agency will be supported by those persons or agencies withdrawing water from the Ojai Groundwater Basin, and

WHEREAS, Casitas MWD and this agency will work together to maximize the conjunctive use of the Basin; and

WHEREAS, after review of this act staff has recommended that the Board support this act to Senator Hart and the State Legislature;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Casitas Municipal Water District that the Ojai Basin Groundwater Management Agency Act is supported by Casitas and staff is charged with the duty to support this Act in the Legislature and to request that Senator Hart carry and pass the legislation on behalf of this district and others.

ADOPTED this 8th day of April, 1991.



President, Casitas
Municipal Water District

ATTEST:



Secretary-Treasurer, Casitas
Municipal Water District

LEGISLATIVE INTENT SERVICE (800) 666-1917





**BOARD OF SUPERVISORS
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FAX: (805) 654-2226

May 21, 1991

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To <i>Assemblyman Cortese</i>	From <i>Supervisor Erickson Kildee</i>
Co. <i>Assembly Water, Parks</i>	Co. <i>Ventura County</i>
Dept. <i>Wildlife</i>	Phone # <i>805-654-2276</i>
Fax # <i>916-323 8898</i>	Fax # <i>654-2226</i>

FAX LETTER

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

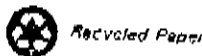
Dear Assembly Member Cortese:

Your Assembly Committee on Water, Parks, and Wildlife is scheduled to hear Senate Bill 534 (Hart) on May 23, 1991. The Ventura County Board of Supervisors supports SB 534.

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



LEGISLATIVE INTENT SERVICE (800) 666-1917

Assembly Water, Parks and Wildlife Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,



MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer

sb534awp&w.pb

LEGISLATIVE INTENT SERVICE (800) 666-1917



BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

TUESDAY, APRIL 30, 1991 AT 8:30 A.M.

601.1

ALL MEMBERS PRESENT

After hearing testimony of Thomas Munzig, Carl Huntsinger, Andrew Belknap and Mrs. R. C. Davis, upon motion of Supervisor Lacey, seconded by Supervisor Howard, and duly carried, the Board hereby approves the following matter:



BOARD OF SUPERVISORS
COUNTY OF VENTURA

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

MEMBERS OF THE BOARD

MAGGIE ERICKSON KILDEE
Chair

SUSAN K. LACEY
MARIA E. VANDERKOLK
VICKY HOWARD
JOHN K. FLYNN

MAGGIE ERICKSON KILDEE
SUPERVISOR, THIRD DISTRICT
(805) 654-2276
FAX: (805) 654-2226

April 30, 1991

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

RECOMMENDATION:

It is recommended that the Board of Supervisors support SB 534 (Hart), Ojai Groundwater Management Agency.

DISCUSSION:

Senator Gary Hart has introduced legislation which would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

This legislation is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.

I urge your support of SB 534.

Sincerely,

MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

COPIES TO:

Sup. Dist. 3
CAO (2)
PWA
Files (2)
Item 26
4/30/91 rr



Siete Robles Mutual Water Company

Ojai Professional Building 603 West Ojai Avenue Ojai, California 93023
Telephone: Office 646-4321 Maintenance 646-5875

May 1, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, CA 95814

Dear Senator Hart:

The Board of Directors for Siete Robles Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Siete Robles Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,



Russell Nelson
President, Siete Robles
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant



Senior Canyon Mutual Water Company
603 West Ojai Avenue
Ojai, California 93023

April 18, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The Board of Directors for Senior Canyon Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Senior Canyon Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,

Michael A. Miller
Director, Senior Canyon
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant



HERMITAGE MUTUAL WATER COMPANY
2376 Gridley Road
Ojai, CA 93023
805-646-8195

April 11, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Re: Senate Bill 534

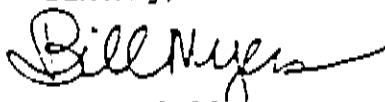
Dear Senator Hart:

The Board of Directors of the Hermitage Mutual Water Company has reviewed the legislation introduced as Senate Bill 534. Our Board unanimously supports this legislation and the creation of the Ojai Basin Groundwater Management Agency.

The residents of the Ojai Valley can best be served with a long term groundwater management plan that balances annual replenishment and extractions in the Ojai Basin. Creating the Ojai Agency will allow the Ojai Valley to speak as One in cooperating with Ventura County in it's Emergency Drought Program.

Your help in sponsoring Senate Bill 534 is greatly appreciated by the Hermitage Mutual Water Company.

Sincerely,



William G. Myers
President





SOUTHERN CALIFORNIA WATER COMPANY

630 EAST FOOTHILL BLVD • SAN DIMAS, CALIFORNIA 91773 • (714) 394-3600 • FAX (714) 394-0711

April 11, 1991

Senator Gary Hart
18th Senatorial District
1216 State Street
Santa Barbara, CA 93101

RE: Ojai Basin Groundwater Management Agency

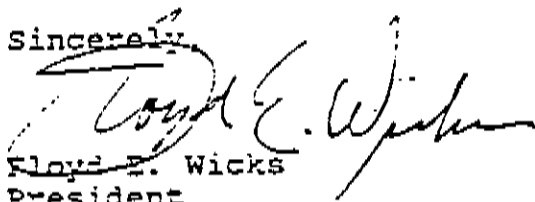
Dear Senator Hart:

In January of this year, we wrote you to express our grave concern over the formation of a groundwater management agency in the Ojai Valley. We felt that important but controversial groundwater management legislation was being hurriedly drafted for introduction into the State Legislature. Accordingly, we questioned the need for the legislation and the motives of those sponsoring the proposal.

We are now pleased to rescind our previous letter and announce our unqualified support for the legislation you have been requested to sponsor. Representatives from a wide variety of interests labored countless hours in developing the current proposal. We believe that, in its current form, the legislation establishes a groundwater management authority which will insure effective groundwater management for years to come. Moreover, it fairly distributes power among representatives of three public agencies, private mutual water companies and a public utility.

We thank you for your willingness to carry this important legislation. If we can provide you with any further assistance or support, please call.

Sincerely,


Floyd E. Wicks
President

FEW:gb

cc: Ojai City Manager, Andrew Belknap
Casitas MWD, John Johnson
Ojai Water Conservation District, Carl Huntsinger



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

COPY

April 8, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

At its March 14th, 1991 meeting, the Ojai Water Conservation District, after careful consideration and numerous public meetings, unanimously adopted draft legislation to form the Ojai Basin Groundwater Management Agency.

This draft was forwarded to your office by our Sacramento attorney, Mr. George Basye, in March. It is proposed that the draft be substituted for Senate Spot Bill Number 534, introduced by you February 27, 1991.

It is our firm belief that by forming a Joint Powers Agreement with Casitas Municipal Water District, and the City of Ojai, that we can successfully manage and protect the Ojai basin's groundwater. Balancing the long term annual replenishment and extractions in the Ojai basin will be of significant benefit to all of the residents of the Ojai Valley and will help mitigate the effects of the current and possible future droughts.

Your help in sponsoring this bill is greatly appreciated by the Board of Directors of our Water Conservation District and the many farmers and ranchers in Ojai whom we represent. Thank you again for your efforts on our behalf.

Sincerely,

OJAI WATER CONSERVATION DISTRICT

Charles E. Whipple II
President

c: Beverly O'Gorman, Legislative Assistant ;
Andrew S. Belknap, City of Ojai
John J. Johnson, Casitas Municipal Water District

(800) 666-1917

LEGISLATIVE INTENT SERVICE





CITY OF OJAI

401 SOUTH VENTURA STREET
P.O. BOX 1570/OJAI, CALIF. 93023
TELEPHONE (805) 646-5581

MINA V. SHELLEY
MAYOR

646-5581/646-4045/646-5890

26 March 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The City Council has reviewed the legislation introduced as S.B. 534 to provide for the creation of an Ojai Groundwater Management Agency. Our Council unanimously supports this legislation, and we appreciate your efforts in drafting and introducing it to the State Senate.

As you know, the primary benefit of this legislation is that it will provide an opportunity for the community to plan and manage our local groundwater resources at the local level. This will allow us to undertake coordinated conservation efforts and study how we can obtain maximum beneficial utilization of the resource.

Balancing our State's water supply and demand is becoming ever more difficult. This type of local initiative can facilitate responsible public management in order to protect the groundwater from overdraft, while using it effectively and efficiently.

The City Council and staff will be available during the legislative hearings on this bill to respond to questions and help in any way we can.

Sincerely,

Nina V. Shelley
Mayor

c: Assemblywoman Cathie Wright
Casitas Municipal Water Dist.
Ojai Water Conservation Dist.
Southern California Water Co.

LEGISLATIVE INTENT SERVICE (800) 666-1917



Roger Essick
2655 Hermitage Road
Ojai, California 93023

June 4, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

Re: Senate Bill 534 (Hart) Ojai Groundwater Management Agency

Dear Assembly Member Cortese:

As a citrus and avocado grower in the Ojai Valley, I am writing to urge your support of Senate Bill 534 (Hart) which establishes the Ojai Groundwater Management Agency.

The Ojai Valley relies totally on local water sources from the Ojai Basin and Lake Casitas, but we are fast approaching or at safe yield from both sources, and need this groundwater management agency to effectively manage our resources.

Pressure is building to increase usage of Ojai Basin water and more wells are being drilled. This situation is bound to worsen as Casitas Municipal Water District is required to build a \$27.8 million filtration facility. Although not required for agricultural usage this filtration plant will triple current AG water rates, which will stimulate more well drilling and lead to an overdraft of the Ojai Basin if local management is not available.

Please support S.B. 534 which will allow us to responsibly manage our local water resource before we're in trouble.

Sincerely,



Roger Essick



Huntsinger Live Oak Ranch

1388 Orange Road Ojai, CA 93023 (805) 640-0382

June, 5, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

RE: Senate Bill 534 (Hart) Ojai Groundwater Management
Agency

Dear Assembly Member Cortese:

I am a commercial citrus rancher in the Ojai valley and am writing in support of Senate Bill #534 (Hart) which is scheduled to be heard by your committee sometime in June.

As you are well aware, the deepening drought in California has become a serious problem for agriculture in this state. Ventura County with its extensive agricultural interests will undoubtedly be severely affected.

Recently, a Senate Bill has been drafted whose purpose is to manage the groundwater of the Ojai Valley Basin. Since almost all of the water my ranch uses is from this source, I feel that some type of management is necessary to ensure that I and other ranchers can continue to use this valuable resource without undue worry of depletion. As a member of the Ojai Water Conservation District I have become all too familiar with the ease with which the Ojai Groundwater Basin could become overdrawn. This scenario becomes all the more likely when farmers who are currently irrigating with water from the Casitas Water District are faced with an inevitable rise in water rates due to the funding needs of the soon to be built Casitas Filtration Plant. These farmers will quite naturally seek to irrigate their land with less expensive water pumped from the Ojai Groundwater basin.

In light of the multitude of factors putting pressure on the Ojai Valley's Groundwater Basin, and its extreme importance to agriculture in the area, I recommend total support for the proposed Senate Bill 534 which will create an Ojai agency whose purpose is to judiciously manage the Ojai Groundwater Basin.

Sincerely,

Eric Huntsinger
Eric Huntsinger

LEGISLATIVE INTENT SERVICE (800) 666-1917



WILLIAM G. MYERS
LA ARCADE BUILDING
1114 STATE STREET, SUITE 100
SANTA BARBARA, CALIFORNIA 93101

June 7, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

Re: Senate Bill 534 (Hart) Ojai Groundwater
Management Agency

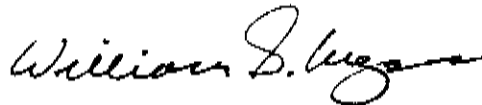
Dear Assembly Member Cortese

Senate Bill 354 is important to me, a resident
and rancher in the Ojai Valley, and I am
strongly in favor of passage of the Bill.

With construction of the filtration plant by
the Casitas Municipal Water District, the
pumping of underground water from the Ojai
Basin is likely to increase drastically. The
passage of SB 354 would provide the Ojai Water
Conservation District a mechanism that will
enable protection of the Basin from serious
over draft. We feel is very important to
continue agricultural operations in Ojai and
it is also important to providing adequate
water to the city of Ojai.

We would appreciate your support of SB 354.

Respectfully yours,



William G. Myers, President
Ojai Ranch & Investment Company



The Hermitage
2484 Gridley Road, Ojai, California 93023
(805) 646-7490

June 5, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol - Room 6031
Sacramento, CA. 94249-0001

RE: Senate Bill 534 (HART)
Ojai Groundwater Management Agency

Dear Assembly Member Cortese:

As a Rancher in the Ojai Valley for 21 years, I am greatly concerned regarding the management of the Ojai Basin Water supply.

I fully support the formation of Senate Bill 534 that would in effect create an Ojai Agency for management of our water supply. After a five-year drought, undoubtedly, there exists a basin overdraft. And what with the proposed Casitas Filtration cost put into Casitas water rates, it would be questionable if small ranchers, could survive.

This, certainly, cannot happen. We must keep Ojai green and healthy and producing the finest avocados and citrus.

Thank you for your attention and concern.

Respectfully,



William H. Thomas
HERMITAGE RANCH CO.



TOPPA RANCH & NURSERY, INC. TOPPA

May 31, 1991

The Honorable Dominic Cortese, Chairman
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, California 94249

Dear Assembly Member Cortese:

I would like to take this opportunity to ask for your support to pass the Ojai Basin Groundwater Management Agency legislation as introduced by Senator Hart (SB 534).

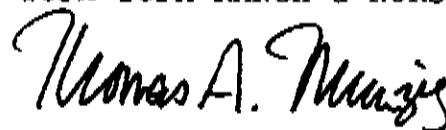
As active citrus growers in the Ojai Valley, farming 400 acres within the Ojai Water Conservation District, we recognize the need for long term water management. During this five year drought, this need has become even more critical, especially in light of increased demands on the valley's underground water source and the dramatic drop in the water level of our own well.

In addition, the state mandated Casitas Municipal Water District's water filtration plant is expected to increase our purchased water costs by as much as 170%, forcing many more of us to depend even more on Ojai's groundwater for irrigation.

The proposed Ojai Basin Groundwater Management Agency has our wholehearted support and enthusiasm to help protect this vital resource. Our friends and neighbors join us in thanking you in advance for any assistance you might render in helping to pass this vital water legislation.

Sincerely,

TOPA TOPA RANCH & NURSERY, INC.



Thomas A. Munzig
President

c: Honorable Gary K. Hart

600 McAndrew Road / Ojai, California 93023 / (805) 646-1520



PRICE, POSTEL & PARMA

COUNSELLORS AT LAW
200 EAST CARRILLO STREET
SANTA BARBARA, CALIFORNIA
93101-2190

MAILING ADDRESS P. O. BOX 99
93102-0099

TELEPHONE (805) 962-0011
TELECOPIER (805) 965-3978

RETIRED PARTNERS
HAROLD A. PARMA
H. CLARKE GAINES

SOLVANG OFFICE
433 ALIBAL ROAD, SUITE 1
SOLVANG, CALIFORNIA 93483
MAILING ADDRESS P. O. BOX 1639
SOLVANG, CALIFORNIA 93464
TELEPHONE (805) 688-4950

OUR FILE NUMBER

16603

ROBERT M. JONES
GERALD S. THEDE
ARTHUR R. GAUDI
JAMES H. HURLEY, JR.
JOHN KERR WILSON
C. MICHAEL COONEY
TERRY JOHN CONNERY
J. TERRY SCHWARTZ
DAVID W. VAN HORNE
PETER D. SLAUGHTER
BARTON E. CLEMENS, JR.
DOUGLAS D. ROSSI
LANI MEANLEY COLLINS
ERIC P. HVOLEBALL
DAVID K. HUGHES
R. EDWARD HUTO
ROBERT S. PATTERSON
RICHARD A. CROSS
CRAIG A. PARTON
KENNETH J. PONTIFEX
CLYDE E. WULLBRANDT
CHRISTOPHER E. HASKELL
DENISE L. RANDOLPH
ELIZABETH A. WEST FRAWLEY
RAYMOND J. SETO
CHAD S. ENLER

July 15, 1991

RECEIVED

JUL 19 1991

ASSEMBLY LEGISLATIVE INTENT
COMMITTEE

Mr. Randy Pastor
Principal Consultant
State Capital Room 3120
Sacramento, CA 95814

Re: SB 534

Dear Mr. Pastor:

Thank you for speaking with me this morning about the above-referenced legislation and, in particular, about whether the inclusion therein at various points of the phrase "ordinance or resolution" has any constitutional or other infirmities which recommend against its use in the proposed legislation. As a result of our conversation, I have gone ahead and taken a look at that question and determined that there is no reason why the phrase "ordinance or resolution" cannot be used at any point in SB 534. The basis for this conclusion is, briefly, as follows.

Article IV, Section 1 of the California Constitution grants the power of referendum to the people of the State. This power is, in the words of one court, "the same as the Legislature's approval of a bill The power is to determine whether a Legislative act should become law." Midway Orchards v. County of Butte, 220 Cal. App. 3d 765, 780-81 (1990) (emphasis in original). The power exists regardless of whether the Legislature has statutorily provided the means for its exercise. Id. at 768. Therefore, where (as here) the Legislature has failed expressly to provide that the resolutions of special districts and similar local government agencies are subject to the power of referendum (see Elec. Code § 5200), the court has inherent authority to remedy any such failure by determining a procedure which enables the exercise of the power. Id. at 778-80. In addition, the accepted wisdom that resolutions ordinarily take effect immediately upon adoption does not apply. Rather, for any resolution constituting a legislative act, and for which the Legislature has failed to specify a referendum procedure, the resolution remains subject to referendum and does not take effect until the time when an ordinance would take effect, i.e., 30 days from the date of adoption. Id. at 779-82.

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Mr. Randy Pastor
July 15, 1991
Page 2

In sum, therefore, any resolution which entails the exercise of legislative power is subject to the power of referendum, regardless of whether the Legislature has provided a statutory procedure by which the power of referendum may be exercised and regardless of the accepted wisdom that resolutions apply from the moment of adoption.

The preceding analysis is sufficient, I believe, to put to rest any concern that use of the phrase "ordinance or resolution" in Senate Bill 534 would somehow deprive the people of the power of referendum as to any agency action to which that power applies.

If you have any questions about the above or if I can be of further assistance, please do not hesitate to let me know.

Very truly yours,



Richard A. Cross
for PRICE, POSTEL & PARMA

RAC/sh

cc: George Bayse, Esq.
Mr. Joe Caves
Scott Slater, Esq.
Andrew Belknap, City Manager
Monte L. Widders, Esq.



MEMBERS
XAVIER BECERRA
PAULA BOLAND
SAL CANNELLA
CHRIS CHANDLER
ROBERT FRAZEE
MIKE GOTCH
TOM HANNIGAN
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BILL LANCASTER
WILLARD MURRAY

California Legislature
Assembly Committee on
Local Government

SAM FARR
CHAIRMAN

RANDY PESTOR
Principal Consultant
BETTY T. YEE
Senior Consultant
TERI BROWN
Committee Secretary

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
PHONE (916) 445-6034

August 9, 1991

Honorable Willie L. Brown, Jr.
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

Dear *Willie* Speaker Brown:

I request that Joint Rule 61(a) be waived for the following three Senate bills to be heard by a second policy committee:

SB 534	(Hart)	Ojai Basin Groundwater Management District.
SB 992	(Royce)	Infrastructure financing districts.
SB 1019	(L. Greene)	Housing elements: reports.

A subject matter in these measures also falls within the purview of the Assembly Water, Parks and Wildlife Committee in the case of SB 534 and the Assembly Housing and Community Development Committee in the case of SB 992 and SB 1019. The chairs of these respective committees requested that they hear these bills.

These measures were originally set for hearing by the Assembly Local Government Committee on July 3, 1991, in ample time to honor these requests, but due to consecutive floor session on budget matters, you requested that the hearing be cancelled. These bills were reset for hearing on July 17, 1991, subsequently passed out, but due to these extenuating circumstances, the July 19 fiscal deadline could not be met for all committees.

Please contact my office regarding your action on these measures.

Sincerely,

Sam
SAM FARR

SF:dm

cc: Honorable Dan Hauser
Honorable Dom Cortese
Honorable Gary Hart
Honorable Ed Royce
Honorable Leroy Greene

MEMBERS
XAVIER BECERRA
PAULA BOLAND
SAL CANNELLA
CHRIS CHANDLER
ROBERT FRAZEE
MIKE GOTCH
TOM HANNIGAN
TERESA HUGHES
BILL LANCASTER
WILLARD MURRAY

California Legislature
Assembly Committee on
Local Government

SAM FARR
CHAIRMAN

RANDY PESTOR
Principal Consultant
BETTY T. YEE
Senior Consultant
TERI BROWN
Committee Secretary

STATE CAPITOL
P. O. BOX 942848
SACRAMENTO, CA 94249-0001
PHONE (916) 445-6034

August 9, 1991

Honorable Tom Bane, Chair
Assembly Rules Committee
State Capitol, Room 3016
Sacramento, CA 95814

Dear Chairman Bane:

I request that Joint Rule 61(a) be waived for the following three Senate bills to be heard by a second policy committee:

SB 534	(Hart)	Ojai Basin Groundwater Management District.
SB 992	(Royce)	Infrastructure financing districts.
SB 1019	(L. Greene)	Housing elements: reports.

A subject matter in these measures also falls within the purview of the Assembly Water, Parks and Wildlife Committee in the case of SB 534 and the Assembly Housing and Community Development Committee in the case of SB 992 and SB 1019. The chairs of these respective committees requested that they hear these bills.

These measures were originally set for hearing by the Assembly Local Government Committee on July 3, 1991, in ample time to honor these requests, but due to consecutive floor session on budget matters, the hearing was cancelled. These bills were reset for hearing on July 17, 1991, subsequently passed out, but due to these extenuating circumstances, the July 19 fiscal deadline could not be met for all committees.

Your favorable consideration of this matter would be much appreciated.

Sincerely,



SAM FARR

SF:dm

cc: Honorable Dan Hauser
Honorable Dom Cortese
Honorable Gary Hart
Honorable Ed Royce
Honorable Leroy Greene



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Sam Farr, Chair

SB 534 (Hart) - As Amended: ^{Sept. 3, 1991} June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	L. GOV.	VOTE>	10-0	COMMITTEE	W. P. & W.	VOTE>	11-0
	<i>(Unanimous Consent)</i>				<i>(Unanimous Consent)</i>		
COMMITTEE	W. & M.	VOTE>	23-0	COMMITTEE		VOTE	
	<i>(Unanimous Consent)</i>						

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by ~~any~~ ^{any} entities ~~with representatives on the board.~~
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will

- continued -

not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), ~~standby charges~~ *management charges* (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges *to property* (based on groundwater extraction statements). *with zones of benefit*
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) ~~Background.~~

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. ~~Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.~~

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is

- continued -

LEGISLATIVE INTENT SERVICE (800) 691-1177

** insert the 3 other districts*

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

~~This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)~~

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction charges with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

- | | |
|--|---------------|
| Ojai Water Conservation District [SPONSOR] | None on file. |
| Ventura County | |
| CA Water Assoc. | |
| Casitas Municipal Water District | |
| City of Ojai | |
| Hermitage Mutual Water Company | |
| Ojai Water Conservation District | |
| Siete Robles Mutual Water Company | |
| Senior Canyon Mutual Water Company | |
| Southern California Water Company | |
| Huntsinger Live Oak Ranch | |
| Huntsinger Ojai Ranches | |
| The Hermitage | |
| Topa Topa Ranch & Nursery, Inc. | |
| Roger Essick | |
| William G. Myers | |

Randy Pestor
445-6034
7/1/91:algov

Display 1991-1992 Votes - ROLL CALL

MEASURE: SB 534
 DATE: 08/29/91
 LOCATION: ASM. W. & M.
 MOTION: Do pass as amended, to Consent Calendar.
 (Ayes 23. Noes 0.) (PASS)

AYES

Vasconcellos	Wright	Allen	Baker
Burton	Campbell	Clute	Costa
Eaves	Epple	Felando	Filante
Frizzelle	Hannigan	Hansen	Hughes
Murray	Nolan	O'Connell	Polanco
Roybal-Allard	Tucker	Woodruff	

NOES

ABSENT, ABSTAINING, OR NOT VOTING



WAYS AND MEANS COMMITTEE ANALYSIS

Author: Hart

Amended: 08/26/91

Bill No.: SB 534

Policy Committee: L. Gov.

Vote: 10-00

Urgency: No

Hearing Date: 08/29/91

State Mandated Local Program: Yes

Staff Comments By:

Reimbursable: No

Michael Reyna

Summary

This bill establishes the Ojai Basin Groundwater Management Agency, which would be governed by a board of directors, as specified. Among other things, the bill requires the agency to prepare groundwater management plans and authorizes the agency to levy specified groundwater management charges, standby charges and extraction charges.

Fiscal

Unknown local costs to establish the new agency and prepare the required plan; not state reimbursable. The bill contains a self-financing disclaimer.



7/20/91

AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

Amendment 1

On page 5, line 35, after "Export" insert:

means

Amendment 2

On page 9, lines 7 to 8, strike out "from which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," and insert:

shall

Amendment 4

On page 9, strike out lines 34 to 38 and insert:

comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of the Government Code), and may adopt as an urgency measure an interim ordinance. That urgency measure shall require a four-fifths vote of the board for adoption. The interim ordinance shall be of no further force and effect 45 days from its adoption. After a noticed public hearing, the board may extend the interim ordinance for 10 months and 15 days by a four-fifths vote of the board.

Amendment 5

On page 11, line 16, after "objectives" insert:

, following a determination that groundwater management activities may be necessary

Amendment 6

On page 12, line 12, strike out "and" and insert:

,

Amendment 7

On page 12, line 13, after "replenishment" insert:

, and water conservation activities

Amendment 8

On page 13, line 27, after the third comma insert:

including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code),

Amendment 9

On page 13, line 31, strike out "or resolution,"

LEGISLATIVE INTENT SERVICE (800) 666-1917



Amendment 10

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 11

On page 15, lines 33 to 34, strike out "or resolution"

Amendment 12

On page 15, lines 37 to 38, strike out "or resolution"

Amendment 13

On page 16, line 17, strike out "or resolution"

Amendment 14

On page 17, line 9, strike out "or resolution"

Amendment 15

On page 17, lines 13 to 14, strike out "or resolution"

Amendment 16

On page 17, line 21, after "facility" insert:

compared to the number of acres owned or leased

Amendment 17

On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 18

On page 18, line 24, strike out "Standby" and insert:

Management

Amendment 19

On page 18, line 26, strike out "standby" and insert:

management

Amendment 20

On page 18, line 30, strike out "standby" and insert:

management

Amendment 21

On page 18, line 33, strike out "standby" and insert:

management



Amendment 22
On page 18, line 36, strike out "standby" and insert:
management

Amendment 23
On page 18, line 40, strike out "standby" and insert:
management

Amendment 24
On page 19, line 8, strike out "standby" and insert:
management

Amendment 25
On page 19, line 11, strike out "standby" and insert:
management

Amendment 26
On page 19, line 15, strike out "standby fees" and insert:
management charges

Amendment 27
On page 19, line 19, strike out "standby" and insert:
management

Amendment 28
On page 19, line 24, strike out "standby" and insert:
management

Amendment 29
On page 19, line 26, after "1101." insert:
(a)

Amendment 30
On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall describe the boundaries of the zones of benefit. The board may amend zone of benefit



boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones.

Amendment 31

On page 19, strike out lines 36 to 40 and insert:

1102. (a) Before the levy of groundwater extraction charges, the board of directors shall after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Amendment 32

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101



SB 534 (Hart)
Analyzed: 07/02/91

ASSEMBLY LOCAL GOVERNMENT COMMITTEE
REPUBLICAN ANALYSIS

SB 534 (Hart) -- CREATES OJAI WATER MANAGEMENT AGENCY
Version: 6/24/91 Lead Republican: Bob Frazee
Recommendation: Oppose Vote: Majority

Summary: Creates the Ojai Basin Groundwater Management Agency to enforce groundwater management in a portion of the Ojai Basin watershed. Authorizes the agency to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements). Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions. **Fiscal effect:** Agency costs are not reimbursable, contains fee disclaimer.

Supported by: Ojai Water Conservation District; Ventura County; CA Water Assoc.; Casitas Municipal Water District; City of Ojai; Hermitage Mutual Water Company; Ojai Water Conservation District; Siete Robles Mutual Water Company; Senior Canyon Mutual Water Company, Southern California Water Company. **Opposed by:** None on file. **Governor's position:** Unknown.

Comments: Responds to a number of local agency representatives and agricultural interests who assert that an agency is necessary to manage the groundwater basin because it is not adjudicated, and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

This bill allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. This bill should distinguish more specifically the purposes for these charges. It also should specify that any charges not exceed the annual costs. The authorization for standby charges should be deleted, because the agency manages groundwater and does not supply water to customers.

This bill declares that groundwater management activities are of equal benefit to all operators of groundwater extraction facilities. However, the benefits and any associated costs should be more directly linked to groundwater management

//



activities and services.

This bill allows the agency to pass "emergency ordinances" without a limitation as to duration, without public notice and without a public hearing. To afford minimal due process, this bill should be amended to provide provisions for adequate notice and public hearing. Furthermore, "emergency ordinances" should have automatic sunsets so that the existence and nature of the "emergency" may be reviewed.

Senate Republican Floor vote -- 5/24/91

(35-0) Ayes: All Republicans voting except
Abs./N.V.: Leslie

Assembly Republican Committee vote

Local Govt. -- 7/17/91

(>) Ayes: >
Noes: >
Abs.: >
N.V.: >

Consultant: Jim Meyer



AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

*Conventions
for 7/17/91
Version*

Amendment 1

On page 5, line 35, after "Export" insert:

means

Amendment 2

On page 9, lines 7 to 8, strike out "from which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," and insert:

shall

Amendment 4

On page 9, strike out lines 34 to 38 and insert:

comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of the Government Code), and may adopt as an urgency measure an interim ordinance. That urgency measure shall require a four-fifths vote of the board for adoption. The interim ordinance shall be of no further force and effect 45 days from its adoption. After a noticed public hearing, the board may extend the interim ordinance for 10 months and 15 days by a four-fifths vote of the board.

Amendment 5

On page 11, line 16, after "objectives" insert:

, following a determination that groundwater management activities may be necessary

Amendment 6

On page 12, line 12, strike out "and" and insert:

Amendment 7

On page 12, line 13, after "replenishment" insert:

, and water conservation activities

Amendment 8

On page 13, line 27, after the third comma insert:

including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code),

Amendment 9

On page 13, line 31, strike out "or resolution,"



Amendment 10

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 11

On page 15, lines 33 to 34, strike out "or resolution"

Amendment 12

On page 15, lines 37 to 38, strike out "or resolution"

Amendment 13

On page 16, line 17, strike out "or resolution"

Amendment 14

On page 17, line 9, strike out "or resolution"

Amendment 15

On page 17, lines 13 to 14, strike out "or resolution"

Amendment 16

On page 17, line 21, after "facility" insert:

compared to the number of acres owned or leased

Amendment 17

On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 18

On page 18, line 24, strike out "Standby Charges" and insert:

Management Charges to Property

Amendment 19

On page 18, line 26, strike out "standby" and insert:

management

Amendment 20

On page 18, line 30, strike out "standby" and insert:

management

Amendment 21

On page 18, line 33, strike out "standby" and insert:

Management



Amendment 22

On page 18, line 36, strike out "Standby" and insert:
Management

Amendment 23

On page 18, line 40, strike out "standby" and insert:
management

Amendment 24

On page 19, line 8, strike out "standby" and insert:
management

Amendment 25

On page 19, line 11, strike out "standby" and insert:
management

Amendment 26

On page 19, line 15, strike out "standby fees" and insert:
management charges

Amendment 27

On page 19, line 19, strike out "standby" and insert:
management

Amendment 28

On page 19, line 24, strike out "standby" and insert:
management

Amendment 29

On page 19, line 26, after "1101." insert:

(a)

Amendment 30

On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall describe the boundaries of the zones of benefit. The board may amend zone of benefit



boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones.

Amendment 31

On page 19, strike out lines 36 to 40 and insert:

1102. (a) Before the levy of groundwater extraction charges, the board of directors shall after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Amendment 32

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101

7/12/91



I N T E R O F F I C E M E M O R A N D U M

Date: 12-Jul-1991 02:58pm PST
From: Peter Detwiler
DETWILER_PE@A1@SENATE
Dept: SCM54
Tel No: 5-9748

TO: Randy Pestor

(PESTOR_RA AT A1 AT ACOM1)

Subject: RE: assessments

The groundwater mgt. charge sure sounds like an assessment for O&M costs to me... What about authorizing the agency to levy a "benefit assessment for groundwater management, pursuant to the procedures in the Benefit Assessment Act of 1982, Chapter 6.4 (commencing with Section 54703) of Division 2 of Title 5 of the Government Code."

The assessment requires majority voter approval (\$54717) but that election could be consolidated into the election on the formation of the agency. A "yes" vote is approval of both the formation and the power to assess. (Does the bill require a formation election?)

Maybe you can't get it into this bill, but it could be part of a new principal act that you and I could draft during the interim...

- Peter 12-Jul-1991 Fri 15:01



AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

Amendment 1

On page 5, line 35, after "Export" insert:

means

Amendment 2

On page 9, lines 7 to 8, strike out "from which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," and insert:

shall

Amendment 4

On page 9, strike out lines 34 to 38 and insert:

comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of the Government Code), and may adopt as an urgency measure an interim ordinance. That urgency measure shall require a four-fifths vote of the board for adoption. The interim ordinance shall be of no further force and effect 45 days from its adoption. After a noticed public hearing, the board may extend the interim ordinance for 10 months and 15 days by a four-fifths vote of the board.

404.1. The board may reconsider all or part of a decision on petition of any person affected by the decision. Any such petition shall be filed with the district within 15 days after adoption of the decision by the board. The board of directors shall decide whether to reconsider its decision within 60 days after the petition is filed.

404.2. Within 60 days after publication of any ordinance or resolution establishing or in furtherance of groundwater management program, any interested party may file with the superior court a petition for writ of mandate for the review thereof. Failure to file an action does not preclude a party from challenging the validity of the ordinance or resolution in any judicial proceedings brought to enforce the ordinance or resolution or for any other civil remedies, including the imposition of civil penalties. The right to seek judicial review shall not be affected by the failure to seek reconsideration from the board.



Amendment 5

On page 11, line 16, after "objectives" insert:

✓ , following a determination that groundwater management activities may be necessary

Amendment 6

On page 12, line ~~12~~¹³, after "replenishment" insert:



~~wasteful or inefficient uses, reasonable need,~~ and water conservation activities

Amendment 7

On page 13, line 27, after the third comma insert:

including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code),

Amendment 8

On page 13, line 31, strike out "or resolution,"

Amendment 9

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 10

On page 15, lines 33 to 34, strike out "or resolution"

Amendment 11

On page 15, lines 37 to 38, strike out "or resolution"

Amendment 12

On page 16, line 17, strike out "or resolution"

Amendment 13

On page 17, line 9, strike out "or resolution"

Amendment 14

On page 17, lines 13 to 14, strike out "or resolution"

Amendment 15

On page 17, line 21, after "~~extraction~~" insert:

"facility"



compared to the number of acres owned or leased

Amendment 16

On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 17

On page 18, strike out lines 23 to 40, on page 19, strike out lines 1 to 26

Amendment 18

On page 19, line 26, after "1101." insert:





(a)

and the cost of a reasonable person

Amendment 19

On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall describe the boundaries of the zones of benefit. The board may amend zone of benefit boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones.

Amendment 20

On page 19, strike out lines 36 to 40 and insert:

1102. (a) Before the levy of groundwater extraction charges, the board of directors shall after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying

the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act.

Amendment 21

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101

add reserve



I N T E R O F F I C E M E M O R A N D U M

Date: 7-Jul-1991 02:09pm PST
From: Randy Pector
PESTOR_RA
Dept:
Tel No:

TO: Joe Caves

(CAVES_JO AT A1 AT SENATE)

Subject: SB 534

Possible amendments to SB 534 (Hart) are attached. Provisions relating to standby charges are deleted, although they remain in the definitions (Section 324)--until the sponsor comes up with another charge, if any. The sponsor says that Fox Canyon has standby charges--but a check shows that it doesn't. All references to "resolution" are deleted--they should be done by ordinance. The sponsor says that Fox Canyon includes references to "resolution"--but a check shows that it doesn't. Besides, Joe, just because the sponsor's attorney wrote the Fox Canyon law doesn't mean the Ojai entity has to be the same way--it isn't Fox Canyon! Hope this helps, let me know any thoughts, and have a good week!



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

RECEIVED

JUN 20 1991

ASSEMBLY LOCAL GOVERNMENT
COMMITTEE

June 17, 1991

Honorable Sam Farr, Chair
Assembly Local Government Committee
State Capitol, Room 3120
Sacramento, CA 94249-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

Dear Assembly Member Farr:

Enclosed please find a copy of Senate Bill 534 (Hart) as amended on April 17, 1991. Also enclosed please find proposed amendments which were forwarded to Senator Hart's office on May 28. The latest amendments are the results of discussions with the Citizens to Preserve the Ojai, an environmental organization in the Ojai Valley.

AGENCY BOUNDARY: Since SB 534, as heard by Committee, has no map, we have enclosed a map which defines the proposed Agency Boundary. The only portion of the Agency Boundary that traverses a populated area is the West Boundary. This is why the West Boundary is defined in detail using surface street designations.

OJAI GROUNDWATER BASIN: Since the Basin is not managed, the following statistics are based upon estimates using the Ojai Groundwater Basin Study as prepared by Kienlen Report of August, 1988 (using 1984 estimated figures).

CAPACITY: The Ojai Basin approximates 6,000 acres in size. The Basin capacity is estimated:

Full Capacity	68,722 Acre Feet (AF)
Low Level Capacity	34,150 Acre Feet (AF)

<u>Available Capacity</u>	<u>25,572 Acre Feet (AF)</u>
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<u>TOTAL ANNUAL YIELD:</u> (Average 1958-1984)	4,515 AF
--	----------

LEGISLATIVE INTENT SERVICE (800) 666-1917



IRRIGATION USE:

(1969-1984): Showing shift from Ojai Basin water usage to Casitas water usage because of cost differential.

CASITAS SUPPLY:

1969	1,422 AF	
1984	4,734 AF	<u>+ 3,312 AF</u>

OJAI BASIN PUMPED SUPPLY:

1969	3,783 AF	
1984	2,075 AF	<u>- 1,708 AF</u>

MUNICIPAL USE: Southern California Water Company (SCWC) furnishes water to the City of Ojai. Approximately 75% is supplied from SCWC wells in the Ojai Basin, while 25% is purchased from Casitas. SCWC has received permission from the California Public Utilities Commission to drill three (3) new wells into the Ojai Basin, and thereby produce 100% of it's water requirements from the Ojai Basin.

1991 Basin Pumped (75% of total)	1,800 AF
1991 Casitas Purchased (25% of total)	600 AF

CASITAS MUNICIPAL WATER DISTRICT:

AG WATER RATES: On May 29, 1991 Casitas raised AG water rates 9.6% from the present \$88/AF. The new AG rate of \$96/AF is some 28% higher than the current estimated cost to pump water from the Ojai Basin (\$75/AF). Casitas also announced that there would be additional AG Water Rate increases in early 1992.



CASITAS FILTRATION PLANT: On May 29, 1991 the Casitas Board of Directors Certified the EIR Report of 1991 (enclosed). In 1992, Casitas plans to hold an election to secure the right to issue General Obligation Bonds. If Casitas does not receive a 2/3 "YES" vote, financing will be accomplished through Certificates of Participation -- financing will be built into water rates. Anticipated Capital Costs as well as annual Operations & Maintenance Costs are approximately \$150/AF. Total AG Water Rates will, therefore, approximate \$237/\$247 per AF.

PRESENT ESTIMATE OF OJAI BASIN GROUND WATER USE: 4,000/4,200 AF

MUNICIPAL USE: 1,800 AF

IRRIGATION USE: 2,400 AF

PROJECTED FUTURE ADDITIONAL OJAI BASIN GROUNDWATER USE: 2,300 AF

MUNICIPAL USE: 600 AF
(3 New SCWC Wells)

IRRIGATION USE: 1,700 AF
(Reverse of 1969/84 Trend)

ESTIMATED SAFE-YIELD: The "SAFE-YIELD": for the Ojai Groundwater Basin is estimated to be: 4,500/5,000 AF

PRESENT PLUS PROJECTED QUANTITY OF OJAI BASIN GROUND WATER USE: 6,300 AF

The Ojai Groundwater Basin is presently **NEITHER MANAGED NOR ADJUDICATED.** The above figures clearly show the potential to exceed "SAFE-YIELD" and the potential for an 'OVER-DRAFT' condition in a few years, considering the small size of the Basin -- 25,572 AF available supply.



OJAI WATER CONSERVATION DISTRICT (OWCD): A group of citrus and avocado ranchers recognized this potential problem to the Ojai Groundwater Basin in the early part of 1990. The enclosed Memo to the Board of Directors of OWCD factually explains the progressions to Senate Bill 534.

LETTERS OF SUPPORT: We have enclosed for your review, copies of Letters of Support from the Sponsoring Entities, as well as a Resolution of Support from the Board of Supervisors for the County of Ventura. Briefing meetings have been held with the Ventura County Farm Bureau and the Water Committee of the Ventura County Taxpayers Association.

We would appreciate your support for Senate Bill 534 creating the Ojai Basin Groundwater Management Agency.

Respectfully,

OJAI WATER CONSERVATION DISTRICT



Carl F. Huntsinger
Member Select Committee



201. Land Included

For the purposes of this act, the boundaries of the Agency shall include that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District, but shall not include any land within the boundary of the Ventura River County Water District. The boundaries of the Agency are more particularly described as follows:

The Point of Beginning is located at the intersection of the centerline of Creek Road and the northerly boundary of Camp Comfort; thence,

Northerly along the centerline of Creek Road to the point of intersection with the centerline of Hermosa Road; thence,

Westerly and northwesterly along the centerline of Hermosa Road to the point of intersection with the easterly line of Ventura Avenue, also known as State Highways No. 33 and No. 150; thence,

Northerly along said easterly line of Ventura Avenue to the point of intersection with the centerline of Ojai Avenue; thence,

Northeasterly along the centerline of Ojai Avenue to the point of intersection with the centerline of Del Norte Road; thence,

Northerly along the centerline of Del Norte Road and the northerly prolongation of the centerline of Del Norte to the north quarter corner of Section 35, Township 5 North, Range 23 West, San Bernardino Base and Meridian, said point being also a point in the boundary of the Casitas Municipal Water District; thence along said boundary.

East along the North line of said Section 35 and along the North line of Section 36 of said Township and Range and Sections 31, 32, 33, and 34 of Township 5 North, Range 22 West, San Bernardino Base and Meridian to the Northeast corner of said Section 34; thence,

South along the East line of said section 34 and the East line of Section 3, Township 4 North, Range 12 West, San Bernardino Base and Meridian to the Northwest corner of the South one-half of the Northwest one-quarter Section 2 of said last mentioned Township and Range; thence,

East along the North line of said South one-half of the Northwest one-quarter of Section 2 to the Northeast corner thereof; thence,

South along the East line of said South one-half of the Northwest one-quarter of Section 2 to the Southeast corner thereof; thence,



West along the South line of said South one-half of the Northwest one-quarter of Section 2 to the Northeast corner of the West one-half of the Southwest one-quarter of said section 2; thence,

South along the East line of said West one-half of the Southwest one-quarter of Section 2 to the Southeast corner thereof (at) a point in the North line of fractional Section 11, Township 4 North, Range 22 West, San Bernardino Base and Meridian; thence,

East along said North line to the North quarter corner of said Fractional Section 11; thence,

In a varying generally Southwesterly and Westerly direction along the watershed dividing ridge line, as shown on the Ojai Quadrangle of the U.S. Geological Survey 7.5 minute series of topographic maps, between the Ojai Valley and the Lions Creek Drainage, distance of approximately four and three-quarter (4 3/4) miles, more or less, to the point at which the 1400 foot contour intersects the range line common to Range 22 West and Range 23 West, San Bernardino Base and Meridian; thence, in a straight line in a generally South of West direction a distance of approximately one and one-half (1 1/2) miles, more or less, to the Point of Beginning.

§ 305. "Basin"

"Basin" means the Ojai groundwater basin as shown in State Water Resources Department Bulletin 12 "Ventura County Investigation" dated October 1953, to the extent included within the District boundaries as defined in Sections 201 and 202.

§ 316. "Mutual Water Companies"

"Mutual Water Company" means a corporation organized for or engaged in the business of selling, distributing, supplying or delivering water for irrigation purposes, or for domestic use, operated pursuant to Civil code §330.24 through 5331.

§ 401. Board of Directors.

- (a) The Board shall consist of five directors and shall be selected in the following manner:
- (1) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards from their members whose districts or divisions overlie, at least in part, the territory of the agency:

§ 405. Criminal liability for violation of act.

Any person who intentionally violates this act or any Agency ordinance is to be guilty of an infraction and may be required to pay a fine to the Agency not to exceed five hundred dollars (\$500). No such fine shall be imposed until after written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the Board not less than thirty days after the date of the notice, at which time the Board will consider the imposition of such a fine.

§ 406. Civil liability for violation of act.

Any person who negligently or intentionally violates this act or any Agency ordinance may also be liable civilly to the Agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of violation, in addition to any other penalties that may be prescribed by law. No such liability shall be imposed until written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the Board not less than thirty days after the date of the notice, at which time the Board will consider the imposition of such liability.

§ 602. A Study to Develop the long-term Plan Should Include:

- (f) A proposed minimum level of ground water extraction for the purpose of applying the requirements of this Act.

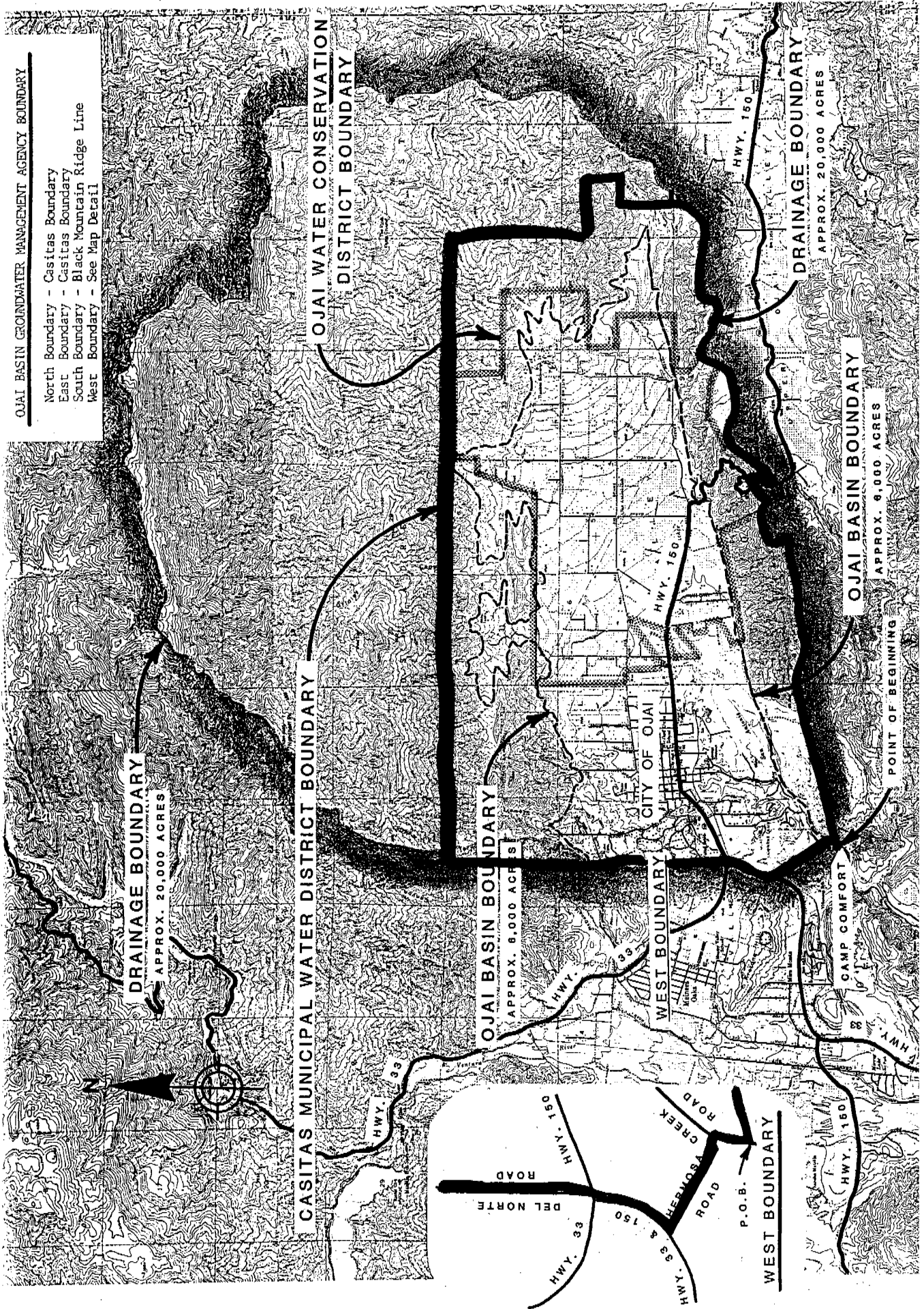
§ 604. Long-term Groundwater Management Plan.

- (c) The plan shall establish a minimum threshold of groundwater extraction for the purpose of applying the requirements of this Act, which minimum threshold may be modified from time to time, based upon the impact of such minimum threshold upon the operation of the Agency.

§ 708. Permits

- (b) The Agency shall not issue any permit to export water from the Agency unless the applicant has established that there is an available water supply a temporary surplus as defined in this act, in excess of the amount currently required for reasonable and beneficial uses within the Agency, and the board determines that the export, would not adversely affect the rights of groundwater users within the Agency. The Agency shall issue permits for export for time periods and under terms and conditions it deems appropriate. All permits shall declare that they are subject to the right of the Agency to reduce or suspend exports pursuant to this act.





OJAI BASIN GROUNDWATER MANAGEMENT AGENCY BOUNDARY

North Boundary - Casitas Boundary
 East Boundary - Casitas Boundary
 South Boundary - Black Mountain Ridge Line
 West Boundary - See Map Detail

DRAINAGE BOUNDARY
 APPROX. 20,000 ACRES

CASITAS MUNICIPAL WATER DISTRICT BOUNDARY

OJAI WATER CONSERVATION DISTRICT BOUNDARY

OJAI BASIN BOUNDARY
 APPROX. 6,000 ACRES

WEST BOUNDARY

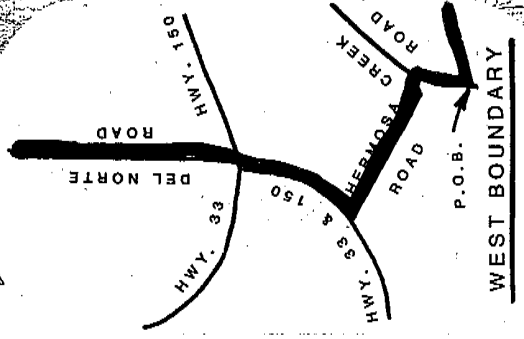
CITY OF OJAI

CAMP COMFORT

POINT OF BEGINNING

OJAI BASIN BOUNDARY
 APPROX. 9,000 ACRES

DRAINAGE BOUNDARY
 APPROX. 20,000 ACRES





Casitas Municipal Water District U.S. Bureau of Reclamation

*Final Environmental Impact Report /
Environmental Assessment for the*


Lake Casitas Water Treatment Plant

May 1991


JMM James M. Montgomery
Consulting Engineers, Inc.



Revisions to Draft EIR/EA

 Economic Impacts (p. 4-58)

The following table provides a comparison of projected water rates with the various alternative project financing mechanism. These numbers can be found, or were determined based on, the 1987 financial feasibility report provided as Appendix B to this Final EIR/EA.

 Table 2-5

**PROJECTED WATER RATES (\$/AC-FT) FROM
PROJECT FINANCING ALTERNATIVES**

	<u>Ag Rate</u>	<u>Residential Rate</u>
<u>Existing Rates</u>	<u>\$88</u>	\$408
<u>GO Bond Financing</u>	<u>\$116</u>	\$488
<u>COP Financing</u>	<u>\$237</u>	\$989
No Project (with Maximum Fines)	\$354	\$1081



Casitas board ponders rate hike and considers treatment facility

By DAVID CIAFFARDINI
Ojai Valley News

Casitas Municipal water rates are expected to be raised more than six percent and plans are moving ahead to build a multi-million dollar water filtration plant near Foster Park.

These are among the issues the Casitas Municipal Water District Board of Directors will discuss in a public forum when they meet at 7 p.m. tonight at Oak View Elementary School, 555 Mahoney Ave., Oak View.

Water district staff has recommended that the board increase water rates 6.3 percent effective July 1.

In addition, staff has asked the board to certify an environmental impact report preparing the way for designing and building a new water treatment plant with an estimated capital cost of \$27.8 million.

Raising water rates has become nearly an annual task with board members preferring to make "small increases each year rather than providing one large rate increase after a number of years," according District General Manager John Johnson.

The treatment plant environmental impact report reflects comments and concerns voiced by the public since the draft of the report was released in December of last year, according to Johnson.

The district staff has worked with consultants and has included "substantial answers to all the comments received," Johnson stated.

The district has modified some of its plans to address some of the concerns.

An estimated 81,000 cubic yards of dirt excavated in the plant project can be stored at the base of Casitas Dam rather than hauling it out of the area as had been considered in earlier plans, according to Johnson. This will reduce the problem of needing 8,100 double tractor trailer rig trips to haul the material.

Complaints about having a water pipeline crossing the Ventura River can be mitigated by adding an additional pump to the system, eliminating the need for the pipeline, Johnson stated.

Plans for financing construction of the plant through taxes are controversial and will require approval of two-thirds of the voters within the district, but will save customers money in the long run, according to Johnson.

Under the financing plan outlined in the environmental impact report, taxpayers in the district are expected to be assessed \$168 annually. If the vote fails, the district would have to finance the plant through increases in water rates and by issuing bonds, an alternative that would cost customers about \$319 annually, according to Johnson.

The treatment plant project was initiated in order to comply with orders from the California Department of Health Services that Casitas meet new, higher standards in purifying the water delivered to customers. The state agency has the authority to fine the district up to \$25,000 per day if they don't comply, Johnson said.

The quicker the project is carried out, the less costly it will be for the district and its customers, Johnson stated.

"GO" BONDS

PRESENT: \$88/AF
PROJECTED: \$237/AF

OJAI VALLEY NEWS

MAY 29, 1971



Editorial

We must safeguard Valley's water basin

Tens of thousands of gallons of precious water are stored safely away by nature beneath the Ojai Valley — this nearly priceless treasure must be protected.

For months various private and public agencies, city and county governments, and Valley residents have been searching for the best approach to managing and safeguarding the Ojai Water Basin.

The dilemma is complex — how to protect this natural resource without infringing upon individual property rights, giving anyone an unfair advantage or overturning the Valley's often complex and contradictory attitudes towards growth. How do we best weigh the legitimate needs of agriculture and residents in face of a growing water crisis? How expensive should the water be and who gets the money?

And from time to time, the original question — Why do we need this? — was heard again.

We believe that the Ojai Basin must be protected.

To allow such a precious resource to be tapped uncontrollably is to sign away the future of our Valley. Some control is necessary and mandatory.

We believe that the current Ojai Basin Groundwater Management Agency proposal may be the best answer.

The legislation has been scrutinized, challenged, revised and reviewed again by a number of governmental, public and private groups. Thus far it seems to have successfully passed the litmus test of public opinion and public need.

The legislative proposal does give us another layer of government and control in our Valley. But we believe it is a step necessary. To not formally control our destiny and our water is to simply invite the county government with the heavy influence of water poor larger communities to turn on the tap.

We support the concept of groundwater management. It is an idea that must be accepted and implemented in the best and fairest way possible.

OJAI VALLEY NEWS

June 5, 1991



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

M E M O R A N D U M

TO: Board of Directors, Ojai Water Conservation District

FROM: Tom Munzig, Member
OWCD Groundwater Management Select Committee

SUBJECT: Ojai Groundwater Management Agency Update

DATE: May 21, 1991

Ojai is in the midst of a five year drought, which has dramatically lowered the Ojai groundwater level underlying our water conservation District. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, if Casitas' municipal water rates increase 170%, as expected, to pay for their state mandated water filtration plant, farmers and water purveyors within the District will be forced to become more dependent on Ojai basin well water as a source for less costly water. This will put further pressure on the already lowered Ojai groundwater table.

As a consequence, management and conservation of this precious resource through state legislated joint agency administration has become a mitigating option our District has sought. The following is a summary of events concerning Ojai groundwater and the Conservation District's efforts to form an Ojai groundwater management agency.

HISTORICAL

The last major drought affecting the Ojai groundwater basin, prior to the construction of the Casitas Dam, was the drought period 1944-1951 (Exhibit 1). The construction of the Casitas Dam facility was the direct result of this eight year drought, which saw Ojai citrus growers transporting water in buckets to irrigate their trees.

From the direct action of many East End Ojai citrus growers in 1951, the Dam was envisioned, approved and eventually completed in 1958. The Casitas Dam facility was to act as a supplemental water source, not as a replacement for the Ojai basin groundwater supply.

In subsequent years, as electrical rates soared and well pumping became less cost effective, growers began pumping less and purchasing more water from Casitas. As more wells became inactive, Casitas water replaced, rather than supplemented groundwater supplies as noted in the following table.



Table 1

<u>YEAR</u>	<u>CASITAS/MATILIJA USE</u>	<u>OJAI BASIN USE (EST.)</u>
1969	1,422 Acre Feet	3,783 Acre Feet
1984	4,734 Acre Feet	2,075 Acre Feet
CHANGE	+ 3,312 Acre Feet	- 1,708 Acre Feet

OJAI BASIN RECHARGE

The Ojai basin aquifer has historically been recharged as a result of natural percolation from annual rainfall and irrigation water, and from the spreading pond activities of the San Antonio Water Conservation District (now Ojai Water Conservation District). From 1949 until 1985, runoff from San Antonio Creek, water which would have flowed unabated into the ocean, was being diverted by the Conservation District into a series of settling ponds. These ponds would annually recharge about 500 acre feet of water back into the Ojai basin aquifer.

Following the 1985 Ojai fire, these ponds were filled in by the County Flood Control District to create space for a debris basin. The loss of the District's spreading pond facilities may have a significant impact on the basin's recharge capacity.

CASITAS' SAFE ANNUAL YIELD

Safe Annual Yield, as defined by the Casitas Municipal Water District, is the amount of water per year which can normally be taken from the lake over a sustained period of time without detrimental effect on the lake's long term ability to supply water to its customers. This assumes a worst case seven year scenario of a known historical drought period.

Casitas reached its estimated Safe Annual Yield of 21,920 acre feet in 1990 (Exhibit 2). At this time, Casitas began to actively encourage Ojai Valley agricultural customers to use less Casitas water and more fully utilize water pumped from the Ojai groundwater basin.



SOUTHERN CALIFORNIA WATER COMPANY/CALIFORNIA PUBLIC
UTILITIES COMMISSION

In the spring of 1990, Southern California Water Company (SCWC) had a petition before the California Public Utilities Commission (PUC) to drill three (3) high volume water wells in the Ojai basin to augment their current wells, and to serve the growing demand for water from its Ojai customers. SCWC is the franchisee serving water to the major portion of the city of Ojai. SCWC obtains approximately 80% of its supply of water from its Ojai basin wells, purchasing the remaining 20% from Casitas MWD.

In October, 1990 the PUC held public hearings in Ojai to review SCWC's well application. The primary exhibit presented by SCWC was an Ojai groundwater basin study dated August 1988 prepared by the Civil Engineering firm of Murray, Burns, and Kielen (Kielen Report). The 1988 Kielen Report indicated that the Ojai basin had sufficient groundwater to sustain the requested wells. This report was based on water readings taken in 1984, prior to the current five year drought. The Kielen Report was five critically dry years out of date.

New wells would have put additional pressure on the drought lowered Ojai groundwater basin, possibly forcing shallower wells to become dry.

PROPOSED CASITAS FILTRATION PLANT

The 1986 federal Safe Drinking Water Act mandates conditions under which water supplies must be filtered. To comply with this law, Casitas determined that the most feasible method of reducing its water turbidity would be through the construction of a filtration plant.

This new filtration facility is estimated to cost twenty five (25) million dollars. Payment for this plant through Casitas' rate structure may result in water costs increasing from \$88 to \$240 per acre foot. As water rates increase, numerous Ojai ranchers dependent on Casitas water, will certainly reactivate currently dormant wells or will possibly drill new wells reversing the 1969-84 water use trend noted in Table 1. Increased demand on the basin in a drought period could quickly move the limited Ojai groundwater basin into a condition of threatened overdraft.

An overdraft condition could also mean shallow agricultural wells would run dry. Once dry, no additional water would be available from Casitas since they cannot exceed their current Safe Annual Yield water sales. In addition, a



groundwater overdraft might trigger a condition in which the underground storage area would collapse, making it impossible to fully recharge the basin again.

SAN ANTONIO WATER CONSERVATION DISTRICT

Beginning in May, 1990, in the midst of the four year drought, a small group of Ojai citrus ranchers gathered to review the current and future status of the Ojai groundwater basin. The ranchers were all East End growers and several were members of the Board of San Antonio Water Conservation District (SAWCD). These growers represented about 900 acres of citrus and avocados.

During their discussion, the ranchers noted that their well water levels were falling dramatically (Exhibit 3). If it could be determined that the Ojai basin was currently in an overdraft condition, there was a possibility that it would be subject to groundwater management by the County of Ventura. Of further concern was the pending PUC decision to allow three new large volume wells to be dug in the basin, and Casitas' filtration plant costs might raise water rates to such levels as to force agricultural customers to rely more on this groundwater.

In addition, the ranchers brought up a number of concerns about the Ojai groundwater basin itself:

1. The Ojai basin was not adjudicated.
2. It was not managed by any groundwater management agency.
3. There was no record of the number of wells in the basin.
4. There was no record of the amount of water being extracted from the basin each year.

At its June 5th 1990 quarterly meeting, the Board of Directors of the Conservation District addressed the ranchers concerns regarding the Ojai basin. The Board then authorized a Select Committee to meet with a water lawyer to advise the District on its legislative powers concerning conservation of water in the Ojai basin.

In reviewing the law, one of the items the District's lawyer found was that the state legislature had recommended in 1974 that the San Antonio Water Conservation District change its name to the Ojai Water Conservation District to



be more descriptive of its functions. Following this recommendation, the Board adopted a Resolution changing its name from San Antonio to Ojai Water Conservation District (OWCD). Notices of this name change and the Resolution were mailed to all local agencies and correspondents of the District.

At a Special Meeting held in July, and as a result of findings by OWCD's attorney, it was determined that the District could monitor wells, charge for extraction and set a safe annual yield for the basin. However, the OWCD had neither the technical skill nor financial ability to implement these programs. Sharing these responsibilities was discussed with the city of Ojai and Casitas MWD.

In November 1990, after a number of committee meetings, the District's attorney offered a draft proposal to form a Joint Powers Authority (JPA) with Casitas MWD, the City of Ojai and OWCD. The purpose of this Authority would be to manage the Ojai groundwater basin. This approach was similar to the JPA which created the Sacramento Water Agency several years prior to this.

To explain the purpose of this proposed Authority and to address possible concerns by ranchers within the OWCD boundary, a series of meetings were held in November with various groups of East End growers. There were some reservations by these groups concerning the creation of a new governmental agency. However, the general consensus was of support for the idea of managing the groundwater basin in what was then the fifth year of the drought.

During the month of December, a series of meetings were conducted between members of the OWCD Select Committee, OWCD's legal counsel, the City of Ojai, and Casitas MWD to explain the functions of a Joint Powers Authority. A meeting was also held with a representative of State Senator Gary K. Hart who was being asked to help introduce and carry the proposed legislation to the 1991 Legislative session.

Meetings were also held with the two members of the Ventura County Board of Supervisors who represent portions of the proposed Agency boundaries.

Towards the end of December, 1990 the first of seven public meetings was held to discuss organizational procedure and to begin working on the legislative draft bill. This meeting and the six subsequent weekly meetings were attended by a number of interested persons, including three local newspapers, water purveyors, concerned citizens, representa-



tives of city and county governments and agencies, the U.S. Forest Service and the three sponsoring agencies: Casitas MWD, the City of Ojai and OWCD.

During the initial meeting in December 1990, the following items were agreed upon:

Drafting Committee - To expedite the drafting process, a drafting committee would be established composed of representatives of the three sponsoring public entities.

Public Meetings - Public meetings would be held every Tuesday at 2:00 p.m. at the Casitas MWD general offices. Copies of the drafting committee recommendations and information would be made available at the Casitas office every Friday afternoon preceding the Tuesday public meeting.

Timing - It was agreed that the final draft legislation would be submitted to OWCD legal counsel the first week in March 1991. Counsel would forward the draft to Senator Hart's office prior to a March 15th deadline, in order to be included on the 1991 Legislative Calendar.

The three sponsoring agencies felt it was very important to keep the public informed regarding this proposed legislation. So, in addition to the seven bill drafting public sessions, members of the agencies specifically met with the press to explain how the bill would work, and the importance of the legislation. To date there have been thirteen newspaper articles written about the public sessions and the proposed agency.

Since January, 1991, the three public agencies have also held a total of eight Noticed public meetings regarding this legislation. Each agency is also slated for additional public meetings later this month.

In January, 1991, Southern California Water Company (SCWC), a private utility serving the City of Ojai, asked to be included in the Joint Powers Authority. OWCD legal counsel, after informally reviewing the matter with the Legislative Counsel's office in Sacramento, indicated this would be possible. The three original sponsoring agencies then agreed to include SCWC in the JPA and to include a representative from one of the mutual water companies lying within the Ojai groundwater basin boundary.



On January 16, 1991, an Ojai delegation visited with State Senator Gary K. Hart in Sacramento to ask for his assistance in passing the proposed groundwater management bill. Spot Bill SB 534 was introduced by Senator Hart February 27, 1991.

After almost two months of public meetings, revisions, and drafting sessions with three water attorneys from the sponsoring agencies, the Ojai groundwater management draft legislation was submitted to OWCD legal counsel in Sacramento on March 8th. On March 14, 1991 the draft bill was submitted to Senator Hart's office.

The sponsoring agencies all adopted unanimous Resolutions of Support for this legislation: the City of Ojai; Casitas Municipal Water District; Southern California Water Company; Hermitage Mutual Water Company; Senior Canyon Mutual Water Company; Siete Robles Mutual Water Company; and our Ojai Water Conservation District.

After receiving the proposed groundwater bill, Senator Hart's office forwarded the draft to the Legislative Counsel's office for finalization prior to formal presentation to the California Legislature. Contrary to prior advise, Legislative Counsel's office now advised that a private company, Southern California Water Company, could not be included in the Joint Powers Authority.

The Legislative Counsel, therefore, reworded the submitted Ojai draft, creating an Agency rather than an Authority. The proposed Ojai Basin Groundwater Management Agency would be similar to the Fox Canyon Groundwater Management Agency formed in 1982, the agency which the drafting committee used as a template to prepare the draft legislation.

On April 17, 1991 the Amended Senate Bill 534 was introduced to the California Legislature by Senator Gary K. Hart. The following week, the final version of the Ojai draft legislation was reviewed with members of the Ventura County Board of Supervisors.

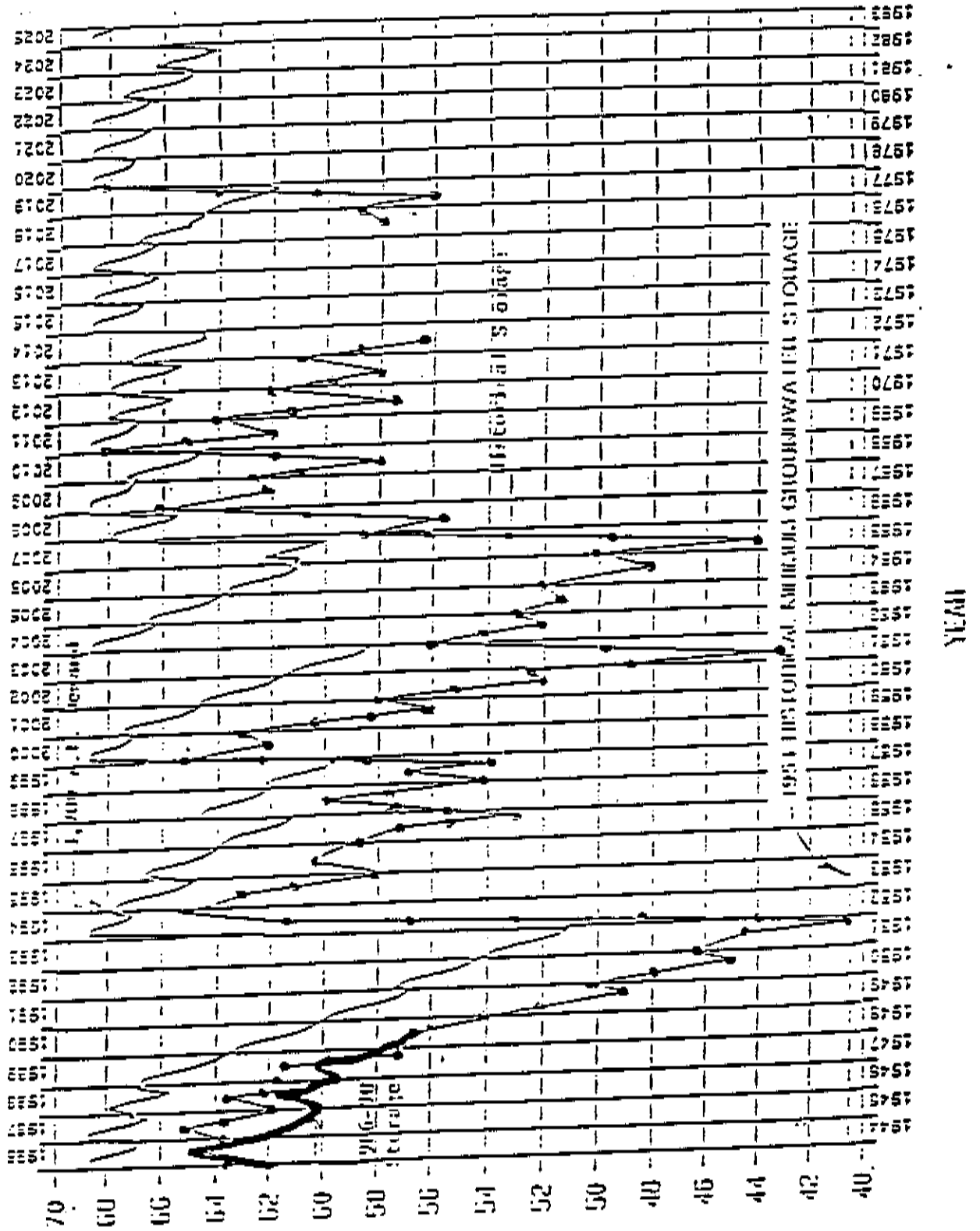
After receiving testimony from representatives of the sponsoring agencies, the Ventura Country Board of Supervisors, on April 30th, unanimously adopted a Resolution of Support for Senate Bill 534.

The State Agriculture and Water Committee accepted Amended Senate Bill 534 on its Consent Calendar on May 7, 1991.



EXHIBIT 1

OJAI BASIN



STORAGE (1000 AF)



EXHIBIT 2

CASITAS MUNICIPAL WATER DISTRICT
LAKE CASITAS HISTORIC RELEASES TO SYSTEM

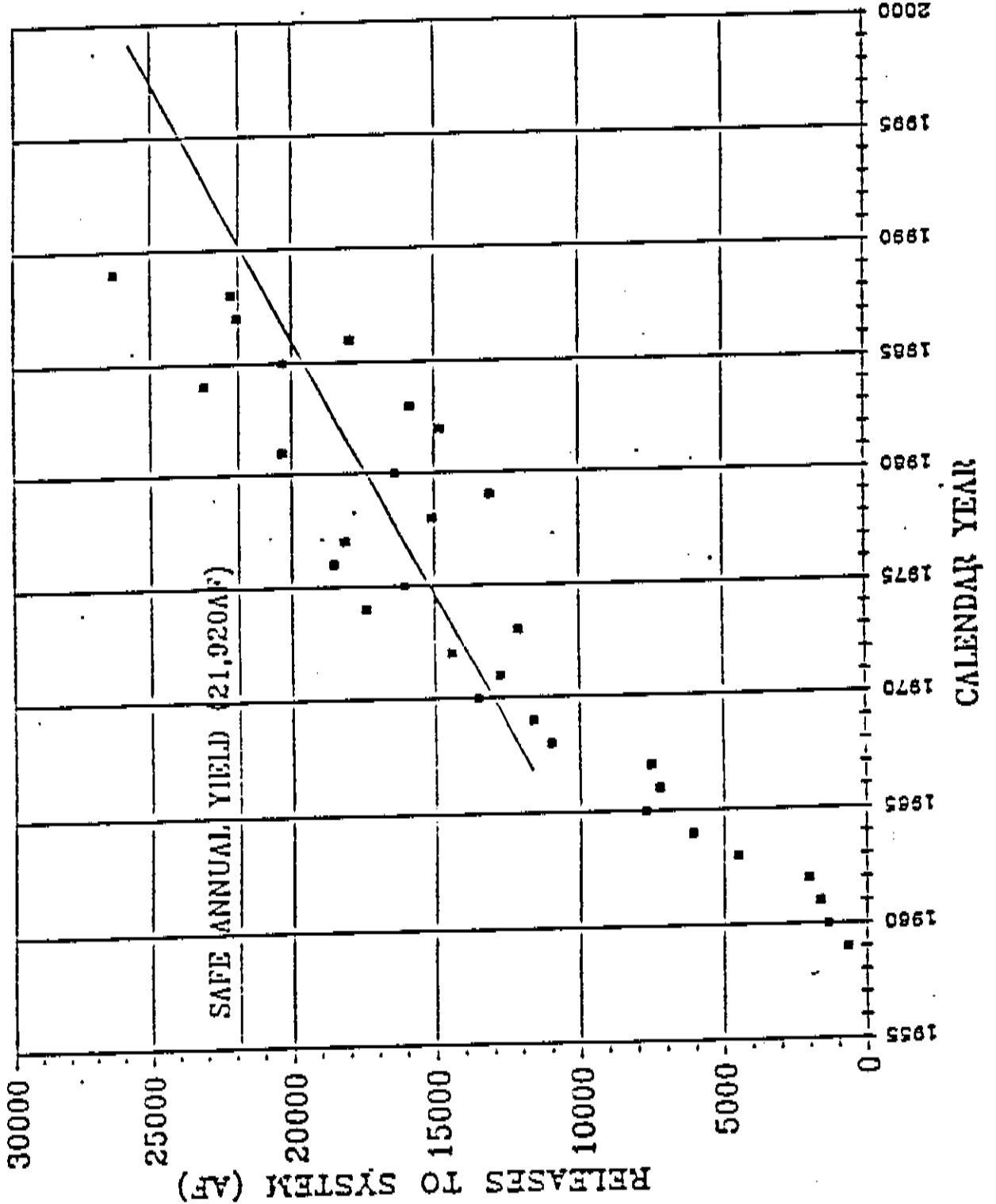


EXHIBIT 3

NO. 10 TO THE INCHES
SUFFL & FILER CO. 10 10 10

46 0700

1980-2000

WATER LEVEL HYDROGRAPH

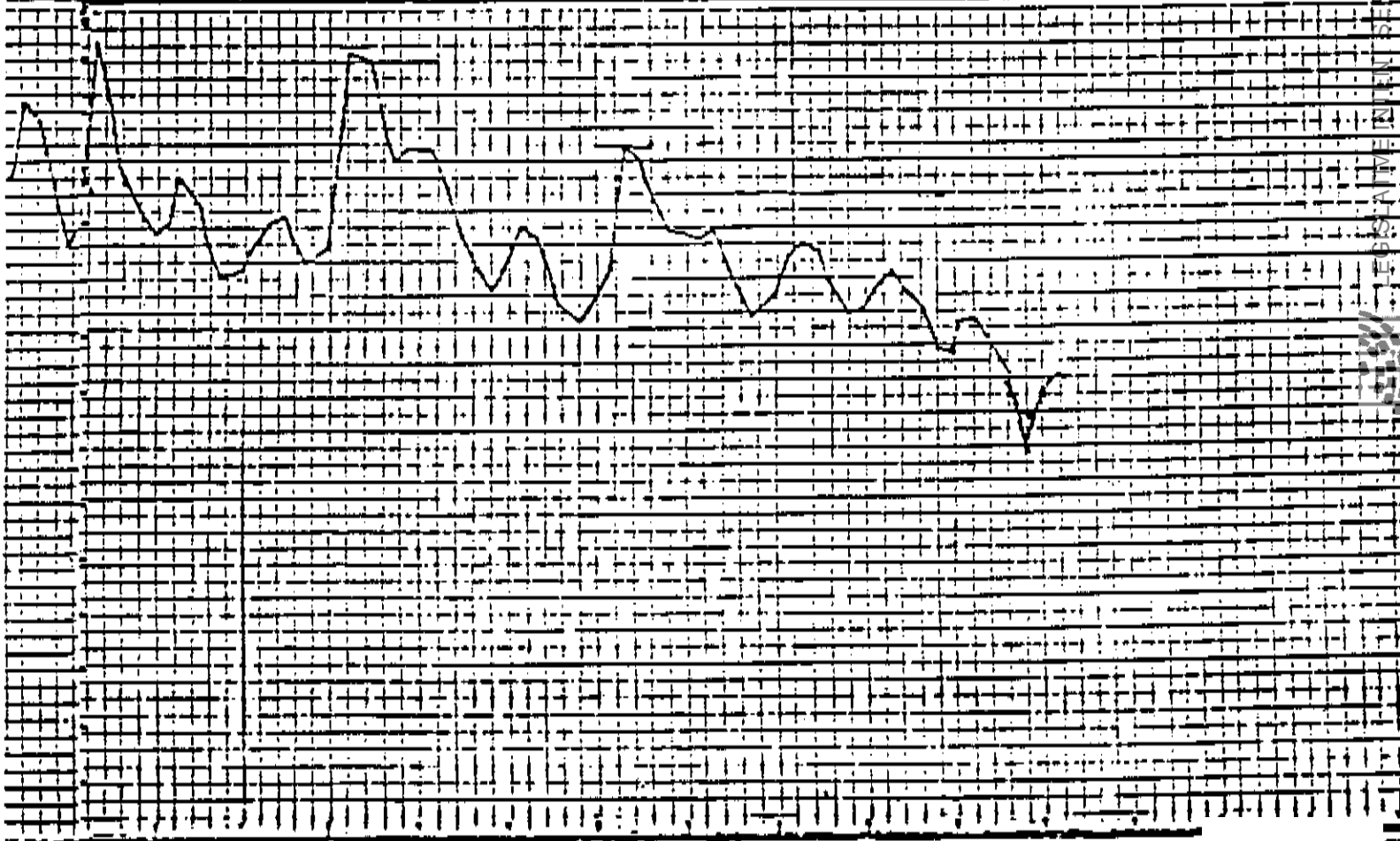
WELL #34222835 CBS

RPI ELEV 292.7

NOV 14 1990

MIN YS ELEV 725.3
MAX YS ELEV 645.8

WATER SURFACE ELEVATION IN FEET





**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

MEMBERS OF THE BOARD
MAGGIE ERICKSON KILDEE
Chair
SUSAN K. LACEY
MARIA E. VANDERKOLK
VICKY HOWARD
JOHN K. FLYNN

MAGGIE ERICKSON KILDEE
SUPERVISOR, THIRD DISTRICT
(805) 654-2276
FAX: (805) 654-2226

May 21, 1991

FAX LETTER

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

Dear Assembly Member Cortese:

Your Assembly Committee on Water, Parks, and Wildlife is scheduled to hear Senate Bill 534 (Hart) on May 23, 1991. The Ventura County Board of Supervisors supports SB 534.

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



Assembly Water, Parks and Wildlife Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,



MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer

sb534awp&w.pb



BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

TUESDAY, APRIL 30, 1991 AT 8:30 A.M.

601.1

ALL MEMBERS PRESENT

After hearing testimony of Thomas Munzig, Carl Huntsinger, Andrew Belknap and Mrs. R. C. Davis, upon motion of Supervisor Lacey, seconded by Supervisor Howard, and duly carried, the Board hereby approves the following matter:



BOARD OF SUPERVISORS
COUNTY OF VENTURA

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

MEMBERS OF THE BOARD

MAGGIE ERICKSON KILDEE

Chair

SUSAN K. LACEY

MARIA E. VANDERKOLK

VICKY HOWARD

JOHN K. FLYNN

MAGGIE ERICKSON KILDEE

SUPERVISOR, THIRD DISTRICT

(805) 654-2276

FAX: (805) 654-2226

April 30, 1991

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

RECOMMENDATION:

It is recommended that the Board of Supervisors support SB 534 (Hart), Ojai Groundwater Management Agency.

DISCUSSION:

Senator Gary Hart has introduced legislation which would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

This legislation is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.

I urge your support of SB 534.

Sincerely,

MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

COPIES TO:

Sup. Dist. 3

CAO (2)

PWA

Files (2)

Item 26

4/30/91 rr

LEGISLATIVE INTENT SERVICE (800) 666-1917





CITY OF OJAI

401 SOUTH VENTURA STREET
P.O. BOX 1570/OJAI, CALIF. 93023
TELEPHONE (805) 646-5581

NINA V. SHELLEY
MAYOR
646-5581/646-4046/646-6890

26 March 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The City Council has reviewed the legislation introduced as S.B. 534 to provide for the creation of an Ojai Groundwater Management Agency. Our Council unanimously supports this legislation, and we appreciate your efforts in drafting and introducing it to the State Senate.

As you know, the primary benefit of this legislation is that it will provide an opportunity for the community to plan and manage our local groundwater resources at the local level. This will allow us to undertake coordinated conservation efforts and study how we can obtain maximum beneficial utilization of the resource.

Balancing our State's water supply and demand is becoming ever more difficult. This type of local initiative can facilitate responsible public management in order to protect the groundwater from overdraft, while using it effectively and efficiently.

The City Council and staff will be available during the legislative hearings on this bill to respond to questions and help in any way we can.

Sincerely,

Nina V. Shelley
Mayor

c: Assemblywoman Cathie Wright
Casitas Municipal Water Dist.
Ojai Water Conservation Dist.
Southern California Water Co.





1055 Ventura Avenue
P.O. Box 37
Oak View, CA 93022
805-649-2251
Fax 805-649-3001

April 10, 1991


The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

On Monday, April 8, 1991, the Casitas Municipal Water District Board of Directors adopted a resolution (see attachment) in support of the formation of the Ojai Basin Groundwater Management Agency. It is the belief of this Board that water is a precious commodity in these days and years of drought and that all sources of groundwater should be carefully managed for the benefit of all users in this area. This proposed Agency would work to accomplish the responsible management of the groundwater within the boundaries of this agreement.

Casitas Municipal Water District appreciates your support in the form of SB 534. Casitas will be happy to offer any assistance possible as you proceed through the hearings on this legislation.

Very truly yours,


John J. Johnson
General Manager

JJJ:ep
Attachment

cc: Carl Huntsinger ✓
Southern California Water Company
Ojai Water Conservation District
City of Ojai

Bill Hicks
Director
William L. Austin
Director
Laurence R. Whelan
Director
Al Aviles
Director
James W. Coultas
Director
John L. Johnson
General Manager
James D. Loebi
Director
Ronald E. Morse
Asst. Dir.

LEGISLATIVE INTENT SERVICE (800) 666-1917



CASITAS MUNICIPAL WATER DISTRICT

A RESOLUTION SUPPORTING THE ESTABLISHMENT OF THE OJAI BASIN
GROUNDWATER MANAGEMENT AGENCY AND RECOMMENDING THAT THE
STATE LEGISLATURE APPROVE THAT PROPOSED ACT

RESOLUTION NO. 91-30

WHEREAS, the Ojai Basin is a critical water storage basin within the boundaries of Casitas; and

WHEREAS, this Basin has no management currently going on; and

WHEREAS, there are indications from Casitas' supply and demand study that demands upon this Basin may exceed its supplies; and

WHEREAS, it is in the interest of Casitas to seek to help manage that Basin so that supplies and demands are matched; and

WHEREAS, Casitas has worked with the City of Ojai, the Ojai Groundwater Conservation District, the Southern California Water Company and mutuals in the area to develop a draft act for consideration by the Legislature; and

WHEREAS, this act will only use staff from the agencies involved to complete the work, thus maintaining tight control over expenses; and

WHEREAS, ultimately this agency will be supported by those persons or agencies withdrawing water from the Ojai Groundwater Basin, and

WHEREAS, Casitas MWD and this agency will work together to maximize the conjunctive use of the Basin; and

WHEREAS, after review of this act staff has recommended that the Board support this act to Senator Hart and the State Legislature;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Casitas Municipal Water District that the Ojai Basin Groundwater Management Agency Act is supported by Casitas and staff is charged with the duty to support this Act in the Legislature and to request that Senator Hart carry and pass the legislation on behalf of this district and others.

ADOPTED this 8th day of April, 1991.



President, Casitas
Municipal Water District

ATTEST:



Secretary-Treasurer, Casitas
Municipal Water District

LEGISLATIVE INTENT SERVICE (800) 666-1917



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

COPY

April 8, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

At its March 14th, 1991 meeting, the Ojai Water Conservation District, after careful consideration and numerous public meetings, unanimously adopted draft legislation to form the Ojai Basin Groundwater Management Agency.

This draft was forwarded to your office by our Sacramento attorney, Mr. George Basye, in March. It is proposed that the draft be substituted for Senate Spot Bill Number 534, introduced by you February 27, 1991.

It is our firm belief that by forming a Joint Powers Agreement with Casitas Municipal Water District, and the City of Ojai, that we can successfully manage and protect the Ojai basin's groundwater. Balancing the long term annual replenishment and extractions in the Ojai basin will be of significant benefit to all of the residents of the Ojai Valley and will help mitigate the effects of the current and possible future droughts.

Your help in sponsoring this bill is greatly appreciated by the Board of Directors of our Water Conservation District and the many farmers and ranchers in Ojai whom we represent. Thank you again for your efforts on our behalf.

Sincerely,

OJAI WATER CONSERVATION DISTRICT

Charles E. Whipple II
President

c: Beverly O'Gorman, Legislative Assistant :
Andrew S. Belknap, City of Ojai
John J. Johnson, Casitas Municipal Water District

LEGISLATIVE INTENT SERVICE (800) 666-1917





SOUTHERN CALIFORNIA WATER COMPANY

630 EAST FOOTHILL BLVD • SAN DINAS, CALIFORNIA 91773 • (714) 384-3600 • FAX (714) 384-0711

April 11, 1991

Senator Gary Hart
18th Senatorial District
1216 State Street
Santa Barbara, CA 93101

RE: Ojai Basin Groundwater Management Agency

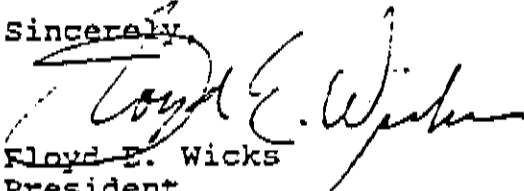
Dear Senator Hart:

In January of this year, we wrote you to express our grave concern over the formation of a groundwater management agency in the Ojai Valley. We felt that important but controversial groundwater management legislation was being hurriedly drafted for introduction into the State Legislature. Accordingly, we questioned the need for the legislation and the motives of those sponsoring the proposal.

We are now pleased to rescind our previous letter and announce our unqualified support for the legislation you have been requested to sponsor. Representatives from a wide variety of interests labored countless hours in developing the current proposal. We believe that, in its current form, the legislation establishes a groundwater management authority which will insure effective groundwater management for years to come. Moreover, it fairly distributes power among representatives of three public agencies, private mutual water companies and a public utility.

We thank you for your willingness to carry this important legislation. If we can provide you with any further assistance or support, please call.

Sincerely,


Floyd E. Wicks
President

FEW:gb

cc: Ojai City Manager, Andrew Belknap
Casitas MWD, John Johnson
Ojai Water Conservation District, Carl Huntsinger



HERMITAGE MUTUAL WATER COMPANY
2376 Gridley Road
Ojai, CA 93023
805-646-8195

April 11, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Re: Senate Bill 534

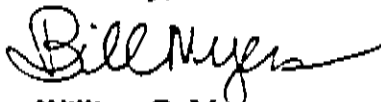
Dear Senator Hart:

The Board of Directors of the Hermitage Mutual Water Company has reviewed the legislation introduced as Senate Bill 534. Our Board unanimously supports this legislation and the creation of the Ojai Basin Groundwater Management Agency.

The residents of the Ojai Valley can best be served with a long term groundwater management plan that balances annual replenishment and extractions in the Ojai Basin. Creating the Ojai Agency will allow the Ojai Valley to speak as One in cooperating with Ventura County in it's Emergency Drought Program.

Your help in sponsoring Senate Bill 534 is greatly appreciated by the Hermitage Mutual Water Company.

Sincerely,



William G. Myers
President



Senior Canyon Mutual Water Company
603 West Ojai Avenue
Ojai, California 93023

April 18, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The Board of Directors for Senior Canyon Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Senior Canyon Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,

Michael A. Miller
Director, Senior Canyon
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant



Siete Robles Mutual Water Company

Ojai Professional Building 603 West Ojai Avenue Ojai, California 93023
Telephone: Office 646-4321 Maintenance 646-5875

May 1, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, CA 95814

Dear Senator Hart:

The Board of Directors for Siete Robles Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Siete Robles Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,



Russell Nelson
President, Siete Robles
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant

LEGISLATIVE INTENT SERVICE (800) 666-1917



MEMBERS
ROBERT CAMPBELL
JIM COSTA
BILL FILANTE, M.D.
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BILL JONES
RICHARD KATZ
DAVID G. KELLEY
STEVE PEACE
JACKIE SPEIER
PHILLIP D. WYMAN

California Legislature
Assembly Committee
on
Water, Parks and Wildlife

LINDA S. ADAMS
PRINCIPAL CONSULTANT

EDNA MAITA
SENIOR CONSULTANT

PATRICIA MEGASON
SENIOR CONSULTANT

PEGGY LUSK
COMMITTEE SECRETARY

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
(916) 445-6164

DOMINIC L. CORTESE
CHAIRMAN

JUN 14 1991

JUN 14 1991

ASSEMBLY COMMITTEE ON
WATER, PARKS AND WILDLIFE

June 12, 1991

Honorable Sam Farr, Chairman
Local Government Committee
Room 3120 - State Capitol
Sacramento, CA 95814

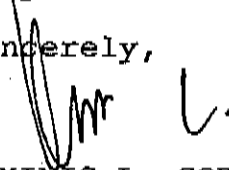
Dear Sam:

Thank you for your willingness to re-refer SB 534 (Hart) and SB 867 (Thompson) to the Water, Parks and Wildlife Committee.

Review by my committee is essential in order to address the policy issues of groundwater management, export of groundwater, water transfers, and water rights, which are contained in these bills. The committee will also have the opportunity to review the bills for consistency with related legislation which has come before the committee.

Thank you again for the re-referral of these bills. Your cooperation is greatly appreciated.

Sincerely,


DOMINIC L. CORTESE
Chairman

DLC:lap

LEGISLATIVE INTENT SERVICE (800) 666-1917



Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

ASSEMBLY ACTIONS:

COMMITTEE _____ L. GOV. _____ VOTE> _____ COMMITTEE _____ W., P. & W. _____ VOTE> _____
COMMITTEE _____ W. & M. _____ VOTE> _____ COMMITTEE _____ VOTE _____

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- continued -



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

- continued -



2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Study Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill better define "emergency," or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

- continued -



7) Permits/Registrations and Fees.

This bill allows permits to export and the registration of extraction facilities. This bill also allows the agency to control groundwater extractions, but does not require extraction permits or identify factors to be used in allocating the groundwater supply necessary to implement a program (e.g., crop type, use, reasonable need, conservation activities).

Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

Ojai Water Conservation District
 (SPONSOR)
 Ventura County
 City of Ojai
 Casitas Municipal Water District
 Hermitage Mutual Water Company
 Ojai Water Conservation District
 Siete Robles Mutual Water Company
 Senior Canyon Mutual Water Company
 Southern California Water Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 The Hermitage
 Topa Topa Ranch & Nursery, Inc.
 Roger Essick
 William G. Myers
 CA WATER ASSOC.

None on file.

- continued -



Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: ^{WPP/HW} ~~June 24~~ 1991
_{WTHAN}SUBJECT

Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management ~~is~~ commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.
- 5) Authorizes the district board to exercise certain powers if it determines

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 1

716
~~950-4490~~
 444
 8235

that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.

- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
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A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District boundaries.

Randy Pestor
 445-6034
 6/30/91:algov

SB 534
 Page 2



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This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

Ojai Water Conservation District
(SPONSOR)
Ventura County
City of Ojai
Casitas Municipal Water District
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

None on file.

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 4

LEGISLATIVE INTENT SERVICE (800) 666-1917



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This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

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This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31^{days} later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill better define "emergency", or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill allows permits to export and the registration of extraction

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 3



RETURN IMMEDIATELY
ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
SAM FARR, CHAIR

MEASURE: SB 534
AUTHOR: Hart

STAFF CONTACT PERSON: Joe Caves
PHONE: 445.540.5

RECEIVED

JUN 20 1991

ASSEMBLY LOCAL GOVERNMENT
COMMITTEE

1. Origin of the bill:
 - a) What is the source of the bill? What person, organization or governmental entity requested introduction?
Ojai Water Conservation District
 - b) Has a similar bill been previously introduced (by any author)? If so, please identify the session, bill number and disposition of the bill.
SB 747 Signed - dealt with d. front area
 - c) Has there been an interim committee report on the bill? If so, please identify the report.
No
2. What is the problem or deficiency in the present law which the bill seeks to remedy?
Groundwater management authority is desired by most groundwater users in the covered area to protect quality and quantity of groundwater.
3. Please attach copies of any background material in explanation of the bill, or state where such material is available for reference by committee staff. (S.B.'s PLEASE ATTACH POLICY, FISCAL, & FLOOR ANALYSES.)
4. Please attach copies of letters of support or opposition from any group, organization, or governmental agency.
5. If you plan substantive amendments to this bill prior to hearing, please explain briefly the substance of the amendments to be prepared & bring what is taken to Leg. Counsel immediately to the committee office. NOTE: ORIGINAL (SIGNED) + 7 COPIES OF LEG. COUNSEL AMENDMENTS MUST BE RECEIVED BY THE COMMITTEE AT LEAST 7 LEGISLATIVE DAYS PRIOR TO THE HEARING DATE.
6. How much time do you think will be necessary to consider this bill in the committee?

RETURN TO: ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
ROOM 3120 - STATE CAPITOL (PHONE: 445-6034)
ATTENTION: TERI BROWN

LEGISLATIVE INTENT SERVICE (800) 666-1917

SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#####

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



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Committee Secretary

STATE CAPITOL
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PHONE (916) 445-6034

SAM FARR
CHAIRMAN

May 31, 1991

Honorable Tom Bane
Chairman, Assembly Rules
Committee
Room 3016 - State Capitol
Sacramento, CA 95814

Dear Chairman Bane:

This letter is to request that when the Assembly Rules Committee begins the process of assignment of bills to committees, the following Senate Bills be assigned to the Assembly Local Government Committee:

- o SB 285
- o SB 740
- o SB 867
- o SB 1093
- o SB 1225
- o SB 534
- o SB 757
- o SB 1019
- o SB 1164

If there are any questions regarding the referral of these measures, please contact Randy Pestor at 5-6034. Thank you for your assistance in this matter.

Sincerely,



SAM FARR

SF:cst

LEGISLATIVE INTENT SERVICE (800) 666-1917



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June 8, 1991

The Honorable Tom Bane
Chairman, Assembly Rules Committee
Room 3016 - State Capitol
Sacramento, CA 95814

Dear ~~Chairman Bane~~ *Tom*

SB 534 (Hart) and SB 867 (Thompson) will be rereferred to the Water, Parks and Wildlife Committee following approval by the Local Government Committee. If there are any questions regarding the rereferral of these measures, please contact me.

Sincerely,

Sam Farr
SAM FARR

SF:rp

cc Senator Hart
Senator Thompson

LEGISLATIVE INTENT SERVICE (800) 666-1917



Date of Hearing: June 19, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 1086 (Rogers) - As Amended: May 8, 1991

ASSEMBLY ACTIONS:

COMMITTEE _____ L. GOV. _____ VOTE> _____ COMMITTEE _____ VOTE _____

SUBJECT: Creates the Odessa Water District Act (Barstow area).

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county service areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers.

This bill establishes the Odessa Water District Act, which:

- 1) Allows the Barstow city council to create the Odessa Water District (within the city) by ordinance, and subject to the approval of voters within Barstow, for purposes of developing, storing, distributing, providing, selling, and delivering water, as well as acquiring water and water rights. The district must be governed by the Barstow city council and certain city officers and employees may perform district work. Provides that "no invalidity or irregularity" can invalidate district incorporation if it does not "substantially and adversely" affect the interests of the voters.
- 2) Exempts the district from the Cortese-Knox Local Government Reorganization Act of 1985, and allows the annexation of territory by a 4/5 vote of the district board. The board of supervisors may, by a 4/5 vote, order an election.
- 3) Requires the district to identify proposed projects, with engineering estimates and costs, by resolution at a noticed public hearing.
- 4) Allows the district to fix water rates and the amount of water standby or availability charges or assessments.
- 5) Allows the district to provide, sell, and deliver surplus water, but must give "preference" to uses within the district. Agricultural wastewater, brackish groundwater, or unsuitable water must be used for powerplant cooling.
- 6) Allows the district to take property within or outside the district, as well as within or outside the state. The district may "do and perform any

- continued -



and all things necessary or convenient" to carry out district purposes. Property or rights in property may be acquired by condemnation or "other legal means," and eminent domain proceedings may be used.

- 7) Allows the district to use improvement bonds, special benefit bonds, revenue bonds, and short-term borrowing pursuant to certain procedures.

FISCAL EFFECT

Will increase costs to the proposed district and residents due to potential duplication of services.

COMMENTS

1) Background.

Certain districts are authorized to undertake water, groundwater, and flood control activities under general or special acts. Under special acts, the district boundaries are commonly defined by a legal description to cover a certain area. This bill, however, creates a special district act with boundaries being the same as the City of Barstow. However, cities can already provide water for these purposes. Furthermore, this bill allows the district to annex territory absent compliance with the Cortese-Knox Local Government Reorganization Act of 1985.

There is no known special water district act for a city. The author and sponsor have provided no information to the committee regarding the need for the bill, local unique circumstances, and how duplication of services will be avoided.

2) Duplication of Services.

This bill gives broad authority to the Odessa Water Management District, including developing, storing, distributing, providing, selling, and delivering water. Water and water rights may also be created. Because some of these services are most likely already being provided in Barstow, this bill allows duplicate services. Also, because the bill exempts the district from the Cortese-Knox Act, other services may also be duplicated when territory is annexed. It is noteworthy that the district can also exercise powers outside the district and state, as well as take property.

3) Creation of District.

The Odessa Water District may be created with the adoption of an ordinance by the Barstow city council and the approval of city residents. The bill does not define the ballot question and does not require that the water resources management plan be prepared prior to the election. Therefore, voters will not know the ramifications of district formation. There are also no requirements for regular reports on district activities or district rules and regulations. Finally, by providing that "no invalidity or irregularity" can invalidate district incorporation if it does not

- continued -



"substantially and adversely" affect the interests of the voters, this bill may override the rights of residents and other provisions of law.

4) Lack of Representation.

This bill requires the Barstow city council to serve as the district board, thereby precluding representation by those outside the city if territory is annexed. These dual roles also pose problems relating to incompatibility of offices.

This bill allows the district board to impose water standby fees without any reference to notice and hearing or the Uniform Standby Charge Procedures Act. The district board may also fix water rates without any requirements for notice and hearing.

5) Revenue Raising Authority.

This bill provides broad revenue-raising authority to the district through improvement acts, special benefit bonds, revenue bonds, and short-term borrowing.

6) Miscellaneous Considerations.

There are numerous additional considerations which should be resolved. For example, the act is added to the Public Contract Code rather than the Water Appendix, the bond tax exemption is overly broad, "unsuitable water" is limited to powerplant cooling, the district is only required to restore streets affected by projects to their former state of usefulness "if possible," defects and irregularities relating to special bond elections cannot affect the validity of bonds, and funds may be granted from the city general fund to the district without reimbursement.

SUPPORT

City of Barstow

OPPOSITION

None on file.

Randy Pestor
445-6034
6/12/91:algov

SB 1086
Page 3

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CONCURRENCE IN SENATE AMENDMENTS

AB 1941 (N. Waters) - As Amended: September 6, 1989

ASSEMBLY VOTE 77-0 (June 27, 1989) SENATE VOTE 36-0 (September 8, 1989)Original Committee Reference: L. GOV.DIGESTExisting law provides for groundwater management by certain special districts.As passed by the Assembly, this bill:

- 1) Established the Mono County Tri-Valley Groundwater Management District in the watersheds of Benton, Hamill, and Chalfant Valleys with the Mono County Board of Supervisors serving as the board of directors and exercising the powers provided in the bill.
- 2) Provided for a Groundwater Advisory Board made up of 15 members appointed by the board, with five members from each of the three valleys, to advise the board, to comment on projects or other matters affecting the district, to hold hearings for gathering evidence, and to comment on or initiate rules and regulations for possible adoption by the board.
- 3) Authorized the board to adopt an ordinance regarding a groundwater management program, and to establish civil penalties for violations which are in addition to those specified in the bill.
- 4) Authorized the board to conduct technical investigations and required the board to prepare a report on groundwater supplies, conditions in the district, and an implementation plan if groundwater management activities are necessary.
- 5) Authorized the board to exercise certain powers if it determines that groundwater management activities are necessary, including: storing surface or groundwater, acquiring water rights, purchasing and importing water, conserving/reclaiming water, requiring water conservation practices, exchanging water/water rights, controlling water and extractions to improve water quality and rectify subsidence conditions, and commencing/prosecuting actions to enjoin certain unreasonable uses.
- 6) Established procedures for issuance of export permits, permits for extraction (from new, enlarged, or reactivated facilities) if the board has imposed reductions on district users, and registration of extraction facilities.
- 7) Provided procedures for the allocation of groundwater rights to correct overdraft conditions, and provided procedures which a court may adjust based on certain factors.

- continued -



- 8) Authorized the board to require information for registered extraction facilities and to require flow measuring devices.
- 9) Authorized the levy of groundwater extraction charges and management charges.
- 10) Allowed the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, or the Revenue Bond Law of 1941 for the construction of facilities, and authorized it to establish zones within the district and to amend a zone by annexing or withdrawing property from it.
- 11) Established penalties and enforcement powers.

The Senate Amendments:

- 1) Describe the district boundaries.
- 2) Delete provisions requiring the board of supervisors to serve as the board of directors and, instead, establish a seven-member board with: a) one county supervisor appointed by the board of supervisors, b) three residents elected at large from the district, and c) three resident groundwater extractors (pumping at least 100 gallons per minute) elected at large from the district.
- 3) Delete the authority of the board to conserve/reclaim water, require water conservation practices, and control water and extractions for improving water quality and rectifying subsidence conditions.
- 4) Delete procedures for a court to use in adjusting amounts of water when there is a petition to adjudicate groundwater basins in the district.
- 5) Delete requirements for a) registration of extraction facilities (and information regarding the facilities), b) flow measuring devices, c) groundwater extraction charges, and d) management charges.

FISCAL EFFECT

State-mandated local program; contains a local request disclaimer.

COMMENTS

- 1) Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. AB 2523 (Costa) allows the Malaga County Water District in Fresno County to also undertake groundwater management activities.

Residents of the above mentioned valleys in Mono County are concerned that some landowners may export groundwater, resulting in adverse environmental

- continued -



effects. These concerns surfaced when it was learned that AB 3762 (Wright)-Chapter 1181, Statutes of 1988, as introduced, would have allowed the Castaic Lake Water Agency to exercise the right of eminent domain to take property for importation, treatment, and transmission of water. Due to Mono County's concerns over the potential for exporting water from the Hamill Valley, via the Los Angeles Department of Water and Power Aqueduct, the bill was amended to only allow the Castaic Lake Agency to exercise this authority in the area of the agency. This bill is an attempt to respond to the residents' concerns about management of the groundwater.

- 2) The bill previously designated the Mono County Board of Supervisors as ex officio members of the board of directors; however, only one supervisor represents the area covered by the bill. The City of Mammoth Lakes, on the other hand, is represented by three county supervisors. Other groundwater management agencies require governance by residents of the district. The Senate amendments, therefore, provide that only one county supervisor serve on the board of directors with six resident members.
- 3) The bill requires the board to give notice and hold a hearing to receive evidence and make findings on the need for the program and the form/scope of the required management activities. Because of misinterpretations over the California Environmental Quality Act (CEQA) in the Inyo-Mono region, this bill specifies that the board is required to comply with CEQA before it makes findings regarding the need for the program and provides that this must not be construed as limiting compliance with CEQA for other discretionary actions.
- 4) The bill provides factors (e.g., crop type, reasonable need) to be considered in allocating water when it is necessary to eliminate current or threatened overdraft conditions. Because district residents are also concerned with conservation activities, the author has included "water conservation activities" as a factor.
- 5) The Senate amendments delete authority to collect extraction and management charges. Because the only revenue sources remaining in the bill are benefit assessments (for construction of facilities), penalties (for noncompliance with adopted ordinances), and water export fees, will the district have sufficient operating funds?

Randy Pestor
445-6034
9/12/89:algov

AB 1941
Page 3

LEGISLATIVE INTENT SERVICE (800) 666-1917



Date of Hearing: May 10, 1989

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Dominic L. Cortese, Chair

AB 1941 (Norman Waters) - As Amended: April 12, 1989

ASSEMBLY ACTIONS:

COMMITTEE	L. GOV.	VOTE>	COMMITTEE	W. & M.	VOTE>
Ayes:	>		Ayes:	>	
Nays:	>		Nays:	>	

SUBJECT: Enacts the Mono County Tri-Valley Groundwater Management District Act.

DIGEST

Existing law provides for groundwater management by certain special districts.

This bill:

- 1) Establishes the Mono County Tri-Valley Groundwater Management District in the watersheds of Benton, Hamill, and Chalfant Valleys with the Mono County Board of Supervisors serving as the board of directors and exercising the powers provided in the bill.
- 2) Provides for a Groundwater Advisory Board made up of 15 members appointed by the board, with 5 members from each of the 3 valleys, to advise the board, to comment on projects or other matters affecting the district, to hold hearings for gathering evidence, and to comment on or initiate rules and regulations for possible adoption by the board.
- 3) Authorizes the board to adopt an ordinance regarding a groundwater management program, and to establish civil penalties for violations which are in addition to those specified in the bill.
- 4) Authorizes the board to conduct technical investigations by licensed experts, and to prepare a report on groundwater supplies, conditions in the district, and an implementation plan.
- 5) Authorizes the board to exercise certain powers if it determines that groundwater management activities are necessary, including: storing surface or groundwater, acquiring water rights, purchasing and importing water, conserving/reclaiming water, requiring water conservation practices, exchanging water/water rights, controlling water and

- continued -



- extractions to improve water quality and rectify subsidence conditions, and commencing/prosecuting actions to enjoin certain unreasonable uses.
- 6) Establishes procedures for issuance of export permits, permits for extraction (from new, enlarged, or reactivated facilities) if the board has imposed reductions on district users, and registration of extraction facilities.
 - 7) Provides procedures for the allocation of groundwater rights to correct overdraft conditions, and provides procedures which a court may adjust based on certain factors.
 - 8) Authorizes the board to require information for registered extraction facilities and to require flow measuring devices.
 - 9) Authorizes the levy of groundwater extraction charges and management charges.
 - 10) Allows the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, or the Revenue Bond Law of 1941 for the construction of facilities, and authorizes it to establish zones within the district and to amend a zone by annexing or withdrawing property from it.
 - 11) Establishes penalties and enforcement powers.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program.

COMMENTS

1) Background

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. AB 2523 (Costa) allows the Malaga County Water District in Fresno County to also undertake groundwater management activities.

Residents of the above mentioned valleys in Mono County are concerned that some landowners may export groundwater, resulting in adverse environmental effects. These concerns surfaced when it was learned that AB 3762 (Wright) Chapter 1181, Statutes of 1988, as introduced, would have allowed the Castaic Lake Water Agency to exercise the right of eminent domain to take property for importation, treatment, and transmission of water. Due to Mono County's concerns over the potential for exporting water from the Hamill Valley, via the Los Angeles Department of Water and Power Aqueduct,

- continued -



the bill was amended to only allow the Castaic Lake Agency to exercise this authority in the area of the agency. AB 1941 is an attempt to respond to the residents' concerns over management of the groundwater.

2) District boundaries

The bill provides for the Legislature to adopt the watershed and basin as the scope of the area granted a prior right to groundwater, yet the boundaries are not specified in the bill. The sponsor has indicated that the boundary description will be included in the bill prior to enactment.

3) Board of Directors

As introduced, the bill required the district to be governed by a 5-member board of directors who are eligible voters residing within the district. The latest version of the bill designates the Mono County Board of Supervisors as ex officio members of the board of directors. However, only one supervisor represents the area covered by the bill. The City of Mammoth Lakes, on the other hand, is represented by 3 county supervisors. Other groundwater management agencies require governance by residents of the district.

Because the proposed groundwater management district jurisdiction would not include the entire county, and because only one supervisorial district covers the three valleys, should the Mono County Board of Supervisors serve as directors of the district?

4) Investigations and Annual Report

The bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology. The bill also allows the board to annually prepare a report on groundwater supplies and conditions, including groundwater management objectives and a plan of implementation of those objectives.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited? If the board determines that the groundwater management activities are necessary, should the report be required to be prepared on an annual basis?

5) Compliance with the California Environmental Quality Act (CEQA)

The bill requires the board to give notice and hold a hearing to receive evidence and make findings on the need for the program and the form/scope of the required management activities. However, the bill does not specify when the district will comply with CEQA. Should the board be required to comply with CEQA before it makes findings regarding the need for the program?

- continued -



6) Permits/Registrations and Fees

The bill allows 1) permits to export; 2) permits for extracting from a new, enlarged, or reactivated extraction facility if the board has imposed reductions; and 3) registration of extraction facilities. The bill also allows groundwater extraction charges and management charges.

The bill provides that the registration of facilities, groundwater extraction charges, and management charges are operative only upon approval of the district voters. Should other authorities of the bill also require a vote or protest provisions (e.g., allowing permits to export)?

The management charge limits are not specified in the bill. Should the bill specify a limit on management charges if a vote on those charges is already required? Also, should the bill specify that any charges not exceed the annual costs?

7) Allocation and Adjudication of Rights

The bill provides factors (e.g., crop type, reasonable need) to be considered in allocating water when it is necessary to eliminate current or threatened overdraft conditions. Factors which may be considered in the adjudication of groundwater basins are also outlined. None of these factors include current conservation efforts. The sponsor has indicated that this should also be a factor.

8) Assessment Districts and Zones of Benefit

The bill authorizes the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, and the Revenue Bond Law of 1941 for the construction of facilities. While the bill allows the board to establish zones of benefit within the district, the board may amend a zone by annexing property to or by withdrawing property from it. (Note: the bill does not specify that the annexed zone be within the district). Also, the bill's legislative intent provides that the groundwater basins which are the subject of the act provide water for domestic, agricultural, and commercial needs in the eastern portions of Mono County.

If the legislative purpose of the bill is to encourage the exchange of groundwater within the district to other areas of the county for various purposes, would a county-wide ordinance (or at least an ordinance for the "eastern portions" affected by the bill) be a more direct and comprehensive approach?

9) Effective Date of Ordinances

This bill stipulates that ordinances adopted by the board become effective upon adoption. Within ten days of adoption, the ordinance must be published one time in a newspaper of general circulation. Persons who violate the ordinance may be fined up to \$1,000 for each day of

- continued -



noncompliance. In addition, any petitions asking for reconsideration of a board decision must be filed within 15 days of the decision.

If ordinances become effective upon adoption and they are not published until ten days later, how will the public become aware of them in order to comply with their provisions or to file a petition of reconsideration in a timely manner?

10) Special Statute

Article IV, Section 16, of the California Constitution makes a "local or special statute invalid in any case if a general statute can be made applicable." The bill does not contain the unique facts and circumstances needed to comply with these constitutional requirements.

SUPPORT

OPPOSITION

Mono County Board of Supervisors
(SPONSOR)

None on file.

Randy Pestor
445-6034
5/5/89:algov

AB 1941
Page 5



- 6) Provides factors which a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may use to adjust distributed water; and, c) the district may use when adjusting the allocation of groundwater during consideration of development projects.
- 7) Authorizes the district to require information for registered groundwater extraction facilities and to require flow measuring devices.
- 8) Authorizes the levy of groundwater extraction charges and management charges which may be collected on the tax rolls.
- 9) Allows the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941 for the construction of facilities, and authorizes it to establish zones within the district and to amend a zone by annexing or withdrawing property from it.
- 10) Designates the district as a responsible agency for purposes of considering whether sufficient groundwater is available for proposed development projects.
- 11) Establishes penalties and enforcement powers.

FISCAL EFFECT

- 1) State-mandated local program; contains a local request.
- 2) Any costs to the district (Department of Finance estimate: \$250,000 annually) are not reimbursable.

COMMENTS

- 1) Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. AB 2523 (Costa) allows the Malaga County Water District in Fresno County to undertake groundwater management activities, and AB 1941 (N. Waters) enacts the Mono County Tri-Valley Groundwater Management District Act. Both bills are in enrollment.

The Honey Lake Valley Groundwater Basin is located on the northeastern edge of California in Lassen County. The basin crosses the state line, including territory in both Nevada and California. The cities of Reno and Sparks in Washoe County, Nevada are experiencing water shortages. In order to mitigate this shortage, the Washoe County Water Authority has begun a project which will bring water extracted from the Honey Lake Valley Groundwater Basin to the Reno area.

According to sources in Lassen County, if an entity is not created to regulate extraction of water from the basin, the Washoe Authority will be

- continued -



able to extract water at will. It is feared that unregulated pumping will result in overdraft of the basin, with accompanying environmental and economic problems.

- 2) The bill provides that the boundaries of the district include all land overlying the California portion of the Honey Lake Valley Groundwater Basin, yet the boundaries are not specified in the bill. Because district acts traditionally include boundary descriptions, the Legislature knows the boundaries when it enacts special district legislation. The U.S. Geological Survey is currently investigating the groundwater basin, so the "initial boundaries" would be established by the board of directors. The author has indicated that the specific boundaries will be codified after that determination.
- 3) This bill requires that four board members be elected by eligible voters, and one member be a county supervisor appointed by the board of supervisors. Eligible voters are owners of land with extraction facilities capable of extracting 100 gallons of water per minute, exclusive of domestic use. The bill also exempts from the requirements of the act any extraction facility which is not capable of extracting this amount, and specifically exempts them from extraction and management charges.
- 4) This bill requires the board to give notice and hold a hearing to receive evidence and make findings on the need for the program and the form/scope of the required management activities. Because of potential misinterpretations over the California Environmental Quality Act (CEQA), this bill specifies that the board is required to comply with CEQA before it makes findings regarding the need for the program and provides that this must not be construed as limiting compliance with CEQA for other discretionary actions.
- 5) This bill provides factors (e.g., crop type, reasonable need) to be considered in allocating water when it is necessary to eliminate current or threatened overdraft conditions. Factors which may be considered in the adjudication of groundwater basins are also outlined, as are factors for groundwater allocation to development projects. Because district residents are also concerned with conservation activities, the author has included "water conservation activities" as a factor.
- 6) The bill deems the district a responsible agency for purposes of determining whether there is sufficient groundwater for proposed development projects. The bill also requires the district to comply with the entire provisions of the Permit Streamlining Act so that applicants have the full protections provided by it.

Randy Pestor
445-6034
9/16/89:algov

SB 1721
Page 3



SENATE THIRD READING

SB 1839 (Doolittle) - As Amended: August 29, 1990

SENATE VOTE: 31-0

ASSEMBLY ACTIONS:

COMMITTEE _____ L. GOV. _____ VOTE 10-0 COMMITTEE _____ VOTE _____DIGEST

Existing law establishes the Honey Lake Valley Groundwater Management District in Lassen County, with specified powers, which:

- 1) Provide a process for establishing the interim boundaries of the district.
- 2) Require adopted ordinances to become effective within 30 days of adoption.
- 3) Allow any county employee to serve as an ex officio employee of the district and perform the same duties for the district without compensation with the consent of the board of supervisors and the district board of directors.
- 4) Authorize the district to enter into joint powers agreements (JPAs) consistent with current law, including agreements with Washoe County (Nevada) and the State of Nevada.
- 5) Allow the district to adjust groundwater allocations to eliminate conditions of overdraft based on certain factors (e.g., crop type, wasteful or inefficient use, water conservation activities).

This bill:

- 1) Repeals the interim boundary provisions and establishes the legal boundary description for the district and requires adopted ordinances to become effective 30 days after adoption.
- 2) Repeals the provisions authorizing county employees to serve as ex officio district employees.
- 3) Authorizes the district to enter into JPAs with Lassen County and requires that any JPAs with Washoe County and Nevada also include Lassen County.
- 4) Adds an additional factor for adjusting groundwater allocations: a prior industrial use and the need for water supply to continue that operation.

FISCAL EFFECT

None

- continued -



COMMENTS

SB 1721 (Doolittle) - Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Management District Act. The bill did not include a legal boundary description because the U.S. Geological Survey was investigating the groundwater basin at the time. Instead, the bill directed the district board to establish interim boundaries. The author committed to codifying the boundaries after the U.S. Geological Survey determination. This bill fulfills that commitment.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Randy Pestor
445-6034
8/30/90:algov

SB 1839
Page 2

Date of Hearing: September 13, 1989

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Dominic L. Cortese, Chair

SB 1721 (Doolittle) - As Amended: September 12, 1989

ASSEMBLY ACTIONS:

COMMITTEE	<u> L. GOV. </u>	VOTE>	COMMITTEE	<u> W. & M. </u>	VOTE>
Ayes:	>		Ayes:	>	
Nays:	>		Nays:	>	

SUBJECT: Enacts the Honey Lake Valley Groundwater Basin Act.

DIGEST

Urgency measure.

Existing law provides for groundwater management by certain special districts.

This bill:

- 1) Establishes the Honey Lake Valley Groundwater Management District overlying the Honey Lake Groundwater Basin (undefined in the bill) in Lassen County, with a board of directors exercising the powers provided in the bill.
- 2) Authorizes the board to adopt an ordinance regarding a groundwater management program, and to establish civil penalties for violations which are in addition to those specified in the bill.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and to prepare a report on groundwater supplies, conditions in the district, and an implementation plan.
- 4) Authorizes the board to exercise certain powers if it determines that groundwater management activities are necessary, including: storing surface or groundwater, conserving/reclaiming water, controlling water and extractions to improve water quality and rectify subsidence conditions, regulating groundwater replenishment programs, and commencing actions to enjoin certain unreasonable uses.
- 5) Establishes procedures for issuance of export permits, permits for extraction (from new, enlarged, or reactivated facilities) if the board has imposed reductions on district users, and registration of extraction facilities.

- continued -



- 6) Provides factors which a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects.
- 7) Authorizes the district to require information for registered groundwater extraction facilities and to require flow measuring devices.
- 8) Authorizes the levy of groundwater extraction charges and management charges which may be collected on the tax rolls.
- 9) Allows the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941 for the construction of facilities, and authorizes it to establish zones within the district and to amend a zone by annexing or withdrawing property from it.
- 10) Designates the district as a responsible agency for purposes of considering whether sufficient groundwater is available for proposed development projects.
- 11) Establishes penalties and enforcement powers.

FISCAL EFFECT

Any costs to the district (Department of Finance estimate: \$250,000 annually) are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program.

COMMENTS

1) Background

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. AB 2523 (Costa) allows the Malaga County Water District in Fresno County to undertake groundwater management activities, and AB 1941 (N. Waters) enacts the Mono County Tri-Valley Groundwater Management District Act. Both bills are in enrollment.

The Honey Lake Valley Groundwater Basin is located on the northeastern edge of California in Lassen County. The basin crosses the state line, including territory in both Nevada and California. The cities of Reno and Sparks in Washoe County Nevada are experiencing water shortages. In order to mitigate this shortage, the Washoe County Water Authority has begun a project which will bring water extracted from the Honey Lake Valley Groundwater Basin to the Reno area.

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According to sources in Lassen County, if an entity is not created to regulate extraction of water from the basin, the Washoe Authority will be able to extract water at will. It is feared that unregulated pumping will result in overdraft of the basin, with accompanying environmental and economic problems.

2) Constitutional Conflict

Article IV, Section 8(d) of the California Constitution specifies that urgency statutes "may not create or abolish any office or change the salary, term, or duties of any office". Since this urgency measure creates a new agency with four new directors and expands the duties of the county board of supervisors, it is in conflict with the Constitution. The conflict could be eliminated by deleting the urgency clause.

3) District boundaries

The bill provides that the boundaries of the district include all land overlying the Honey Lake Valley Groundwater Basin, yet the boundaries are not specified in the bill, nor does the bill indicate the relationship with the Nevada portion of the basin. The "initial boundaries" would be established by the board of directors. AB 1941 (N. Waters) also did not describe the boundaries when the bill was before the Committee; however, the sponsor has indicated that the boundary description would be included in the bill prior to enactment. When the bill was before the Assembly for concurrence in Senate amendments on September 12, 1989, the boundary description was included in the bill.

Because district acts traditionally include boundary descriptions, the Legislature knows the boundaries when it enacts special district legislation. Should this bill also include district boundaries?

4) Board of Directors

This bill requires that four board members be elected by eligible voters, and one member be a county supervisor appointed by the board of supervisors. Eligible voters are owners of land with extraction facilities capable of extracting 100 gallons of water per minute, exclusive of domestic use. The bill also exempts from the requirements of the act any extraction facility which is not capable of extracting this amount. However, groundwater extraction charges are levied from on all groundwater extraction facilities, and management charges are levied on operators.

Because the charges can be levied on extractors and operators, regardless of the amount pumped, should all landowner extractors and operators be eligible voters? (Note: AB 1941 provided that three board members are elected by all landowners, and three members are elected by those pumping at least 100 gallons of water exclusive of domestic use).

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5) Investigations and Annual Report

The bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology. The bill also allows the board to annually prepare a report on groundwater supplies and conditions, including groundwater management objectives and a plan for implementing those objectives.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited? If the board determines that the groundwater management activities are necessary, should the report be required to be prepared on an annual basis?

6) Compliance with the California Environmental Quality Act (CEQA)

The bill requires the board to give notice and hold a hearing to receive evidence and make findings on the need for the program and the form/scope of the required management activities. However, the bill does not specify when the district will comply with CEQA. Should the board be required to comply with CEQA before it makes findings regarding the need for the program?

7) Permits/Registrations and Fees

The bill allows 1) permits to export; 2) permits for extracting from a new, enlarged, or reactivated extraction facility if the board has imposed reductions; and, 3) registration of extraction facilities. The bill also allows groundwater extraction charges and management charges.

Should the bill specify that any charges not exceed the annual costs?

8) Allocation and Adjudication of Rights

The bill provides factors (e.g., crop type, reasonable need) to be considered in allocating water when it is necessary to eliminate current or threatened overdraft conditions. Factors which may be considered in the adjudication of groundwater basins are also outlined, as are factors for groundwater allocation to development projects. None of these factors include water conservation efforts. Assembly Member Norman Waters included these factors as Committee amendments to his AB 1941.

Should water conservation efforts be included as a factor in allocating and adjudicating water in this bill as well?

9) Effective Date of Ordinances

This bill stipulates that ordinances adopted by the board become effective upon adoption. Within ten days of adoption, the ordinance must be published one time in a newspaper of general circulation. Persons who

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violate the ordinance may be fined up to \$1,000 for each day of noncompliance. In addition, any petitions asking for reconsideration of a board decision must be filed within 15 days of the decision.

If ordinances become effective upon adoption and they are not published until ten days later, how will the public become aware of them in order to comply with their provisions or to file a petition of reconsideration in a timely manner?

10) Development Project Review

The bill deems the district a responsible agency for purposes of determining whether there is sufficient groundwater for proposed development projects. The district must comply with provisions of the Permit Streamlining Act relating to time limits for acting on the application, and for determining completeness of the applications. The bill allows the district to require certain information for development applications, including "other information as the district may reasonably require". It does not, however, reference the Act's section which requires an agency to have a list specifying information needed for development projects.

Should this bill specifically reference the information list requirements and also require the district to comply with the entire provisions of the Permit Streamlining Act so that applicants have the full protections provided by it?

11) Special Statute

Article IV, Section 16, of the California Constitution makes a "local or special statute invalid in any case if a general statute can be made applicable." The bill does not contain the unique facts and circumstances needed to comply with these constitutional requirements.

SUPPORT

County Supervisors Assoc. of CA
Lassen County
CA Cattlemen's Assoc.
Lassen County Cattlemen's Assoc.
Lassen County Farm Bureau

OPPOSITION

None on file.

Randy Pestor
445-6034
9/13/89:algov

SB 1721
Page 5



Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SUBJECT

Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management are commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by *entities with* representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 1



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage new wells or reactivation of old wells--which could overdraft the basin.

2) District boundaries.

Randy Pestor
445-6034
6/30/91:algov

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SB 534
Page 2



This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, ^{or} and the Hermitage Mutual Water Company.

4) Study consultants.

The bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

The bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it ^{decides} determines to enact program?

6) Adoption of ordinances.

This bill allows the board to adopt an ordinance ^{taken} after a noticed public hearing, which becomes effective 31 days ~~after adopting~~. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill better define "emergency", or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 3

This bill allows permits to export and the registration of extraction facilities. This bill also ^{allows} permits the agency to control groundwater extractions, but does not require extraction permits or ^{identify} factors to be used in allocating the ^{groundwater} supply necessary to implement a program (e.g., crop type, use, reasonable need, conservation activities).

Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should ^{more specifically} the bill distinguish the purposes for these charges? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

- ~~Ojai Water Conservation District (sponsor) None on file.~~
- ~~Ventura County~~
- ~~City of Ojai~~
- ~~Casitas Municipal Water District~~
- ~~Hermitage Mutual Water Company~~
- ~~Ojai Water Conservation District~~
- ~~Siete Robles Mutual Water Company~~
- ~~Senior Canyon Mutual Water Company~~
- ~~Southern California Water Company~~
- ~~Huntsinger Live Oak Ranch~~
- ~~Huntsinger Ojai Ranches~~
- ~~The Hermitage~~
- ~~Topa Topa Ranch & Nursery, Inc.~~
- ~~Roger Essick~~
- ~~William G. Myers~~

Randy Pestor
445-6034
6/30/91:algov



Date of Hearing: ~~July 3~~, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE> COMMITTEE W., P. & W. VOTE>
COMMITTEE W. & M. VOTE> COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

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- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

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This bill requires studies to cover certain issues, but does not address other important related issues (e.g., wasteful or inefficient use, reasonable need, water conservation activities). Should these issues be explored in the studies? Should water contractors be required to provide related information? SB 534

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

Incorrect A
3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

Studies and
4) Study Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Simply reference the Ralph M. Brown Act, and
Should the bill ~~better define "emergency," or else require a 4/5 vote and~~ limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing? *Should the bill/*
also provide for reconsideration of ordinances and judicial review?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

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LEGISLATIVE INTENT SERVICE (800) 666-1917

7) Permits/Registrations and Fees.

This bill allows permits to export and the registration of extraction facilities. This bill also allows the agency to control groundwater extractions, but does not require extraction permits or identify factors to be used in allocating the groundwater supply necessary to implement a program (e.g., crop type, use, reasonable need, conservation activities).

Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

OPPOSITION

- Ojai Water Conservation District [SPONSOR] None on file.
- Ventura County
- CA Water Assoc.
- Casitas Municipal Water District
- City of Ojai
- Hermitage Mutual Water Company
- Ojai Water Conservation District
- Siete Robles Mutual Water Company
- Senior Canyon Mutual Water Company
- Southern California Water Company
- Huntsinger Live Oak Ranch
- Huntsinger Ojai Ranches
- The Hermitage
- Topa Topa Ranch & Nursery, Inc.
- Roger Essick
- William G. Myers

Randy Pestor
445-6034
7/1/91:algov

SB 534
Page 4

*Big Bear Valley
11-9-90*

and provide a cleanup process for adoption of the extraction charges with a public hearing

LEGISLATIVE INTENT SERVICE (800) 666-1917

Revising
SB 534

Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

San Mateo SB 534 (Hart) - As Amended: June 24, 1991
35-0
ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE> COMMITTEE W., P. & W. VOTE>
COMMITTEE W. & M. VOTE> COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

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LEGISLATIVE INTENT SERVICE (800) 666-1917



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

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2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., ~~wasteful or inefficient uses, reasonable need,~~ water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective

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immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing? ~~Should the bill provide for reconsideration of ordinances and judicial review?~~

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

~~This bill allows permits to export and the registration of extraction facilities. This bill also allows the agency to control groundwater extractions, but does not require extraction permits or identify factors to be used in allocating the groundwater supply necessary to implement a program (e.g., crop type, use, reasonable need, conservation activities).~~

~~Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?~~

This bill also allows management charges, ~~standby~~ ^{management} charges, and groundwater extraction charges. All of these charges may be used for similar purposes. ~~Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?~~ *still the dist*

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

Because the district is not constructing projects

LEGISLATIVE INTENT SERVICE (800) 666-1917



- continued -

SUPPORT

OPPOSITION

Ojai Water Conservation District [SPONSOR] None on file.
Ventura County
CA Water Assoc.
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

Randy Pestor
445-6034
7/1/91:algov

SB 534
Page 5



- Article 6 →
8
Article
9
10
11
- Authorizes the district to require information for registered groundwater extraction facilities and to require flow measuring devices.
- 8) Authorizes the levy of groundwater extraction charges and management charges which may be collected on the tax rolls.
- 9) Allows the board to use the Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941 for the construction of facilities, and authorizes it to establish zones within the district and to amend a zone by annexing or withdrawing property from it.
- 10) Designates ~~the~~ district as a responsible agency for purposes of ~~considering~~ whether sufficient groundwater is available for proposed ~~development~~ projects.
- 11) Establishes ~~penalties~~ and enforcement powers.

FISCAL EFFECT

Any costs to the district (Department of Finance estimate: \$250,000 annually) are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program.

COMMENTS

1) Background

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. AB 2523 (Costa) allows the Malaga County Water District in Fresno County to undertake groundwater management activities, and AB 1941 (N. Waters) enacts the Mono County Tri-Valley Groundwater Management District Act. Both bills are in enrollment.

The Honey Lake Valley Groundwater Basin is located on the northeastern edge of California in Lassen County. The basin crosses the state line, including territory in both Nevada and California. The cities of Reno and Sparks in Washoe County Nevada are experiencing water shortages. In order to mitigate this shortage, the Washoe County Water Authority has begun a project which will bring water extracted from the Honey Lake Valley Groundwater Basin to the Reno area.

According to sources in Lassen County, if an entity is not created to regulate extraction of water from the basin, the Washoe Authority will be able to extract water at will. It is feared that unregulated pumping will result in overdraft of the basin, with accompanying environmental and economic problems.

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 2



3) District boundaries

The bill provides that the boundaries of the district include all land overlying the Honey Lake Valley Groundwater Basin, yet the boundaries are not specified in the bill, nor does the bill indicate the relationship with the Nevada portion of the basin. The "initial boundaries" would be established by the board of directors. AB 1941 (N. Waters) also did not describe the boundaries when the bill was before the Committee; however, the sponsor has indicated that the boundary description would be included in the bill prior to enactment. When the bill was before the Assembly for concurrence in Senate amendments on September 12, 1989, the boundary description was included in the bill.

Because district acts traditionally include boundary descriptions, the Legislature knows the boundaries when it enacts special district legislation. Should this bill also include district boundaries?

4) Board of Directors

This bill requires that four board members be elected by eligible voters, and one member be a county supervisor appointed by the board of supervisors. Eligible voters are owners of land with extraction facilities capable of extracting 100 gallons of water per minute, exclusive of domestic use. The bill also exempts from the requirements of the act any extraction facility which is not capable of extracting this amount. However, groundwater extraction charges are levied from on all groundwater extraction facilities, and management charges are levied on operators.

Because the charges can be levied on extractors and operators, regardless of the amount pumped, should all landowner extractors and operators be eligible voters? (Note : AB 1941 provided that three board members are elected by all landowners, and three members are elected by those pumping at least 100 gallons of water exclusive of domestic use).

5) Investigations and Annual Report

The bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology. The bill also allows the board to annually prepare a report on groundwater supplies and conditions, including groundwater management objectives and a plan for implementing those objectives.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited? If the board determines that the groundwater management activities are necessary, should the report be required to be prepared on an annual basis?

6) Compliance with the California Environmental Quality Act (CEQA)

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 3



The bill requires the board to give notice and hold a hearing to receive evidence and make findings on the need for the program and the form/scope of the required management activities. However, the bill does not specify when the district will comply with CEQA. Should the board be required to comply with CEQA before it makes findings regarding the need for the program?

7) Permits/Registrations and Fees

The bill allows 1) permits to export; 2) permits for extracting from a new, enlarged, or reactivated extraction facility if the board has imposed reductions; and, 3) registration of extraction facilities. The bill also allows groundwater extraction charges and management charges.

Should the bill specify that any charges not exceed the annual costs?

8) Allocation and Adjudication of Rights

The bill provides factors (e.g., crop type, reasonable need) to be considered in allocating water when it is necessary to eliminate current or threatened overdraft conditions. Factors which may be considered in the adjudication of groundwater basins are also outlined, as are factors for groundwater allocation to development projects. None of these factors include water conservation efforts. Assembly Member Norman Waters included these factors as Committee amendments to his AB 1941.

Should water conservation efforts be included as a factor in allocating and adjudicating water in this bill as well?

9) Effective Date of Ordinances

This bill stipulates that ordinances adopted by the board become effective upon adoption. Within ten days of adoption, the ordinance must be published one time in a newspaper of general circulation. Persons who violate the ordinance may be fined up to \$1,000 for each day of noncompliance. In addition, any petitions asking for reconsideration of a board decision must be filed within 15 days of the decision.

If ordinances become effective upon adoption and they are not published until ten days later, how will the public become aware of them in order to comply with their provisions or to file a petition of reconsideration in a timely manner?

SUPPORT

OPPOSITION

> >

Randy Pestor
445-6034
6/30/91:algov

SB 534
Page 4



Other considerations
Insert A

(Note: Even though the agency's purposes do not conflict with those of other entities)

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. ^{Should the agency} ~~The agency~~ ^{should not be involved} be prohibited from being involved in another entity's activities without this condition?

~~This bill requires~~

Date of Hearing: August 20, 1991

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Dominic L. Cortese, Chair

SB 534 (Hart) - As Amended: August 19, 1991

SUBJECT

Creates the Ojai Basin Groundwater Management Agency.

DIGEST

This bill enacts the Ojai Basin Groundwater Management Agency Act and creates the Ojai Basin Groundwater Management Agency, as follows:

- 1) Specifies the boundaries of the agency and the membership of the board of directors of the agency.
- 2) Makes legislative findings regarding the need to preserve the groundwater within the agency for the protection of agricultural, municipal, and industrial uses.
- 3) Generally limits the agency's activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.
- 4) Specifies penalties for violation of the act or any ordinance adopted by the agency (infraction and maximum \$500 fine; civil penalties up to \$1,000 per day for each day of violation).
- 5) Requires the agency to adopt and implement groundwater management plans to protect the basin's groundwater quality and to balance long-term water extractions and replenishment.
- 6) Authorizes the agency board to undertake any of the following activities if, after noticed public hearing, the board determines that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin:
 - a) Require conservation practices and measures, conserve and reclaim water, and impose charges upon those benefited by the conservation practices.
 - b) Commence legal action to enjoin unreasonable uses or methods of use of water to the extent those uses or methods of use affect the groundwater supply.

- continued -



- c) Regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs.
 - d) Encourage conjunctive use activities; impose regulations and spacing requirements to minimize well interference.
 - e) Control groundwater extractions by regulating, limiting, or suspending extractions, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities.
 - f) Establish export permits and condition or limit the export of groundwater from within the agency. Prohibits the issuance of an export permit unless the applicant establishes that the temporary surplus is in excess of the amount required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency.
- 7) Authorizes the agency, by ordinance, to require the registration of extraction facilities and require the facility operator to annually provide the agency with specified information.
 - 8) Requires extraction facilities to be equipped with waterflow measuring devices, except that the agency, by ordinance, may exempt specific facilities from this requirement and establish methods to compute the amount of water extracted by exempted facilities.
 - 9) Authorizes the agency, by ordinance, to require facility operators to file groundwater extraction statements that contain such information as total extraction in acre-feet of water, crop types or other uses, acreage served, and water conservation activities.
 - 10) Authorizes the agency to collect annual management charges until January 1, 1995, to pay agency expenses, not to exceed \$7.50 per acre per year, or \$5 for each parcel of less than one acre.
 - 11) Authorizes the agency to levy groundwater extraction charges, not to exceed \$7.50 per acre-foot pumped per year, to pay the costs of groundwater management activities, and authorizes the establishment of zones of benefit for purposes of levying the charges.

FISCAL EFFECT

State-mandated local program; contains a "fees and charges" disclaimer.

- continued -

COMMENTS

- 1) Background: The groundwater level underlying the Ojai groundwater basin has lowered dramatically as a result of the five-year drought. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, municipal water rates are expected to increase by 170% to pay for a water filtration plant, which will force farmers and water purveyors to become more dependent on groundwater supplies. In mid-1990, a group of Ojai citrus ranchers gathered to review the status of the basin. Concerns raised included: a) Well water levels were dropping dramatically; b) The basin is not adjudicated; c) The basin is not managed by any groundwater management agency; and d) There is no record of the number of wells in the basin or the amount of water being extracted from the basin each year.

This bill was drafted during extensive public hearings held by the three sponsoring agencies: Casitas Municipal Water District, the City of Ojai, and the Ojai Water Conservation District. The boundaries of the proposed Ojai Basin Groundwater Management Agency cover about 6,000 acres in the Ojai Valley (northern Ventura County), including most of the City of Ojai.

- 2) Technical amendment: Delete Section 324, definition of "standby charges", because the term is no longer used in the act.

SUPPORT

Casitas Municipal Water District (SPONSOR)
 City of Ojai (SPONSOR)
 Ojai Water Conservation District (SPONSOR)
 Crooked Creek Ranch
 Roger Essick, grower
 Hermitage Mutual Water Company
 Hermitage Ranch Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 Joseph M. Kielty, citrus grower
 Ojai Ranch & Investment Company
 Senior Canyon Mutual Water Company
 Siete Robles Mutual Water Company
 Southern California Water Company
 Topa Topa Ranch & Nursery, Inc.
 Ventura County Board of Supervisors

OPPOSITION

None received.

Linda Adams
 8/16/91

SB 534
 Page 3



Date of Hearing: August 20, 1991

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Dominic L. Cortese, Chair

SB 534 (Hart) - As Amended: August 19, 1991

SUBJECT

Creates the Ojai Basin Groundwater Management Agency.

DIGEST

This bill enacts the Ojai Basin Groundwater Management Agency Act and creates the Ojai Basin Groundwater Management Agency, as follows:

- 1) Specifies the boundaries of the agency and the membership of the board of directors of the agency.
- 2) Makes legislative findings regarding the need to preserve the groundwater within the agency for the protection of agricultural, municipal, and industrial uses.
- 3) Generally limits the agency's activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.
- 4) Specifies penalties for violation of the act or any ordinance adopted by the agency (infraction and maximum \$500 fine; civil penalties up to \$1,000 per day for each day of violation).
- 5) Requires the agency to adopt and implement groundwater management plans to protect the basin's groundwater quality and to balance long-term water extractions and replenishment.
- 6) Authorizes the agency board to undertake any of the following activities if, after noticed public hearing, the board determines that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin:
 - a) Require conservation practices and measures, conserve and reclaim water, and impose charges upon those benefited by the conservation practices.

- continued -



- b) Commence legal action to enjoin unreasonable uses or methods of use of water to the extent those uses or methods of use affect the groundwater supply.
 - c) Regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs.
 - d) Encourage conjunctive use activities; impose regulations and spacing requirements to minimize well interference.
 - e) Control groundwater extractions by regulating, limiting, or suspending extractions, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities.
 - f) Establish export permits and condition or limit the export of groundwater from within the agency. Prohibits the issuance of an export permit unless the applicant establishes that the temporary surplus is in excess of the amount required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency.
- 7) Authorizes the agency, by ordinance, to require the registration of extraction facilities and require the facility operator to annually provide the agency with specified information.
 - 8) Requires extraction facilities to be equipped with waterflow measuring devices, except that the agency, by ordinance, may exempt specific facilities from this requirement and establish methods to compute the amount of water extracted by exempted facilities.
 - 9) Authorizes the agency, by ordinance, to require facility operators to file groundwater extraction statements that contain such information as total extraction in acre-feet of water, crop types or other uses, acreage served, and water conservation activities.
 - 10) Authorizes the agency to collect annual management charges until January 1, 1995, to pay agency expenses, not to exceed \$7.50 per acre per year, or \$5 for each parcel of less than one acre.
 - 11) Authorizes the agency to levy groundwater extraction charges, not to exceed \$7.50 per acre-foot pumped per year, to pay the costs of groundwater management activities, and authorizes the establishment of zones of benefit for purposes of levying the charges.

FISCAL EFFECT

State-mandated local program; contains a "fees and charges" disclaimer.

- continued -

COMMENTS

- 1) Background: The groundwater level underlying the Ojai groundwater basin has lowered dramatically as a result of the five-year drought. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, municipal water rates are expected to increase by 170% to pay for a water filtration plant, which will force farmers and water purveyors to become more dependent on groundwater supplies. In mid-1990, a group of Ojai citrus ranchers gathered to review the status of the basin. Concerns raised included: a) Well water levels were dropping dramatically; b) The basin is not adjudicated; c) The basin is not managed by any groundwater management agency; and d) There is no record of the number of wells in the basin or the amount of water being extracted from the basin each year.

This bill was drafted during extensive public hearings held by the three sponsoring agencies: Casitas Municipal Water District, the City of Ojai, and the Ojai Water Conservation District. The boundaries of the proposed Ojai Basin Groundwater Management Agency cover about 6,000 acres in the Ojai Valley (northern Ventura County), including most of the City of Ojai.

- 2) Technical amendment: Delete Section 324, definition of "standby charges", because the term is no longer used in the act.

SUPPORT

Casitas Municipal Water District (SPONSOR)
 City of Ojai (SPONSOR)
 Ojai Water Conservation District (SPONSOR)
 Crooked Creek Ranch
 Roger Essick, grower
 Hermitage Mutual Water Company
 Hermitage Ranch Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 Joseph M. Kielty, citrus grower
 Ojai Ranch & Investment Company
 Senior Canyon Mutual Water Company
 Siete Robles Mutual Water Company
 Southern California Water Company
 Topa Topa Ranch & Nursery, Inc.
 Ventura County Board of Supervisors

OPPOSITION

None received.

UNFINISHED BUSINESS

SB 534

Hart (D)

9/3/91

21

Page 1499, 5/24/91

75-0, 9/9/91
(Passed Assembly on Consent)

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

Assembly Amendments specify the boundaries of the agency and makes clarifying changes.

ANALYSIS: Background - Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is



not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

CONTINUED

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 9/9/91)

Ojai Water Conservation District (source)
Ventura County
California Water Association
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

DLW:nf 9/10/91 Senate Floor Analyses

LEGISLATIVE INTENT SERVICE (800) 666-1917



CONTINUED

WAYS AND MEANS COMMITTEE ANALYSIS

Author: Hart

Amended: 08/26/91

Bill No.: SB 534

Policy Committee: L. Gov.

Vote: 10-00

Urgency: No

Hearing Date: 08/29/91

State Mandated Local Program: Yes

Staff Comments By:

Reimbursable: No

Michael Reyna

Summary

This bill establishes the Ojai Basin Groundwater Management Agency, which would be governed by a board of directors, as specified. Among other things, the bill requires the agency to prepare groundwater management plans and authorizes the agency to levy specified groundwater management charges, standby charges and extraction charges.

Fiscal

Unknown local costs to establish the new agency and prepare the required plan; not state reimbursable. The bill contains a self-financing disclaimer.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	<u>L. GOV.</u>	VOTE>
COMMITTEE	<u>W., P. & W.</u>	VOTE>

COMMITTEE	<u>W. & M.</u>	VOTE>
COMMITTEE		VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production,

- continued -

rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin

- continued -

because it is

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

Ojai Water Conservation District [SPONSOR]
 Ventura County
 CA Water Assoc.
 Casitas Municipal Water District
 City of Ojai
 Hermitage Mutual Water Company
 Ojai Water Conservation District
 Siete Robles Mutual Water Company
 Senior Canyon Mutual Water Company
 Southern California Water Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 The Hermitage
 Topa Topa Ranch & Nursery, Inc.
 Roger Essick
 William G. Myers

None on file.

Randy Pestor



Date of Hearing: July 3, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE>
COMMITTEE W., P. & W. VOTE>

COMMITTEE W. & M. VOTE>
COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will

- continued -

not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could

- continued -

overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Study Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill better define "emergency," or else require a 4/5 vote and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

- continued -

7) Permits/Registrations and Fees.

This bill allows permits to export and the registration of extraction facilities. This bill also allows the agency to control groundwater extractions, but does not require extraction permits or identify factors to be used in allocating the groundwater supply necessary to implement a program (e.g, crop type, use, reasonable need, conservation activities).

Should this bill provide for extraction permits, and identify factors to be used in allocating the available supply. Should the bill also provide factors which: a) may be used for the allocation of groundwater rights to correct overdraft conditions; b) a court may base any adjustments of distributed water; and, c) the district may use when adjusting the allocation of groundwater when considering development projects?

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

If the agency will be actively involved in conservation and reclamation activities, is any bond authority needed (e.g., Improvement Act of 1911, the Municipal Improvement Act of 1913, the Improvement Act of 1915, or the Revenue Bond Law of 1941)?

SUPPORT

Ojai Water Conservation District [SPONSOR]
 Ventura County
 CA Water Assoc.
 Casitas Municipal Water District
 City of Ojai
 Hermitage Mutual Water Company
 Ojai Water Conservation District
 Siete Robles Mutual Water Company
 Senior Canyon Mutual Water Company
 Southern California Water Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 The Hermitage

OPPOSITION

None on file.

Randy Pestor



Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers



Randy Pestor
445-6034
7/1/91:algov

SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



THIRD READING

SB 534

Hart (D)

4/17/91

21

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.



This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses

CONTINUED



Date of Hearing: August 20, 1991

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Dominic L. Cortese, Chair

SB 534 (Hart) - As Amended: August 19, 1991

SUBJECT

Creates the Ojai Basin Groundwater Management Agency.

DIGEST

This bill enacts the Ojai Basin Groundwater Management Agency Act and creates the Ojai Basin Groundwater Management Agency, as follows:

- 1) Specifies the boundaries of the agency and the membership of the board of directors of the agency.
- 2) Makes legislative findings regarding the need to preserve the groundwater within the agency for the protection of agricultural, municipal, and industrial uses.
- 3) Generally limits the agency's activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.
- 4) Specifies penalties for violation of the act or any ordinance adopted by the agency (infraction and maximum \$500 fine; civil penalties up to \$1,000 per day for each day of violation).
- 5) Requires the agency to adopt and implement groundwater management plans to protect the basin's groundwater quality and to balance long-term water extractions and replenishment.
- 6) Authorizes the agency board to undertake any of the following activities if, after noticed public hearing, the board determines that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin:
 - a) Require conservation practices and measures, conserve and reclaim water, and impose charges upon those benefited by the conservation practices.
 - b) Commence legal action to enjoin unreasonable uses or methods of use of water to the extent those uses or methods of use affect the groundwater supply.

- continued -



- c) Regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs.
 - d) Encourage conjunctive use activities; impose regulations and spacing requirements to minimize well interference.
 - e) Control groundwater extractions by regulating, limiting, or suspending extractions, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities.
 - f) Establish export permits and condition or limit the export of groundwater from within the agency. Prohibits the issuance of an export permit unless the applicant establishes that the temporary surplus is in excess of the amount required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency.
- 7) Authorizes the agency, by ordinance, to require the registration of extraction facilities and require the facility operator to annually provide the agency with specified information.
 - 8) Requires extraction facilities to be equipped with waterflow measuring devices, except that the agency, by ordinance, may exempt specific facilities from this requirement and establish methods to compute the amount of water extracted by exempted facilities.
 - 9) Authorizes the agency, by ordinance, to require facility operators to file groundwater extraction statements that contain such information as total extraction in acre-feet of water, crop types or other uses, acreage served, and water conservation activities.
 - 10) Authorizes the agency to collect annual management charges until January 1, 1995, to pay agency expenses, not to exceed \$7.50 per acre per year, or \$5 for each parcel of less than one acre.
 - 11) Authorizes the agency to levy groundwater extraction charges, not to exceed \$7.50 per acre-foot pumped per year, to pay the costs of groundwater management activities, and authorizes the establishment of zones of benefit for purposes of levying the charges.

FISCAL EFFECT

State-mandated local program; contains a "fees and charges" disclaimer.

- continued -

COMMENTS

- 1) Background: The groundwater level underlying the Ojai groundwater basin has lowered dramatically as a result of the five-year drought. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, municipal water rates are expected to increase by 170% to pay for a water filtration plant, which will force farmers and water purveyors to become more dependent on groundwater supplies. In mid-1990, a group of Ojai citrus ranchers gathered to review the status of the basin. Concerns raised included: a) Well water levels were dropping dramatically; b) The basin is not adjudicated; c) The basin is not managed by any groundwater management agency; and d) There is no record of the number of wells in the basin or the amount of water being extracted from the basin each year.

This bill was drafted during extensive public hearings held by the three sponsoring agencies: Casitas Municipal Water District, the City of Ojai, and the Ojai Water Conservation District. The boundaries of the proposed Ojai Basin Groundwater Management Agency cover about 6,000 acres in the Ojai Valley (northern Ventura County), including most of the City of Ojai.

- 2) Technical amendment: Delete Section 324, definition of "standby charges", because the term is no longer used in the act.

SUPPORT

Casitas Municipal Water District (SPONSOR)
 City of Ojai (SPONSOR)
 Ojai Water Conservation District (SPONSOR)
 Crooked Creek Ranch
 Roger Essick, grower
 Hermitage Mutual Water Company
 Hermitage Ranch Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 Joseph M. Kielty, citrus grower
 Ojai Ranch & Investment Company
 Senior Canyon Mutual Water Company
 Siete Robles Mutual Water Company
 Southern California Water Company
 Topa Topa Ranch & Nursery, Inc.
 Ventura County Board of Supervisors

OPPOSITION

None received.

Linda Adams
 8/16/91

SB 534
 Page 3



APR 26 1991
12:26

07/26/91 3:19 PM
RN9123718 PAGE 1
Substantive

AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY JUNE 24, 1991

Amendment 1

On page 5, line 35, after "'Export'" insert:

means

Amendment 2

On page 9, lines 7 and 8, strike out "from
which a board member is or may be selected"

Amendment 3

On page 9, line 33, strike out "may," strike
out lines 34 to 38, inclusive, and insert:

shall comply with the Ralph M. Brown Act (Chapter 9
(commencing with Section 54950) of Part 1 of Division 2 of
the Government Code), and may adopt as an urgency measure
an interim ordinance. That urgency measure shall require
a 4/5 vote of the board for adoption. The interim
ordinance shall have no force and effect 45 days after its
adoption. After a noticed public hearing, the board may
extend the interim ordinance for 10 months and 15 days by
a 4/5 vote of the board.

Amendment 4

On page 11, line 16, after "objectives" insert:

, following a determination that groundwater management
activities may be necessary

Amendment 5

On page 12, line 12, strike out "and" and
insert a comma

Amendment 6

On page 12, line 13, after "replenishment"
insert:

, and water conservation activities

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Amendment 7

On page 13, line 27, after "evidence" insert:

, including compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code)

Amendment 8

On page 13, line 31, strike out "or resolution"

Amendment 9

On page 13, line 32, after the period insert:

The requirement in this section for compliance with the California Environmental Quality Act does not, and shall not be construed to, limit compliance with that act for other discretionary actions by the board.

Amendment 10

On page 15, lines 33 and 34, strike out "or resolution"

Amendment 11

On page 15, lines 37 and 38, strike out "or resolution"

Amendment 12

On page 16, line 17, strike out "or resolution"

Amendment 13

On page 17, line 9, strike out "or resolution"

Amendment 14

On page 17, lines 13 and 14, strike out "or resolution"

Amendment 15

On page 17, line 21, after "facility" insert:

compared to the number of acres owned or leased

Amendment 16



On page 17, between lines 23 and 24 insert:

(4) Water conservation activities.

Amendment 17

On page 18, line 24, strike out "Standby Charges" and insert:

Management Charges to Property

Amendment 18

On page 18, line 26, strike out "standby" and insert:

management

Amendment 19

On page 18, line 30, strike out "standby" and insert:

management

Amendment 20

On page 18, line 33, strike out "standby" and insert:

management

Amendment 21

On page 18, line 36, strike out "Standby" and insert:

Management

Amendment 22

On page 18, line 40, strike out "Standby" and insert:

Management

Amendment 23

On page 19, line 8, strike out "standby" and insert:



management

Amendment 24

On page 19, line 11, strike out "standby" and
insert:

management

Amendment 25

On page 19, line 15, strike out "standby fees"
and insert:

management charges

Amendment 26

On page 19, line 19, strike out "standby" and
insert:

management

Amendment 27

On page 19, line 24, strike out "standby" and
insert:

management

Amendment 28

On page 19, line 29, after "1101." insert:

(a)

Amendment 29

On page 19, line 35, after "act" insert:

, except that the charge shall not exceed the annual cost to the district incurred in carrying out the powers, purposes, and groundwater management activities and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations in the agency's budget.

(b) Groundwater extraction charges shall be levied only within a zone or zones of benefit of the district which will benefit from the powers, purposes, and groundwater management activities.

(c) The board may establish zones of benefit within the district. Resolutions of the board shall



describe the boundaries of the zones of benefit. The board may amend zones of benefit boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board shall describe the boundaries of the amended or divided zones

Amendment 30

On page 19, strike out lines 36 to 40, inclusive, and insert:

SEC. 1102. (a) Before the levy of groundwater extraction charges, the board of directors shall, after notice and hearing, find and determine the activities required to prepare or implement any groundwater management program for the district and to initiate, carry on, or complete any of the other powers and purposes set forth in this act, and the sum of money necessary for the ensuing water year for those activities.

(b) The board shall determine the need and desirability of levying a groundwater extraction charge for the purpose of paying the costs of initiating, carrying on, and completing any of the powers and purposes set forth in this act. The board shall find that the charge is necessary to finance or otherwise support the groundwater management services provided by the district, except that the charge shall not exceed the annual costs to the district incurred in carrying out the powers and purposes of this act and the cost of a reasonable reserve not to exceed 25 percent of the total appropriations contained in the agency's budget.

Amendment 31

On page 20, line 6, after "810" insert:

and the benefit determined pursuant to Section 1101

Amendment 32

On page 20, line 17, strike out "or"

Amendment 33

On page 20, line 18, after "901)" insert a comma

- 0 -



LEGISLATIVE COUNSEL

No. 24566
TYPE AMEND

REQUEST OF ASSEMBLY MEMBER DOMINIC L. CORTESE
per MARY MUNOZ

Amend SB 534 per attached.

ATTACHMENTS:
No attachments with green.

DELIVERY INSTRUCTIONS:

Any questions, contact LINDA ADAMS at 5-6164.

OJAI BASIN GROUNDWATER MGMT. AGENCY

08/20/91

This will acknowledge your request received on the date indicated. Please examine the above statement to determine if it correctly sets forth your request.

Any questions with respect to this request may be directed to

MS. SWARD at 445-6967

to whom it has been assigned.

BION M. GREGORY
Legislative Counsel

LEGISLATIVE INTENT SERVICE (800) 666-1917





Assembly California Legislature

REPLY TO:

- SACRAMENTO ADDRESS
STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
(916) 445-8243
FAX (916) 323-8898
- DISTRICT OFFICE
SUITE 300
100 PASEO DE SAN ANTONIO
SAN JOSE, CA 95113
(408) 269-6500
FAX (408) 277-1036

DOMINIC L. CORTESE
ASSEMBLYMAN, TWENTY-FOURTH DISTRICT

CHAIRMAN
ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

August 14, 1991

CHAIRMAN:
WATER, PARKS AND WILDLIFE
SUBCOMMITTEE ON STATE-LOCAL RELATIONS
SELECT COMMITTEE ON CALIFORNIA WINE
PRODUCTION AND ECONOMY
WINE INDUSTRY TASK FORCE OF NATIONAL
CONFERENCE OF STATE LEGISLATURES

COMMITTEES:
AGRICULTURE
SUBCOMMITTEE ON FAIRS AND EXPOSITIONS
EARTHQUAKE PREPAREDNESS AND
NATURAL DISASTERS
ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE, AND TECHNOLOGIES
GOVERNMENTAL ORGANIZATION
HEALTH
SUBCOMMITTEE ON MENTAL HEALTH AND
DEVELOPMENTAL DISABILITIES
LOCAL GOVERNMENT
SELECT COMMITTEE ON CHILD CARE
AND CHILD ABUSE
SELECT COMMITTEE ON SMALL BUSINESS

JOINT COMMITTEES:
LEGISLATIVE AUDIT
ORGANIZED CRIME AND GANG VIOLENCE
REFUGEE RESETTLEMENT, INTERNATIONAL
MIGRATION AND COOPERATIVE DEVELOPMENT
QUINCENTENNIAL
SEISMIC SAFETY COMMISSION

Honorable Tom Bane
Chairman
Assembly Rules Committee
State Capitol
Sacramento, California 95814

Dear Assemblyman Bane:

As Chair of the Assembly Water, Parks and Wildlife Committee, I would like to request a waiver of Joint Rule 61a, pending approval by the Speaker, on the following bills:

- Senate Bill 534 (Hart)
- Senate Bill 819 (Mello)
- Senate Bill 959 (Presley)
- Senate Bill 1065 (Boatwright)

These waivers are needed so that these measures may be heard at this Committee's August 20th hearing. It was upon the Water Committee's request that Senate Bills 819, 959 and 1065 were put over until a later hearing date. Senate Bill 534 was double referred with our Committee being the second policy committee in this House to receive this measure.

Thank you for your prompt attention to this matter.

Sincerely,

DOMINIC L. CORTESE
Chairman

DLC:pm

- cc: Senator Hart
- Senator Mello
- Senator Presley
- Senator Boatwright

LEGISLATIVE INTENT SERVICE (800) 666-1917





Assembly California Legislature

REPLY TO:

- SACRAMENTO ADDRESS
STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
(916) 445-8243
FAX (916) 323-8898
- DISTRICT OFFICE
SUITE 300
100 PASEO DE SAN ANTONIO
SAN JOSE, CA 95113
(408) 289-8500
FAX (408) 277-1036

DOMINIC L. CORTESE
ASSEMBLYMAN, TWENTY-FOURTH DISTRICT

CHAIRMAN
ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE
August 14, 1991

CHAIRMAN:
WATER, PARKS AND WILDLIFE
SUBCOMMITTEE ON STATE-LOCAL RELATIONS
SELECT COMMITTEE ON CALIFORNIA WINE
PRODUCTION AND ECONOMY
WINE INDUSTRY TASK FORCE OF NATIONAL
CONFERENCE OF STATE LEGISLATURES

COMMITTEES:
AGRICULTURE
SUBCOMMITTEE ON FAIRS AND EXPOSITIONS
EARTHQUAKE PREPAREDNESS AND
NATURAL DISASTERS
ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE, AND TECHNOLOGIES
GOVERNMENTAL ORGANIZATION
HEALTH
SUBCOMMITTEE ON MENTAL, HEALTH AND
DEVELOPMENTAL DISABILITIES
LOCAL GOVERNMENT
SELECT COMMITTEE ON CHILD CARE
AND CHILD ABUSE
SELECT COMMITTEE ON SMALL BUSINESS

JOINT COMMITTEES:
LEGISLATIVE AUDIT
ORGANIZED CRIME AND GANG VIOLENCE
REFUGEE RESETTLEMENT, INTERNATIONAL
MIGRATION AND COOPERATIVE DEVELOPMENT
QUINCENTENNIAL
SEISMIC SAFETY COMMISSION

Honorable Willie L. Brown, Jr.
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California 95814

Dear Mr. Speaker:

As Chair of the Assembly Water, Parks and Wildlife Committee, I would like to request a waiver of Joint Rule 61a on the following bills:

- Senate Bill 534 (Hart)
- Senate Bill 819 (Mello)
- Senate Bill 959 (Presley)
- Senate Bill 1065 (Boatwright)

These waivers are needed so that these measures may be heard at this Committee's August 20th hearing. It was upon the Water Committee's request that Senate Bills 819, 959 and 1065 were put over until a later hearing date. Senate Bill 534 was double referred with our Committee being the second policy committee in this House to receive this measure.

Thank you for your prompt attention to this matter.

Sincerely,

DOMINIC L. CORTESE
Chairman

DLC:pm

- cc: Senator Hart
- Senator Mello
- Senator Presley
- Senator Boatwright

LEGISLATIVE INTENT SERVICE (800) 666-1917



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PAULA BOLAND
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California Legislature
Assembly Committee on
Local Government

RANDY PESTOR
Principal Consultant
BETTY T. YEE
Senior Consultant
TERI BROWN
Committee Secretary

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
PHONE (916) 445-6034

SAM FARR
CHAIRMAN

*call
Flo*

August 9, 1991

Honorable Willie L. Brown, Jr.
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

Dear *Willie* Speaker Brown:

I request that Joint Rule 61(a) be waived for the following three Senate bills to be heard by a second policy committee:

SB 534	(Hart)	Ojai Basin Groundwater Management District.
SB 992	(Royce)	Infrastructure financing districts.
SB 1019	(L. Greene)	Housing elements: reports.

A subject matter in these measures also falls within the purview of the Assembly Water, Parks and Wildlife Committee in the case of SB 534 and the Assembly Housing and Community Development Committee in the case of SB 992 and SB 1019. The chairs of these respective committees requested that they hear these bills.

These measures were originally set for hearing by the Assembly Local Government Committee on July 3, 1991, in ample time to honor these requests, but due to consecutive floor session on budget matters, you requested that the hearing be cancelled. These bills were reset for hearing on July 17, 1991, subsequently passed out, but due to these extenuating circumstances, the July 19 fiscal deadline could not be met for all committees.

Please contact my office regarding your action on these measures.

Sincerely,

Sam
SAM FARR

SF:dm

cc: Honorable Dan Hauser
Honorable Dom Cortese
Honorable Gary Hart
Honorable Ed Royce
Honorable Leroy Greene

LEGISLATIVE INTENT SERVICE (800) 666-1917



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California Legislature
Assembly Committee on
Local Government

SAM FARR
CHAIRMAN

RANDY PESTOR
Principal Consultant
BETTY T. YEE
Senior Consultant
TERI BROWN
Committee Secretary

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
PHONE (916) 445-6034

August 9, 1991

Honorable Tom Bane, Chair
Assembly Rules Committee
State Capitol, Room 3016
Sacramento, CA 95814

Dear Chairman Bane:

upon approval of the speaker

I request that Joint Rule 61(a) be waived for the following three Senate bills to be heard by a second policy committee:

- | | | |
|---------|-------------|---|
| SB 534 | (Hart) | Ojai Basin Groundwater Management District. |
| SB 992 | (Royce) | Infrastructure financing districts. |
| SB 1019 | (L. Greene) | Housing elements: reports. |

A subject matter in these measures also falls within the purview of the Assembly Water, Parks and Wildlife Committee in the case of SB 534 and the Assembly Housing and Community Development Committee in the case of SB 992 and SB 1019. The chairs of these respective committees requested that they hear these bills.

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Your favorable consideration of this matter would be much appreciated.

Sincerely,


SAM FARR

SF:dm

cc: Honorable Dan Hauser
Honorable Dom Cortese
Honorable Gary Hart
Honorable Ed Royce
Honorable Leroy Greene

LEGISLATIVE INTENT SERVICE (800) 666-1917

I N T E R O F F I C E M E M O R A N D U M

Date: 4-Jun-1991 05:52pm PST
From: Linda Adams
ADAMS_LI
Dept:
Tel No:

TO: Kelley Scott

(SCOTT_KE)

Subject: SB534/SB867

Mr. Cortese will discuss these with Mr. Farr and a few members of your Committee to seek their advise and reach some agreement.

After discussing with Randy Pector, I agree that Local Government has a strong claim on these types of bills for the usual local government organization reasons. However, the WPW Committee is concerned about the policies relating to groundwater management, export of groundwater, and water rights. If we don't review these bills, conflicts may result between these special acts and general state laws on groundwater management.

*Letter to
Farr re
referrals*

(800) 666-1917

LEGISLATIVE INTENT SERVICE



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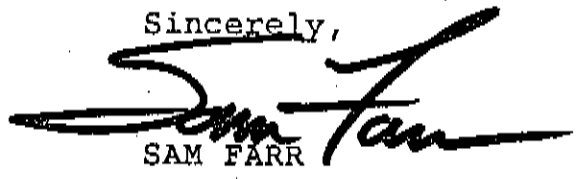
June 8, 1991

The Honorable Tom Bane
Chairman, Assembly Rules Committee
Room 3016 - State Capitol
Sacramento, CA 95814

Dear ~~Chairman Bane~~:

SB 534 (Hart) and SB 867 (Thompson) will be rereferred to the Water, Parks and Wildlife Committee following approval by the Local Government Committee. If there are any questions regarding the rereferral of these measures, please contact me.

Sincerely,


SAM FARR

SF:rp
cc Senator Hart
Senator Thompson

LEGISLATIVE INTENT SERVICE (800) 666-1917



SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#####

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991

THIRD READING

SB 534

Hart (D)

4/17/91

21

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

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Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses

CONTINUED



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

M E M O R A N D U M

TO: Board of Directors, Ojai Water Conservation District

FROM: Tom Munzig, Member
OWCD Groundwater Management Select Committee

SUBJECT: Ojai Groundwater Management Agency Update

DATE: May 21, 1991

Ojai is in the midst of a five year drought, which has dramatically lowered the Ojai groundwater level underlying our water conservation District. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, if Casitas' municipal water rates increase 170%, as expected, to pay for their state mandated water filtration plant, farmers and water purveyors within the District will be forced to become more dependent on Ojai basin well water as a source for less costly water. This will put further pressure on the already lowered Ojai groundwater table.

As a consequence, management and conservation of this precious resource through state legislated joint agency administration has become a mitigating option our District has sought. The following is a summary of events concerning Ojai groundwater and the Conservation District's efforts to form an Ojai groundwater management agency.

HISTORICAL

The last major drought affecting the Ojai groundwater basin, prior to the construction of the Casitas Dam, was the drought period 1944-1951 (Exhibit 1). The construction of the Casitas Dam facility was the direct result of this eight year drought, which saw Ojai citrus growers transporting water in buckets to irrigate their trees.

From the direct action of many East End Ojai citrus growers in 1951, the Dam was envisioned, approved and eventually completed in 1958. The Casitas Dam facility was to act as a supplemental water source, not as a replacement for the Ojai basin groundwater supply.

In subsequent years, as electrical rates soared and well pumping became less cost effective, growers began pumping less and purchasing more water from Casitas. As more wells became inactive, Casitas water replaced, rather than supplemented groundwater supplies as noted in the following table.



Table 1

<u>YEAR</u>	<u>CASITAS/MATILIJA USE</u>	<u>OJAI BASIN USE (EST.)</u>
1969	1,422 Acre Feet	3,783 Acre Feet
1984	4,734 Acre Feet	2,075 Acre Feet
CHANGE	+ 3,312 Acre Feet	- 1,708 Acre Feet

OJAI BASIN RECHARGE

The Ojai basin aquifer has historically been recharged as a result of natural percolation from annual rainfall and irrigation water, and from the spreading pond activities of the San Antonio Water Conservation District (now Ojai Water Conservation District). From 1949 until 1985, runoff from San Antonio Creek, water which would have flowed unabated into the ocean, was being diverted by the Conservation District into a series of settling ponds. These ponds would annually recharge about 500 acre feet of water back into the Ojai basin aquifer.

Following the 1985 Ojai fire, these ponds were filled in by the County Flood Control District to create space for a debris basin. The loss of the District's spreading pond facilities may have a significant impact on the basin's recharge capacity.

CASITAS' SAFE ANNUAL YIELD

Safe Annual Yield, as defined by the Casitas Municipal Water District, is the amount of water per year which can normally be taken from the lake over a sustained period of time without detrimental effect on the lake's long term ability to supply water to its customers. This assumes a worst case seven year scenario of a known historical drought period.

Casitas reached its estimated Safe Annual Yield of 21,920 acre feet in 1990 (Exhibit 2). At this time, Casitas began to actively encourage Ojai Valley agricultural customers to use less Casitas water and more fully utilize water pumped from the Ojai groundwater basin.



SOUTHERN CALIFORNIA WATER COMPANY/CALIFORNIA PUBLIC
UTILITIES COMMISSION

In the spring of 1990, Southern California Water Company (SCWC) had a petition before the California Public Utilities Commission (PUC) to drill three (3) high volume water wells in the Ojai basin to augment their current wells, and to serve the growing demand for water from its Ojai customers. SCWC is the franchisee serving water to the major portion of the city of Ojai. SCWC obtains approximately 80% of its supply of water from its Ojai basin wells, purchasing the remaining 20% from Casitas MWD.

In October, 1990 the PUC held public hearings in Ojai to review SCWC's well application. The primary exhibit presented by SCWC was an Ojai groundwater basin study dated August 1988 prepared by the Civil Engineering firm of Murray, Burns, and Kielen (Kielen Report). The 1988 Kielen Report indicated that the Ojai basin had sufficient groundwater to sustain the requested wells. This report was based on water readings taken in 1984, prior to the current five year drought. The Kielen Report was five critically dry years out of date.

New wells would have put additional pressure on the drought lowered Ojai groundwater basin, possibly forcing shallower wells to become dry.

PROPOSED CASITAS FILTRATION PLANT

The 1986 federal Safe Drinking Water Act mandates conditions under which water supplies must be filtered. To comply with this law, Casitas determined that the most feasible method of reducing its water turbidity would be through the construction of a filtration plant.

This new filtration facility is estimated to cost twenty five (25) million dollars. Payment for this plant through Casitas' rate structure may result in water costs increasing from \$88 to \$240 per acre foot. As water rates increase, numerous Ojai ranchers dependent on Casitas water, will certainly reactivate currently dormant wells or will possibly drill new wells reversing the 1969-84 water use trend noted in Table 1. Increased demand on the basin in a drought period could quickly move the limited Ojai groundwater basin into a condition of threatened overdraft.

An overdraft condition could also mean shallow agricultural wells would run dry. Once dry, no additional water would be available from Casitas since they cannot exceed their current Safe Annual Yield water sales. In addition, a



groundwater overdraft might trigger a condition in which the underground storage area would collapse, making it impossible to fully recharge the basin again.

SAN ANTONIO WATER CONSERVATION DISTRICT

Beginning in May, 1990, in the midst of the four year drought, a small group of Ojai citrus ranchers gathered to review the current and future status of the Ojai groundwater basin. The ranchers were all East End growers and several were members of the Board of San Antonio Water Conservation District (SAWCD). These growers represented about 900 acres of citrus and avocados.

During their discussion, the ranchers noted that their well water levels were falling dramatically (Exhibit 3). If it could be determined that the Ojai basin was currently in an overdraft condition, there was a possibility that it would be subject to groundwater management by the County of Ventura. Of further concern was the pending PUC decision to allow three new large volume wells to be dug in the basin, and Casitas' filtration plant costs might raise water rates to such levels as to force agricultural customers to rely more on this groundwater.

In addition, the ranchers brought up a number of concerns about the Ojai groundwater basin itself:

1. The Ojai basin was not adjudicated.
2. It was not managed by any groundwater management agency.
3. There was no record of the number of wells in the basin.
4. There was no record of the amount of water being extracted from the basin each year.

At its June 5th 1990 quarterly meeting, the Board of Directors of the Conservation District addressed the ranchers concerns regarding the Ojai basin. The Board then authorized a Select Committee to meet with a water lawyer to advise the District on its legislative powers concerning conservation of water in the Ojai basin.

In reviewing the law, one of the items the District's lawyer found was that the state legislature had recommended in 1974 that the San Antonio Water Conservation District change its name to the Ojai Water Conservation District to



be more descriptive of its functions. Following this recommendation, the Board adopted a Resolution changing its name from San Antonio to Ojai Water Conservation District (OWCD). Notices of this name change and the Resolution were mailed to all local agencies and correspondents of the District.

At a Special Meeting held in July, and as a result of findings by OWCD's attorney, it was determined that the District could monitor wells, charge for extraction and set a safe annual yield for the basin. However, the OWCD had neither the technical skill nor financial ability to implement these programs. Sharing these responsibilities was discussed with the city of Ojai and Casitas MWD.

In November 1990, after a number of committee meetings, the District's attorney offered a draft proposal to form a Joint Powers Authority (JPA) with Casitas MWD, the City of Ojai and OWCD. The purpose of this Authority would be to manage the Ojai groundwater basin. This approach was similar to the JPA which created the Sacramento Water Agency several years prior to this.

To explain the purpose of this proposed Authority and to address possible concerns by ranchers within the OWCD boundary, a series of meetings were held in November with various groups of East End growers. There were some reservations by these groups concerning the creation of a new governmental agency. However, the general consensus was of support for the idea of managing the groundwater basin in what was then the fifth year of the drought.

During the month of December, a series of meetings were conducted between members of the OWCD Select Committee, OWCD's legal counsel, the City of Ojai, and Casitas MWD to explain the functions of a Joint Powers Authority. A meeting was also held with a representative of State Senator Gary K. Hart who was being asked to help introduce and carry the proposed legislation to the 1991 Legislative session.

Meetings were also held with the two members of the Ventura County Board of Supervisors who represent portions of the proposed Agency boundaries.

Towards the end of December, 1990 the first of seven public meetings was held to discuss organizational procedure and to begin working on the legislative draft bill. This meeting and the six subsequent weekly meetings were attended by a number of interested persons, including three local newspapers, water purveyors, concerned citizens, representa-



tives of city and county governments and agencies, the U.S. Forest Service and the three sponsoring agencies: Casitas MWD, the City of Ojai and OWCD.

During the initial meeting in December 1990, the following items were agreed upon:

Drafting Committee - To expedite the drafting process, a drafting committee would be established composed of representatives of the three sponsoring public entities.

Public Meetings - Public meetings would be held every Tuesday at 2:00 p.m. at the Casitas MWD general offices. Copies of the drafting committee recommendations and information would be made available at the Casitas office every Friday afternoon preceding the Tuesday public meeting.

Timing - It was agreed that the final draft legislation would be submitted to OWCD legal counsel the first week in March 1991. Counsel would forward the draft to Senator Hart's office prior to a March 15th deadline, in order to be included on the 1991 Legislative Calendar.

The three sponsoring agencies felt it was very important to keep the public informed regarding this proposed legislation. So, in addition to the seven bill drafting public sessions, members of the agencies specifically met with the press to explain how the bill would work, and the importance of the legislation. To date there have been thirteen newspaper articles written about the public sessions and the proposed agency.

Since January, 1991, the three public agencies have also held a total of eight Noticed public meetings regarding this legislation. Each agency is also slated for additional public meetings later this month.

In January, 1991, Southern California Water Company (SCWC), a private utility serving the City of Ojai, asked to be included in the Joint Powers Authority. OWCD legal counsel, after informally reviewing the matter with the Legislative Counsel's office in Sacramento, indicated this would be possible. The three original sponsoring agencies then agreed to include SCWC in the JPA and to include a representative from one of the mutual water companies lying within the Ojai groundwater basin boundary.



On January 16, 1991, an Ojai delegation visited with State Senator Gary K. Hart in Sacramento to ask for his assistance in passing the proposed groundwater management bill. Spot Bill SB 534 was introduced by Senator Hart February 27, 1991.

After almost two months of public meetings, revisions, and drafting sessions with three water attorneys from the sponsoring agencies, the Ojai groundwater management draft legislation was submitted to OWCD legal counsel in Sacramento on March 8th. On March 14, 1991 the draft bill was submitted to Senator Hart's office.

The sponsoring agencies all adopted unanimous Resolutions of Support for this legislation: the City of Ojai; Casitas Municipal Water District; Southern California Water Company; Hermitage Mutual Water Company; Senior Canyon Mutual Water Company; Siete Robles Mutual Water Company; and our Ojai Water Conservation District.

After receiving the proposed groundwater bill, Senator Hart's office forwarded the draft to the Legislative Counsel's office for finalization prior to formal presentation to the California Legislature. Contrary to prior advise, Legislative Counsel's office now advised that a private company, Southern California Water Company, could not be included in the Joint Powers Authority.

The Legislative Counsel, therefore, reworded the submitted Ojai draft, creating an Agency rather than an Authority. The proposed Ojai Basin Groundwater Management Agency would be similar to the Fox Canyon Groundwater Management Agency formed in 1982, the agency which the drafting committee used as a template to prepare the draft legislation.

On April 17, 1991 the Amended Senate Bill 534 was introduced to the California Legislature by Senator Gary K. Hart. The following week, the final version of the Ojai draft legislation was reviewed with members of the Ventura County Board of Supervisors.

After receiving testimony from representatives of the sponsoring agencies, the Ventura Country Board of Supervisors, on April 30th, unanimously adopted a Resolution of Support for Senate Bill 534.

The State Agriculture and Water Committee accepted Amended Senate Bill 534 on its Consent Calendar on May 7, 1991.



EXHIBIT 1

OJAI BASIN

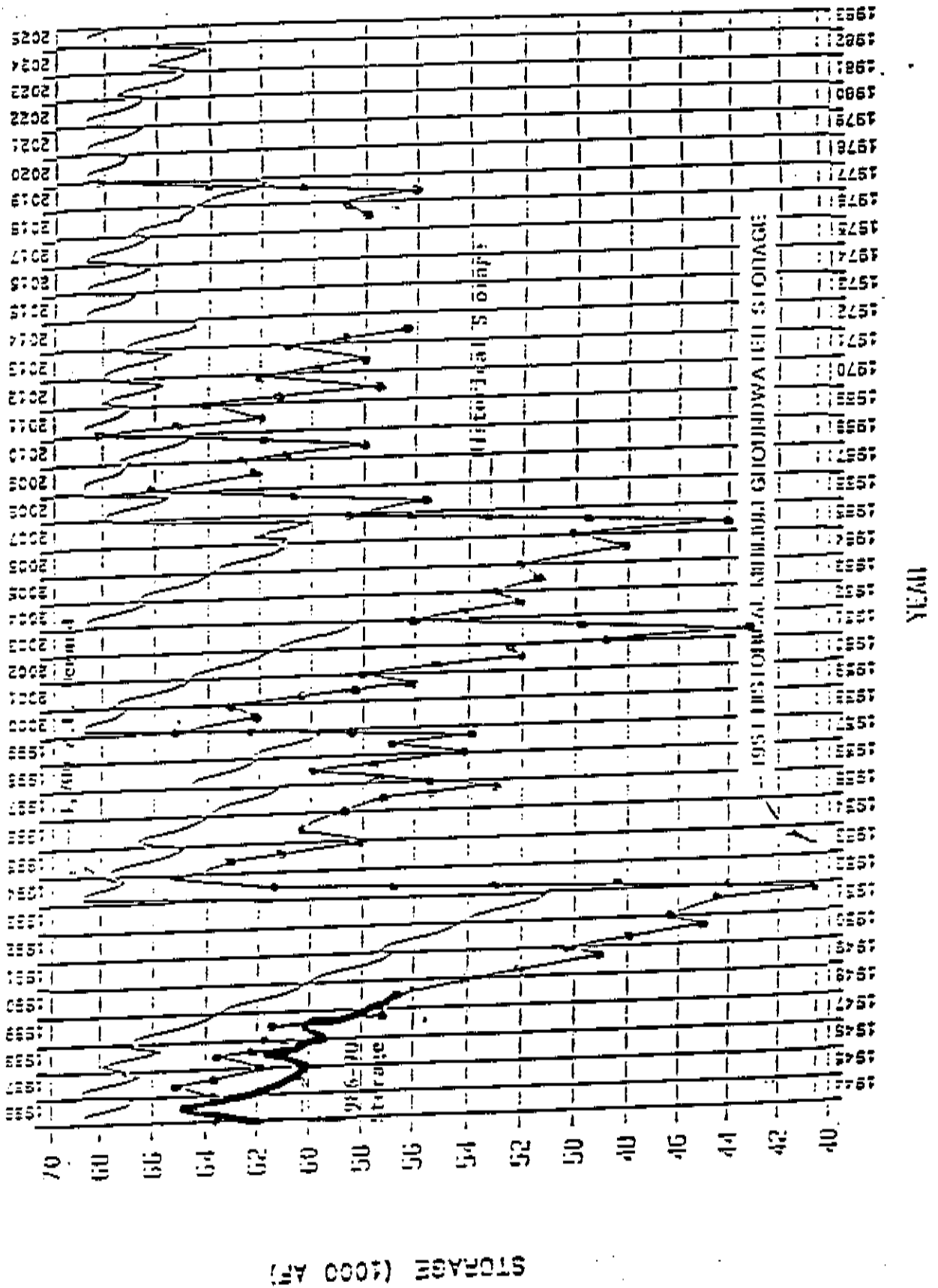


EXHIBIT 2

CASITAS MUNICIPAL WATER DISTRICT
LAKE CASITAS HISTORIC RELEASES TO SYSTEM

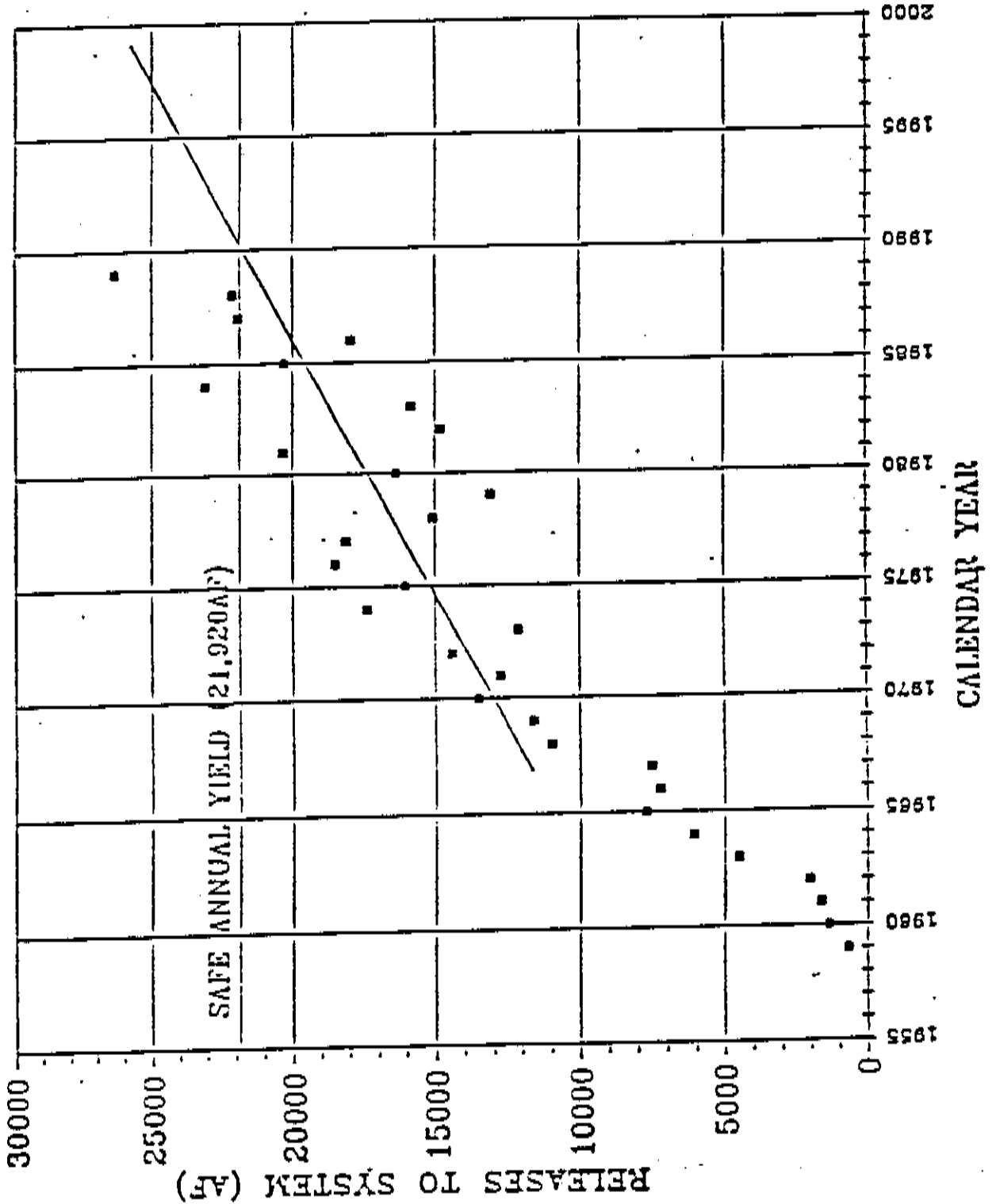
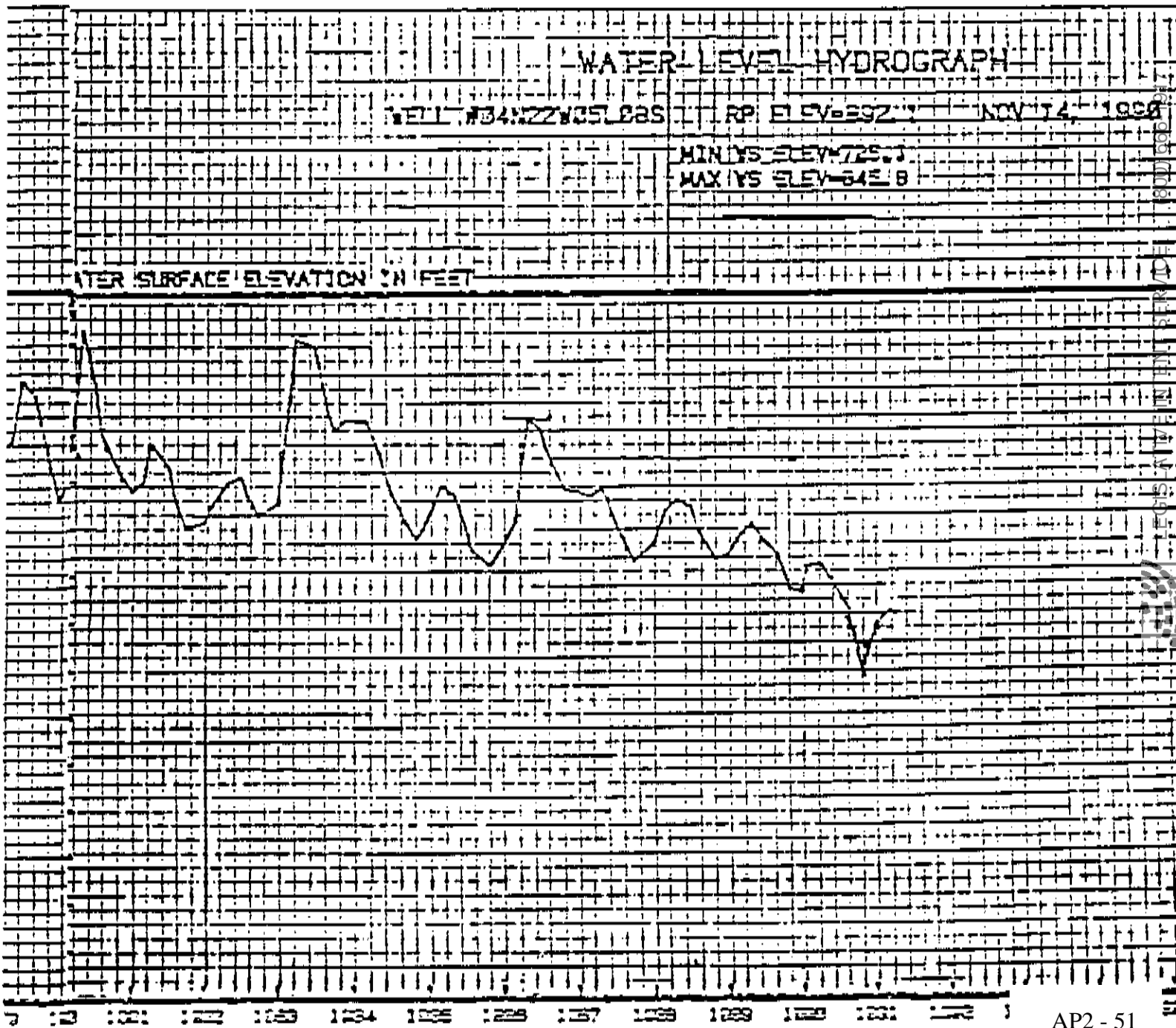


EXHIBIT 3

NO. 10 X 10 TO THE INCHES & 10 INCHES
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46 0700

1980-2000



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

June 3, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY SUPPORT AS AMENDED ON APRIL 17, 1991

Dear Assembly Member Cortese:

Enclosed please find a copy of Senate Bill 534 (Hart) as amended on April 17, 1991. Also enclosed please find proposed amendments which were forwarded to Senator Hart's office on May 28. The latest amendments are the results of discussions with the Citizens to Preserve the Ojai, an environmental organization in the Ojai Valley.

AGENCY BOUNDARY: Since SB 534, as heard by Committee, has no map, we have enclosed a map which defines the proposed Agency Boundary. The only portion of the Agency Boundary that traverses a populated area is the West Boundary. This is why the West Boundary is defined in detail using surface street designations.

OJAI GROUNDWATER BASIN: Since the Basin is not managed, the following statistics are based upon estimates using the Ojai Groundwater Basin Study as prepared by Kienlen Report of August, 1988 (using 1984 estimated figures).

CAPACITY: The Ojai Basin approximates 6,000 acres in size. The Basin capacity is estimated:

Full Capacity	68,722 Acre Feet (AF)
Low Level Capacity	34,150 Acre Feet (AF)

<u>Available Capacity</u>	<u>25,572 Acre Feet (AF)</u>
---------------------------	------------------------------

<u>TOTAL ANNUAL YIELD:</u> (Average 1958-1984)	4,515 AF
--	----------

LEGISLATIVE INTENT SERVICE (800) 666-1917



IRRIGATION USE:

(1969-1984): Showing shift from Ojai Basin water usage to Casitas water usage because of cost differential.

CASITAS SUPPLY:

1969	1,422 AF	
1984	4,734 AF	<u>+ 3,312 AF</u>

OJAI BASIN PUMPED SUPPLY:

1969	3,783 AF	
1984	2,075 AF	<u>- 1,708 AF</u>

MUNICIPAL USE: Southern California Water Company (SCWC) furnishes water to the City of Ojai. Approximately 75% is supplied from SCWC wells in the Ojai Basin, while 25% is purchased from Casitas. SCWC has received permission from the California Public Utilities Commission to drill three (3) new wells into the Ojai Basin, and thereby produce 100% of it's water requirements from the Ojai Basin.

1991 Basin Pumped (75% of total)	1,800 AF
1991 Casitas Purchased (25% of total)	600 AF

CASITAS MUNICIPAL WATER DISTRICT:

AG WATER RATES: On May 29, 1991 Casitas raised AG water rates 9.6% from the present \$88/AF. The new AG rate of \$96/AF is some 28% higher than the current estimated cost to pump water from the Ojai Basin (\$75/AF). Casitas also announced that there would be additional AG Water Rate increases in early 1992.



CASITAS FILTRATION PLANT: On May 29, 1991 the Casitas Board of Directors Certified the EIR Report of 1991 (enclosed). In 1992, Casitas plans to hold an election to secure the right to issue General Obligation Bonds. If Casitas does not receive a 2/3 "YES" vote, financing will be accomplished through Certificates of Participation -- financing will be built into water rates. Anticipated Capital Costs as well as annual Operations & Maintenance Costs are approximately \$150/AF. Total AG Water Rates will, therefore, approximate \$237/\$247 per AF.

PRESENT ESTIMATE OF OJAI BASIN GROUND WATER USE: 4,000/4,200 AF

MUNICIPAL USE: 1,800 AF

IRRIGATION USE: 2,400 AF

PROJECTED FUTURE ADDITIONAL OJAI BASIN GROUNDWATER USE: 2,300 AF

MUNICIPAL USE: 600 AF
(3 New SCWC Wells)

IRRIGATION USE: 1,700 AF
(Reverse of 1969/84 Trend)

ESTIMATED SAFE-YIELD: The "SAFE-YIELD": for the Ojai Groundwater Basin is estimated to be: 4,500/5,000 AF

PRESENT PLUS PROJECTED QUANTITY OF OJAI BASIN GROUND WATER USE: 6,300 AF

The Ojai Groundwater Basin is presently **NEITHER MANAGED NOR ADJUDICATED.** The above figures clearly show the potential to exceed "SAFE-YIELD" and the potential for an 'OVER-DRAFT' condition in a few years, considering the small size of the Basin -- 25,572 AF available supply.




OJAI WATER CONSERVATION DISTRICT (OWCD): A group of citrus and avocado ranchers recognized this potential problem to the Ojai Groundwater Basin in the early part of 1990. The enclosed Memo to the Board of Directors of OWCD factually explains the progressions to Senate Bill 534.

LETTERS OF SUPPORT: We have enclosed for your Committee's review, copies of Letters of Support from the Sponsoring Entities, as well as a Resolution of Support from the Board of Supervisors for the County of Ventura. Briefing meetings have been held with the Ventura County Farm Bureau and the Water Committee of the Ventura County Taxpayers Association.

We would appreciate your support for Senate Bill 534 creating the Ojai Basin Groundwater Management Agency.

Respectfully,

OJAI WATER CONSERVATION DISTRICT



Carl F. Huntsinger
Member Select Committee



HUNTSINGER OJAI RANCHES

214 E. MATILIJA AVE. 646-8165

OJAI, CA 93023

June 5, 1991

Honorable Dominic Cortese, Chairman
Assembly Water, Parks and Wildlife Committee
State Capitol - Room 6031
Sacramento, California 954249-0001

RE: SENATE BILL 534 (HART)

Dear Assembly Member Cortese:

I am writing to ask for your support and that of your Committee, to approve Senate Bill 534 creating the Ojai Basin Groundwater Management Agency.

We are active citrus growers in the Ojai Valley, farming approximately one hundred fifty (150) acres of Valencia oranges. All of our acreage is contained within the Ojai Valley Water Conservation District. Our citrus acreage utilizes well water from the Ojai Basin. We have experienced a considerable drop in water level during this five-year drought - in particular during this past year.

Casitas deliveries currently exceed the "Safe-Yield" of the Casitas Reservoir. Casitas plans to institute an allocation program for agricultural users, starting July 1, 1991. On May 29, 1991 the Casitas Board of Directors certified the EIR for a Filtration Plant that is expected to increase water costs for agricultural users approximately 170%. Such an increase in Casitas water rates will force Ojai Valley agriculture to either reactivate old wells or drill new wells. Such activity in a small (Available Capacity - 25,000 AF), non-managed, unadjudicated groundwater basin could in a few years lead to an "Over-Draft" condition.

Agriculture in the Ojai Valley recognizes the need for long term management of the Basin. We would appreciate your support for SB 534, to help us protect our most vital resource -- the groundwater supply in the Ojai Valley.

Sincerely,



Carl F. Huntsinger

cc: Honorable Senator
Gary K. Hart

LEGISLATIVE INTENT SERVICE (800) 666-1917



Editorial

We must safeguard Valley's water basin

Tens of thousands of gallons of precious water are stored safely away by nature beneath the Ojai Valley — this nearly priceless treasure must be protected.

For months various private and public agencies, city and county governments, and Valley residents have been searching for the best approach to managing and safeguarding the Ojai Water Basin.

The dilemma is complex — how to protect this natural resource without infringing upon individual property rights, giving anyone an unfair advantage or overturning the Valley's often complex and contradictory attitudes towards growth. How do we best weigh the legitimate needs of agriculture and residents in face of a growing water crisis? How expensive should the water be and who gets the money?

And from time to time, the original question — Why do we need this? — was heard again.

We believe that the Ojai Basin must be protected.

To allow such a precious resource to be tapped uncontrollably is to sign away the future of our Valley. Some control is necessary and mandatory.

We believe that the current Ojai Basin Groundwater Management Agency proposal may be the best answer.

The legislation has been scrutinized, challenged, revised and reviewed again by a number of governmental, public and private groups. Thus far it seems to have successfully passed the litmus test of public opinion and public need.

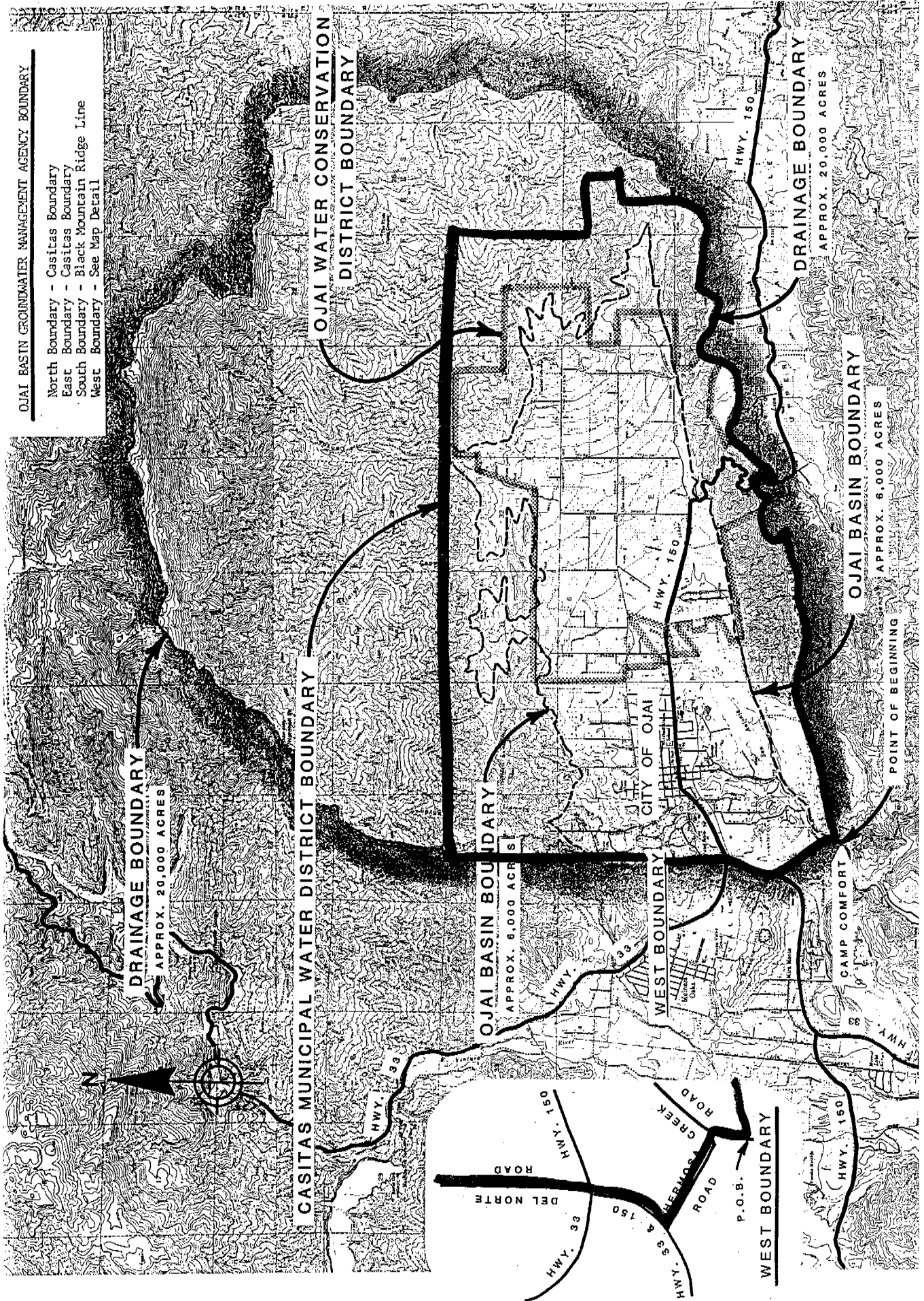
The legislative proposal does give us another layer of government and control in our Valley. But we believe it is a step necessary. To not formally control our destiny and our water is to simply invite the county government with the heavy influence of water poor larger communities to turn on the tap.

We support the concept of groundwater management. It is an idea that must be accepted and implemented in the best and fairest way possible.

OJAI VALLEY NEWS

June 5, 1991





201. Land Included

For the purposes of this act, the boundaries of the Agency shall include that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District, but shall not include any land within the Boundary of the Ventura River County Water District. The Boundaries of the Agency are more particularly described as follows:

The Point of Beginning is located at the intersection of the centerline of Creek Road and the northerly boundary of Camp Comfort; thence,

Northerly along the centerline of Creek Road to the point of intersection with the centerline of Hermosa Road; thence,

Westerly and northwesterly along the centerline of Hermosa Road to the point of intersection with the easterly line of Ventura Avenue, also known as State Highways No. 33 and No. 150; thence,

Northerly along said easterly line of Ventura Avenue to the point of intersection with the centerline of Ojai Avenue; thence,

Northeasterly along the centerline of Ojai Avenue to the point of intersection with the centerline of Del Norte Road; thence,

Northerly along the centerline of Del Norte Road and the northerly prolongation of the centerline of Del Norte to the north quarter corner of Section 35, Township 5 North, Range 23 West, San Bernardino Base and Meridian, said point being also a point in the boundary of the Casitas Municipal Water District; thence along said boundary.

East along the North line of said Section 35 and along the North line of Section 36 of said Township and Range and Sections 31, 32, 33, and 34 of Township 5 North, Range 22 West, San Bernardino Base and Meridian to the Northeast corner of said Section 34; thence,

South along the East line of said section 34 and the East line of Section 3, Township 4 North, Range 22 West, San Bernardino Base and Meridian to the Northwest corner of the South one-half of the Northwest one-quarter Section 2 of said last mentioned Township and Range; thence,

East along the North line of said South one-half of the Northwest one-quarter of Section 2 to the Northeast corner thereof; thence,

South along the East line of said South one-half of the Northwest one-quarter of Section 2 to the Southeast corner thereof; thence,



West along the South line of said South one-half of the Northwest one-quarter of Section 2 to the Northeast corner of the West one-half of the Southwest one-quarter of said section 2; thence,

70

South along the East line of said West one-half of the Southwest one-quarter of Section 2 to the Southeast corner thereof (at) a point in the North line of fractional Section 11, Township 4 North, Range 22 West, San Bernardino Base and Meridian; thence,

East along said North line to the North quarter corner of said Fractional Section 11; thence,

In a varying generally Southwesterly and Westerly direction along the watershed dividing ridge line, as shown on the Ojai Quadrangle of the U.S. Geological Survey 7.5 minute series of topographic maps, between the Ojai Valley and the Lions Creek Drainage, distance of approximately four and three-quarter (4 3/4) miles, more or less, to the point at which the 1400 foot contour intersects the range line common to Range 22 West and Range 23 West, San Bernardino Base and Meridian; thence, in a straight line in a generally South of West direction a distance of approximately one and one-half (1 1/2) miles, more or less, to the Point of Beginning.

§ 305. "Basin"

"Basin" means the Ojai groundwater basin as shown in State Water Resources Department Bulletin 12 "Ventura County Investigation" dated October 1953, to the extent included within the District boundaries as defined in Sections 201 and 202.

§ 316. "Mutual Water Companies"

"Mutual Water Company" means a corporation organized for or engaged in the business of selling, distributing, supplying or delivering water for irrigation purposes, or for domestic use, operated pursuant to Civil code §330.24 through §331.

§ 401. Board of Directors.

(a) The Board shall consist of five directors and shall be selected in the following manner:

- (1) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards from their members whose districts or divisions overlie, at least in part, the territory of the agency:



§ 405. Criminal liability for violation of act.

Any person who intentionally violates this act or any Agency ordinance is to be guilty of an infraction and may be required to pay a fine to the Agency not to exceed five hundred dollars (\$500). No such fine shall be imposed until after written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the Board not less than thirty days after the date of the notice, at which time the Board will consider the imposition of such a fine.

§ 406. Civil liability for violation of act.

Any person who negligently or intentionally violates this act or any Agency ordinance may also be liable civilly to the Agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of violation, in addition to any other penalties that may be prescribed by law. No such liability shall be imposed until written notice has been given by registered mail to the alleged violator stating that a hearing will be held by the Board not less than thirty days after the date of the notice, at which time the Board will consider the imposition of such liability.

§ 602. A Study to Develop the long-term Plan Should Include:

- (f) A proposed minimum level of ground water extraction for the purpose of applying the requirements of this Act.

§ 604. Long-term Groundwater Management Plan.

- (c) The plan shall establish a minimum threshold of groundwater extraction for the purpose of applying the requirements of this Act, which minimum threshold may be modified from time to time, based upon the impact of such minimum threshold upon the operation of the Agency.

§ 708. Permits

- (b) The Agency shall not issue any permit to export water from the Agency unless the applicant has established that there is an available water supply a temporary surplus as defined in this act, in excess of the amount currently required for reasonable and beneficial uses within the Agency, and the board determines that the export, would not adversely affect the rights of groundwater users within the Agency. The Agency shall issue permits for export for time periods and under terms and conditions it deems appropriate. All permits shall declare that they are subject to the right of the Agency to reduce or suspend exports pursuant to this act.



FILE COPY

SB 534

Date of Hearing: August 20, 1991

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Dominic L. Cortese, Chair

SB 534 (Hart) - As Amended: August 19, 1991

SUBJECT

Creates the Ojai Basin Groundwater Management Agency.

DIGEST

This bill enacts the Ojai Basin Groundwater Management Agency Act and creates the Ojai Basin Groundwater Management Agency, as follows:

- 1) Specifies the boundaries of the agency and the membership of the board of directors of the agency.
- 2) Makes legislative findings regarding the need to preserve the groundwater within the agency for the protection of agricultural, municipal, and industrial uses.
- 3) Generally limits the agency's activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.
- 4) Specifies penalties for violation of the act or any ordinance adopted by the agency (infraction and maximum \$500 fine; civil penalties up to \$1,000 per day for each day of violation).
- 5) Requires the agency to adopt and implement groundwater management plans to protect the basin's groundwater quality and to balance long-term water extractions and replenishment.
- 6) Authorizes the agency board to undertake any of the following activities if, after noticed public hearing, the board determines that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin:
 - a) Require conservation practices and measures, conserve and reclaim water, and impose charges upon those benefited by the conservation practices.
 - b) Commence legal action to enjoin unreasonable uses or methods of use of water to the extent those uses or methods of use affect the groundwater supply.

- continued -

SB 534
Page 1



- c) Regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs.
 - d) Encourage conjunctive use activities; impose regulations and spacing requirements to minimize well interference.
 - e) Control groundwater extractions by regulating, limiting, or suspending extractions, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities.
 - f) Establish export permits and condition or limit the export of groundwater from within the agency. Prohibits the issuance of an export permit unless the applicant establishes that the temporary surplus is in excess of the amount required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency.
- 7) Authorizes the agency, by ordinance, to require the registration of extraction facilities and require the facility operator to annually provide the agency with specified information.
 - 8) Requires extraction facilities to be equipped with waterflow measuring devices, except that the agency, by ordinance, may exempt specific facilities from this requirement and establish methods to compute the amount of water extracted by exempted facilities.
 - 9) Authorizes the agency, by ordinance, to require facility operators to file groundwater extraction statements that contain such information as total extraction in acre-feet of water, crop types or other uses, acreage served, and water conservation activities.
 - 10) Authorizes the agency to collect annual management charges until January 1, 1995, to pay agency expenses, not to exceed \$7.50 per acre per year, or \$5 for each parcel of less than one acre.
 - 11) Authorizes the agency to levy groundwater extraction charges, not to exceed \$7.50 per acre-foot pumped per year, to pay the costs of groundwater management activities, and authorizes the establishment of zones of benefit for purposes of levying the charges.

FISCAL EFFECT

State-mandated local program; contains a "fees and charges" disclaimer.

- continued -



COMMENTS

- 1) Background: The groundwater level underlying the Ojai groundwater basin has lowered dramatically as a result of the five-year drought. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, municipal water rates are expected to increase by 170% to pay for a water filtration plant, which will force farmers and water purveyors to become more dependent on groundwater supplies. In mid-1990, a group of Ojai citrus ranchers gathered to review the status of the basin. Concerns raised included: a) Well water levels were dropping dramatically; b) The basin is not adjudicated; c) The basin is not managed by any groundwater management agency; and d) There is no record of the number of wells in the basin or the amount of water being extracted from the basin each year.

This bill was drafted during extensive public hearings held by the three sponsoring agencies: Casitas Municipal Water District, the City of Ojai, and the Ojai Water Conservation District. The boundaries of the proposed Ojai Basin Groundwater Management Agency cover about 6,000 acres in the Ojai Valley (northern Ventura County), including most of the City of Ojai.

- 2) Technical amendment: Delete Section 324, definition of "standby charges", because the term is no longer used in the act.

SUPPORT

Casitas Municipal Water District (SPONSOR)
 City of Ojai (SPONSOR)
 Ojai Water Conservation District (SPONSOR)
 Crooked Creek Ranch
 Roger Essick, grower
 Hermitage Mutual Water Company
 Hermitage Ranch Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 Joseph M. Kielty, citrus grower
 Ojai Ranch & Investment Company
 Senior Canyon Mutual Water Company
 Siete Robles Mutual Water Company
 Southern California Water Company
 Topa Topa Ranch & Nursery, Inc.
 Ventura County Board of Supervisors

OPPOSITION

None received.

Linda Adams
 8/16/91

SB 534
 Page 3



MEMBERS

ROBERT CAMPBELL
JIM COSTA
BILL FILANTE, M.D.
TRICE HARVEY
DAN HAUSER
PHILLIP ISENBERG
BILL JONES
RICHARD KATZ
DAVID G. KELLEY
STEVE PEACE
JACKIE SPEIER
PHILLIP D. WYMAN

California Legislature
Assembly Committee
on
Water, Parks and Wildlife

LINDA S. ADAMS
PRINCIPAL CONSULTANT
EDNA MAITA
SENIOR CONSULTANT
PATRICIA MEGASON
SENIOR CONSULTANT
PEGGY LUSK
COMMITTEE SECRETARY

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0001
(916) 445-8164

DOMINIC L. CORTESE
CHAIRMAN

Aug. 20, 1991

MEMORANDUM

TO: Leg. Counsel
FROM: Linda Adams
SUBJECT: SB 534 (Hart)

- Draft bill as per attached.
 - Draft amendments as per attached.
 - Draft Member's Resolution as per attached. *below*
 - Co-authors _____
 - Opinion as per attached. Written Verbal
 - If necessary, confer with _____
 - Confer with me before final drafting.
 - This is to authorize _____ to work with your office on the above legislation.
 - I need request by Wed, Aug. 21, 1991, 2:00 PM
 - Above requested by phone.
 - Other On page 7, delete lines 7-11 inclusive (this term is no longer used in the bill)
- Linda Adams*
Signature

Attachment (s)

(2)REPORTS OF STANDING COMMITTEES<c2>

(2)Committee on WATER, PARKS AND WILDLIFE

Date of Hearing: 08/20/91 [_]<r>

Mr. Speaker: Your Committee on WATER, PARKS AND WILDLIFE reports:

Senate Bill No. 534 (10-0)

(1)With amendments with the recommendation: Do pass, as amended, and re-refer to the Committee on Ways and Means with recommendation: To Consent Calendar.<l>

_____, Chairman [_]
Cortese

(5)Above bill ordered to second reading.



AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY AUGUST 20, 1991

Amendment 1

On page 3, line 5, strike out "shall"

Amendment 2

On page 3, line 8, strike out "shall" and

insert:

do

Amendment 3

On page 7, strike out lines 7 to 11, inclusive,
in line 12, strike out "Sec. 325." and insert:

Sec. 324.

Amendment 4

On page 7, line 18, strike out "Sec. 326." and

insert:

Sec. 325.

Amendment 5

On page 7, line 24, strike out "Sec. 327." and

insert:

Sec. 326.

Amendment 6

On page 7, line 27, strike out "Sec. 328." and

insert:

Sec. 327.

Amendment 7

On page 12, line 37, strike out "its" and

insert:

the

Amendment 8

On page 13, line 40, after "either" insert:

or both



Amendment 9

On page 14, line 10, after "either" insert:

or both

Amendment 10

On page 19, line 3, after "with" insert:

and

- 0 -



June 17, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

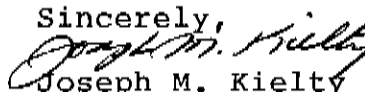
RE: Senate Bill 534 (Hart) Ojai Groundwater
Management Agency

Dear Assembly Member Cortese:

I am a Citrus Grower in the Ojai Valley and a user of the Ojai Ground Water. I am also a member of the Ojai Water Conservation District and I am very concerned about the Ojai Basin water and its usage. I am also very concerned about the new Casitas Filtration Plant cost being put into the cost of the water rates. This would soon affect the Ojai Groundwater Basin because Growers would soon reactivate old wells and/or drill new ones to avoid paying the high cost of Casitas Water due to passing on the cost of the new filtration plant.

I would like to ask you for your support for Senate Bill 534 to create the Ojai Agency, thereby giving Agriculture and the people of the Ojai Valley the needed control over the water in the Ojai Basin. If this doesn't happen, then agriculture in the Ojai area will soon be gone.

I hope we can count on you for your support of S.B. 534. Thank You for your consideration in this matter.

Sincerely,

Joseph M. Kielty
417 Mc Andrew Rd.
Ojai, Ca. 93023

LEGISLATIVE INTENT SERVICE (800) 666-1917



ROBERT CALDER DAVIS, JR.

Crooked Creek Ranch
1380 Gridley Road
Ojai, CA 93023
805/646-2296

June 4, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

RE: Senate Bill 534 (Hart) Ojai Groundwater
Management Agency

Dear Assembly Member Cortese:

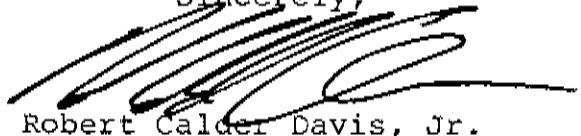
I am a citrus grower in the Ojai Valley. I live in the house where I was raised and I majored in citrus when I went to college some thirty years ago. I farm property that has been in my family over fifty five years. During that whole period of time we have used water from wells that utilize water from the Ojai groundwater basin, and I live within the Ojai Water Conservation District.

I am writing to you today because I am very concerned about the future of water, specifically water for agricultural purposes, within the Ojai valley. It is apparent to me that the competing pressures for the limited water resources, combined with the rapid escalation of cost for Casitas water because of the probable filtration cost charges, may well spell the end of viable economic agriculture in our valley.

The ONLY way that I see that agricultural pumpers in our valley can protect their water is for the Ojai Groundwater Management Agency to become a reality. While philosophically I oppose additional layers of management, and I resent having to meter a resource that I have for a lifetime considered my own, I fully realize the necessity for this legislation and I strongly urge your enlightened support of Senate Bill 534 when it reaches your committee.

Thank you for your consideration and support in this matter.

Sincerely,



Robert Calder Davis, Jr.

CC: Assembly Member Cathy Wright.



HUNTSINGER OJAI RANCHES

214 E. MATILIJA AVE. 646-8165
OJAI, CA 93023

June 5, 1991

Honorable Dominic Cortese, Chairman
Assembly Water, Parks and Wildlife Committee
State Capitol - Room 6031
Sacramento, California 954249-0001

LINDA
FYI - ATTACHED
ARTICLE MAY
HELP W/ ANALYSIS
COPY ON FILE

RE: SENATE BILL 534 (HART)

Dear Assembly Member Cortese:

I am writing to ask for your support and that of your Committee, to approve Senate Bill 534 creating the Ojai Basin Groundwater Management Agency.

We are active citrus growers in the Ojai Valley, farming approximately one hundred fifty (150) acres of Valencia oranges. All of our acreage is contained within the Ojai Valley Water Conservation District. Our citrus acreage utilizes well water from the Ojai Basin. We have experienced a considerable drop in water level during this five-year drought - in particular during this past year.

Casitas deliveries currently exceed the "Safe-Yield" of the Casitas Reservoir. Casitas plans to institute an allocation program for agricultural users, starting July 1, 1991. On May 29, 1991 the Casitas Board of Directors certified the EIR for a Filtration Plant that is expected to increase water costs for agricultural users approximately 170%. Such an increase in Casitas water rates will force Ojai Valley agriculture to either reactivate old wells or drill new wells. Such activity in a small (Available Capacity - 25,000 AF), non-managed, unadjudicated groundwater basin could in a few years lead to an "Over-Draft" condition.

Agriculture in the Ojai Valley recognizes the need for long term management of the Basin. We would appreciate your support for SB 534, to help us protect our most vital resource -- the groundwater supply in the Ojai Valley.

Sincerely,



Carl F. Huntsinger

cc: Honorable Senator
Gary K. Hart

LEGISLATIVE INTENT SERVICE (800) 666-1917



Editorial

We must safeguard Valley's water basin

Tens of thousands of gallons of precious water are stored safely away by nature beneath the Ojai Valley — this nearly priceless treasure must be protected.

For months various private and public agencies, city and county governments, and Valley residents have been searching for the best approach to managing and safeguarding the Ojai Water Basin.

The dilemma is complex — how to protect this natural resource without infringing upon individual property rights, giving anyone an unfair advantage or overturning the Valley's often complex and contradictory attitudes towards growth. How do we best weigh the legitimate needs of agriculture and residents in face of a growing water crisis? How expensive should the water be and who gets the money?

And from time to time, the original question — Why do we need this? — was heard again.

We believe that the Ojai Basin must be protected.

To allow such a precious resource to be tapped uncontrollably is to sign away the future of our Valley. Some control is necessary and mandatory.

We believe that the current Ojai Basin Groundwater Management Agency proposal may be the best answer.

The legislation has been scrutinized, challenged, revised and reviewed again by a number of governmental, public and private groups. Thus far it seems to have successfully passed the litmus test of public opinion and public need.

The legislative proposal does give us another layer of government and control in our Valley. But we believe it is a step necessary. To not formally control our destiny and our water is to simply invite the county government with the heavy influence of water poor larger communities to turn on the tap.

We support the concept of groundwater management. It is an idea that must be accepted and implemented in the best and fairest way possible.

OJAI VALLEY NEWS

June 5, 1991



TOPA RANCH & NURSERY, INC.

TOPA

May 31, 1991

The Honorable Dominic Cortese, Chairman
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, California 94249

Dear Assembly Member Cortese:

I would like to take this opportunity to ask for your support to pass the Ojai Basin Groundwater Management Agency legislation as introduced by Senator Hart (SB 534).

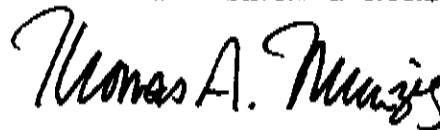
As active citrus growers in the Ojai Valley, farming 400 acres within the Ojai Water Conservation District, we recognize the need for long term water management. During this five year drought, this need has become even more critical, especially in light of increased demands on the valley's underground water source and the dramatic drop in the water level of our own well.

In addition, the state mandated Casitas Municipal Water District's water filtration plant is expected to increase our purchased water costs by as much as 170%, forcing many more of us to depend even more on Ojai's groundwater for irrigation.

The proposed Ojai Basin Groundwater Management Agency has our wholehearted support and enthusiasm to help protect this vital resource. Our friends and neighbors join us in thanking you in advance for any assistance you might render in helping to pass this vital water legislation.

Sincerely,

TOPA TOPA RANCH & NURSERY, INC.



Thomas A. Munzig
President

c: Honorable Gary K. Hart

600 McAndrew Road / Ojai, California 93023 / (805) 646-1520



The Hermitage
2484 Gridley Road, Ojai, California 93023
(805) 646-7490

June 5, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol - Room 6031
Sacramento, CA. 94249-0001

RE: Senate Bill 534 (HART)
Ojai Groundwater Management Agency

Dear Assembly Member Cortese:

As a Rancher in the Ojai Valley for 21 years, I am greatly concerned regarding the management of the Ojai Basin Water supply.

I fully support the formation of Senate Bill 534 that would in effect create an Ojai Agency for management of our water supply. After a five-year drought, undoubtedly, there exists a basin overdraft. And what with the proposed Casitas Filtration cost put into Casitas water rates, it would be questionable if small ranchers, could survive.

This, certainly, cannot happen. We must keep Ojai green and healthy and producing the finest avocados and citrus.

Thank you for your attention and concern.

Respectfully,


William H. Thomas
HERMITAGE RANCH CO.



WILLIAM G. MYERS
LA ARCADE BUILDING
1114 STATE STREET, SUITE 232
SANTA BARBARA, CALIFORNIA 93101

June 7, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

Re: Senate Bill 534 (Hart) Ojai Groundwater
Management Agency

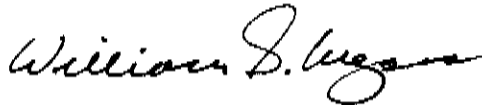
Dear Assembly Member Cortese

Senate Bill 354 is important to me, a resident
and rancher in the Ojai Valley, and I am
strongly in favor of passage of the Bill.

With construction of the filtration plant by
the Casitas Municipal Water District, the
pumping of underground water from the Ojai
Basin is likely to increase drastically. The
passage of SB 354 would provide the Ojai Water
Conservation District a mechanism that will
enable protection of the Basin from serious
over draft. We feel is very important to
continue agricultural operations in Ojai and
it is also important to providing adequate
water to the city of Ojai.

We would appreciate your support of SB 354.

Respectfully yours,



William G. Myers, President
Ojai Ranch & Investment Company



Huntsinger Live Oak Ranch

1388 Orange Road Ojai, CA 93023 (805) 640-0382

June, 5, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

RE: Senate Bill 534 (Hart) Ojai Groundwater Management
Agency

Dear Assembly Member Cortese:

I am a commercial citrus rancher in the Ojai valley and am writing in support of Senate Bill #534 (Hart) which is scheduled to be heard by your committee sometime in June.

As you are well aware, the deepening drought in California has become a serious problem for agriculture in this state. Ventura County with its extensive agricultural interests will undoubtedly be severely affected.

Recently, a Senate Bill has been drafted whose purpose is to manage the groundwater of the Ojai Valley Basin. Since almost all of the water my ranch uses is from this source, I feel that some type of management is necessary to ensure that I and other ranchers can continue to use this valuable resource without undue worry of depletion. As a member of the Ojai Water Conservation District I have become all too familiar with the ease with which the Ojai Groundwater Basin could become overdrawn. This scenario becomes all the more likely when farmers who are currently irrigating with water from the Casitas Water District are faced with an inevitable rise in water rates due to the funding needs of the soon to be built Casitas Filtration Plant. These farmers will quite naturally seek to irrigate their land with less expensive water pumped from the Ojai Groundwater basin.

In light of the multitude of factors putting pressure on the Ojai Valley's Groundwater Basin, and its extreme importance to agriculture in the area, I recommend total support for the proposed Senate Bill 534 which will create an Ojai agency whose purpose is to judiciously manage the Ojai Groundwater Basin.

Sincerely,

Eric Huntsinger
Eric Huntsinger



Roger Essick
2655 Hermitage Road
Ojai, California 93023

June 4, 1991

Honorable Dominic Cortese, Chair
Assembly Water, Parks, and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

Re: Senate Bill 534 (Hart) Ojai Groundwater Management Agency

Dear Assembly Member Cortese:

As a citrus and avocado grower in the Ojai Valley, I am writing to urge your support of Senate Bill 534 (Hart) which establishes the Ojai Groundwater Management Agency.

The Ojai Valley relies totally on local water sources from the Ojai Basin and Lake Casitas, but we are fast approaching or at safe yield from both sources, and need this groundwater management agency to effectively manage our resources.

Pressure is building to increase usage of Ojai Basin water and more wells are being drilled. This situation is bound to worsen as Casitas Municipal Water District is required to build a \$27.8 million filtration facility. Although not required for agricultural usage this filtration plant will triple current AG water rates, which will stimulate more well drilling and lead to an overdraft of the Ojai Basin if local management is not available.

Please support S.B. 534 which will allow us to responsibly manage our local water resource before we're in trouble.

Sincerely,



Roger Essick



BOARD OF SUPERVISORS, COUNTY OF VENTURA, STATE OF CALIFORNIA

TUESDAY, APRIL 30, 1991 AT 8:30 A.M.

601.1

ALL MEMBERS PRESENT

After hearing testimony of Thomas Munzig, Carl Huntsinger, Andrew Belknap and Mrs. R. C. Davis, upon motion of Supervisor Lacey, seconded by Supervisor Howard, and duly carried, the Board hereby approves the following matter:



BOARD OF SUPERVISORS
COUNTY OF VENTURA

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93009

MEMBERS OF THE BOARD
MAGGIE ERICKSON KILDEE
Chair

SUSAN K. LACEY
MARIA E. VANDERKOLK
VICKY HOWARD
JOHN K. FLYNN

MAGGIE ERICKSON KILDEE
SUPERVISOR, THIRD DISTRICT
(805) 654-2276
FAX: (805) 654-2226

April 30, 1991

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, California 93009

RECOMMENDATION:

It is recommended that the Board of Supervisors support SB 534 (Hart), Ojai Groundwater Management Agency.

DISCUSSION:

Senator Gary Hart has introduced legislation which would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

This legislation is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.

I urge your support of SB 534.

Sincerely,

Handwritten signature of Maggie Erickson Kildee in cursive.

MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

COPIES TO:

Sup. Dist. 3
CAO (2)
PWA
Files (2)
Item 26
4/30/91 rr





CITY OF OJAI

401 SOUTH VENTURA STREET
P.O. BOX 1570/OJAI, CALIF. 93023
TELEPHONE (805) 646-5581

NINA V. SHELLEY
MAYOR

646-5581/646-4048/646-6890

26 March 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The City Council has reviewed the legislation introduced as S.B. 534 to provide for the creation of an Ojai Groundwater Management Agency. Our Council unanimously supports this legislation, and we appreciate your efforts in drafting and introducing it to the State Senate.

As you know, the primary benefit of this legislation is that it will provide an opportunity for the community to plan and manage our local groundwater resources at the local level. This will allow us to undertake coordinated conservation efforts and study how we can obtain maximum beneficial utilization of the resource.

Balancing our State's water supply and demand is becoming ever more difficult. This type of local initiative can facilitate responsible public management in order to protect the groundwater from overdraft, while using it effectively and efficiently.

The City Council and staff will be available during the legislative hearings on this bill to respond to questions and help in any way we can.

Sincerely,

Nina V. Shelley
Mayor

c: Assemblywoman Cathie Wright
Casitas Municipal Water Dist.
Ojai Water Conservation Dist.
Southern California Water Co.

LEGISLATIVE INTENT SERVICE (800) 666-1917



OJAI WATER CONSERVATION DISTRICT

A Public Agency

Post Office Box 1779 • Ojai, California 93024

COPY

April 8, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

At its March 14th, 1991 meeting, the Ojai Water Conservation District, after careful consideration and numerous public meetings, unanimously adopted draft legislation to form the Ojai Basin Groundwater Management Agency.

This draft was forwarded to your office by our Sacramento attorney, Mr. George Basye, in March. It is proposed that the draft be substituted for Senate Spot Bill Number 534, introduced by you February 27, 1991.

It is our firm belief that by forming a Joint Powers Agreement with Casitas Municipal Water District, and the City of Ojai, that we can successfully manage and protect the Ojai basin's groundwater. Balancing the long term annual replenishment and extractions in the Ojai basin will be of significant benefit to all of the residents of the Ojai Valley and will help mitigate the effects of the current and possible future droughts.

Your help in sponsoring this bill is greatly appreciated by the Board of Directors of our Water Conservation District and the many farmers and ranchers in Ojai whom we represent. Thank you again for your efforts on our behalf.

Sincerely,

OJAI WATER CONSERVATION DISTRICT

Charles E. Whipple II
President

c: Beverly O'Gorman, Legislative Assistant
Andrew S. Belknap, City of Ojai
John J. Johnson, Casitas Municipal Water District

(800) 666-1917

LEGISLATIVE INTENT SERVICE





SOUTHERN CALIFORNIA WATER COMPANY

630 EAST FOOTHILL BLVD • SAN DIMAS, CALIFORNIA 91773 • (714) 394-3800 • FAX (714) 394-0711

April 11, 1991

Senator Gary Hart
18th Senatorial District
1216 State Street
Santa Barbara, CA 93101

RE: Ojai Basin Groundwater Management Agency

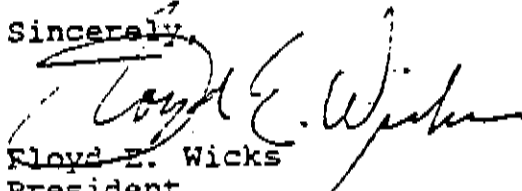
Dear Senator Hart:

In January of this year, we wrote you to express our grave concern over the formation of a groundwater management agency in the Ojai Valley. We felt that important but controversial groundwater management legislation was being hurriedly drafted for introduction into the State Legislature. Accordingly, we questioned the need for the legislation and the motives of those sponsoring the proposal.

We are now pleased to rescind our previous letter and announce our unqualified support for the legislation you have been requested to sponsor. Representatives from a wide variety of interests labored countless hours in developing the current proposal. We believe that, in its current form, the legislation establishes a groundwater management authority which will insure effective groundwater management for years to come. Moreover, it fairly distributes power among representatives of three public agencies, private mutual water companies and a public utility.

We thank you for your willingness to carry this important legislation. If we can provide you with any further assistance or support, please call.

Sincerely,


Floyd E. Wicks
President

FEW:gb

cc: Ojai City Manager, Andrew Belknap
Casitas MWD, John Johnson
Ojai Water Conservation District, Carl Huntsinger

LEGISLATIVE INTENT SERVICE (800) 666-1917



HERMITAGE MUTUAL WATER COMPANY
2376 Gridley Road
Ojai, CA 93023
805-646-8195

April 11, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Re: Senate Bill 534

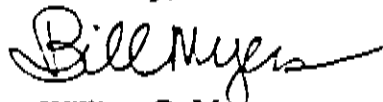
Dear Senator Hart:

The Board of Directors of the Hermitage Mutual Water Company has reviewed the legislation introduced as Senate Bill 534. Our Board unanimously supports this legislation and the creation of the Ojai Basin Groundwater Management Agency.

The residents of the Ojai Valley can best be served with a long term groundwater management plan that balances annual replenishment and extractions in the Ojai Basin. Creating the Ojai Agency will allow the Ojai Valley to speak as One in cooperating with Ventura County in it's Emergency Drought Program.

Your help in sponsoring Senate Bill 534 is greatly appreciated by the Hermitage Mutual Water Company.

Sincerely,



William G. Myers
President



Senior Canyon Mutual Water Company
603 West Ojai Avenue
Ojai, California 93023

April 18, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

The Board of Directors for Senior Canyon Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Senior Canyon Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,

Michael A. Miller
Director, Senior Canyon
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant

LEGISLATIVE INTENT SERVICE (800) 666-1917



Siete Robles Mutual Water Company

Ojai Professional Building 603 West Ojai Avenue Ojai, California 93023
Telephone: Office 646-4321 Maintenance 646-5875

May 1, 1991

The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, CA 95814

Dear Senator Hart:

The Board of Directors for Siete Robles Mutual Water Company has reviewed and approves of the proposed Ojai Basin Groundwater Management Agency Act, which has been introduced as S.B. 534.

Siete Robles Mutual Water Company, as one of the three mutual water companies mentioned in the bill, recognizes the value of the groundwater beneath the Ojai Valley and supports the idea of local management of this resource. We believe that the groundwater management agency will protect the groundwater rights of those people we serve within our water district.

Thank you for your work in our behalf on this matter.

Sincerely,



Russell Nelson
President, Siete Robles
Mutual Water Company

cc: Beverly O'Gorman
Legislative Assistant

LEGISLATIVE INTENT SERVICE (800) 666-1917





1055 Ventura Avenue
P.O. Box 37
Oak View, CA 93022
805-649-2251
Fax 805-649-3001

April 10, 1991


The Honorable Gary K. Hart
The State Senate
State Capitol
Room 2057
Sacramento, California 95814

Dear Senator Hart:

On Monday, April 8, 1991, the Casitas Municipal Water District Board of Directors adopted a resolution (see attachment) in support of the formation of the Ojai Basin Groundwater Management Agency. It is the belief of this Board that water is a precious commodity in these days and years of drought and that all sources of groundwater should be carefully managed for the benefit of all users in this area. This proposed Agency would work to accomplish the responsible management of the groundwater within the boundaries of this agreement.

Casitas Municipal Water District appreciates your support in the form of SB E34. Casitas will be happy to offer any assistance possible as you proceed through the hearings on this legislation.

Very truly yours,


John J. Johnson
General Manager

JJJ:ep
Attachment

cc: Carl Huntsinger ✓
Southern California Water Company
Ojai Water Conservation District
City of Ojai

- Bill Hicks
Director
- William L. Austin
Director
- Laurence R. Whelan
Division III
- Al Aviles
Division I
- James W. Coultas
Division I
- John J. Johnson
General Manager
- James D. Loebi
Attorney
- Ronald E. Morse
Auditor

LEGISLATIVE INTENT SERVICE (800) 666-1917



CASITAS MUNICIPAL WATER DISTRICT

A RESOLUTION SUPPORTING THE ESTABLISHMENT OF THE OJAI BASIN
GROUNDWATER MANAGEMENT AGENCY AND RECOMMENDING THAT THE
STATE LEGISLATURE APPROVE THAT PROPOSED ACT

RESOLUTION NO. 91-30

WHEREAS, the Ojai Basin is a critical water storage basin within the boundaries of Casitas; and

WHEREAS, this Basin has no management currently going on; and

WHEREAS, there are indications from Casitas' supply and demand study that demands upon this Basin may exceed its supplies; and

WHEREAS, it is in the interest of Casitas to seek to help manage that Basin so that supplies and demands are matched; and

WHEREAS, Casitas has worked with the City of Ojai, the Ojai Groundwater Conservation District, the Southern California Water Company and mutuals in the area to develop a draft act for consideration by the Legislature; and

WHEREAS, this act will only use staff from the agencies involved to complete the work, thus maintaining tight control over expenses; and

WHEREAS, ultimately this agency will be supported by those persons or agencies withdrawing water from the Ojai Groundwater Basin, and

WHEREAS, Casitas MWD and this agency will work together to maximize the conjunctive use of the Basin; and

WHEREAS, after review of this act staff has recommended that the Board support this act to Senator Hart and the State Legislature;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Casitas Municipal Water District that the Ojai Basin Groundwater Management Agency Act is supported by Casitas and staff is charged with the duty to support this Act in the Legislature and to request that Senator Hart carry and pass the legislation on behalf of this district and others.

ADOPTED this 8th day of April, 1991.



President, Casitas
Municipal Water District

ATTEST:



Secretary-Treasurer, Casitas
Municipal Water District

LEGISLATIVE INTENT SERVICE (800) 666-1917





**BOARD OF SUPERVISORS
COUNTY OF VENTURA**

GOVERNMENT CENTER, HALL OF ADMINISTRATION, L #1880
800 SOUTH VICTORIA AVENUE, VENTURA, CALIFORNIA 93008

MEMBERS OF THE BOARD
MAGGIE ERICKSON KILDEE
Chair
SUSAN K. LACEY
MARIA E. VANDERKOLK
VICKY HOWARD
JOHN K. FLYNN

MAGGIE ERICKSON KILDEE
SUPERVISOR, THIRD DISTRICT
(805) 654-2276
FAX: (805) 654-2226

May 21, 1991

Post-It™ brand fax transmittal memo 7671		# of pages » 2
To Assemblyman Cortese	From Supervisor Erickson Kildee	
Co. Gray Water, Parks	Co. Ventura County	
Dept. Wildlife	Phone # 805-654-2276	
Fax # 916-323-8898	Fax # 654-2226	

FAX LETTER

Honorable Dominic Cortese, Chair
Assembly Water, Parks and Wildlife Committee
State Capitol, Room 6031
Sacramento, CA 94249-0001

**SENATE BILL 534 (HART) OJAI GROUNDWATER MANAGEMENT AGENCY
SUPPORT AS AMENDED ON APRIL 17, 1991**

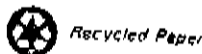
Dear Assembly Member-Cortese:

Your Assembly Committee on Water, Parks, and Wildlife is scheduled to hear Senate Bill 534 (Hart) on May 23, 1991. The Ventura County Board of Supervisors ~~is scheduled to hear~~

This legislation would enact the Ojai Basin Groundwater Management Agency Act authorizing the City of Ojai, the Casitas Municipal Water District, Southern California Water Company, and the Ojai Water Conservation District to create an agency to be known as the Ojai Groundwater Management Agency.

Such a measure is necessary due to the unique and special groundwater management problems in this area and the need to develop, adopt, and implement a plan to protect the basin's groundwater quality. The agency will also implement a plan to balance long term average annual water replenishment and extractions in the Ojai Basin in order to maximize the long term available supply.

Because a general law cannot be made applicable to the agency, enactment of this special law by the state is necessary for the conservation, development, control, and use of the Ojai Basin water for the public good and for the protection of life and property therein.



LEGISLATIVE INTENT SERVICE (800) 666-1917

Assembly Water, Parks and Wildlife Committee
Senate Bill 534
Page Two

Ventura County urges your support of SB 534.

Respectfully,

Maggie Erickson Kildee

MAGGIE ERICKSON KILDEE, Chair
County Board of Supervisors

rg

c: Honorable Gary Hart
Board of Supervisors
Richard Wittenberg, Chief Administrative Officer

sb534wp&u.pb

LEGISLATIVE INTENT SERVICE (800) 666-1917





Casitas Municipal Water District U.S. Bureau of Reclamation

*Final Environmental Impact Report /
Environmental Assessment for the*

Lake Casitas Water Treatment Plant

May 1991

JMM James M. Montgomery
Consulting Engineers, Inc.



Revisions to Draft EIR/EA



Economic Impacts (p. 4-58)

The following table provides a comparison of projected water rates with the various alternative project financing mechanism. These numbers can be found, or were determined based on, the 1987 financial feasibility report provided as Appendix B to this Final EIR/EA.



Table 2-5

**PROJECTED WATER RATES (\$/AC-FT) FROM
PROJECT FINANCING ALTERNATIVES**

	<u>Ag Rate</u>	<u>Residential Rate</u>
<u>Existing Rates</u>	<u>\$88</u>	\$408
<u>GO Bond Financing</u>	<u>\$116</u>	\$488
<u>COP Financing</u>	<u>\$237</u>	\$989
No Project (with Maximum Fines)	\$354	\$1081



Casitas board ponders rate hike and considers treatment facility

By DAVID CIAFFARDINI
Ojai Valley News

Casitas Municipal water rates are expected to be raised more than six percent and plans are moving ahead to build a multi-million dollar water filtration plant near Foster Park.

These are among the issues the Casitas Municipal Water District Board of Directors will discuss in a public forum when they meet at 7 p.m. tonight at Oak View Elementary School, 555 Mahoney Ave., Oak View.

Water district staff has recommended that the board increase water rates 6.3 percent effective July 1.

In addition, staff has asked the board to certify an environmental impact report preparing the way for designing and building a new water treatment plant with an estimated capital cost of \$27.8 million.

Raising water rates has become nearly an annual task with board members preferring to make "small increases each year rather than providing one large rate increase after a number of years," according District General Manager John Johnson.

The treatment plant environmental impact report reflects comments and concerns voiced by the public since the draft of the report was released in December of last year, according to Johnson.

The district staff has worked with consultants and has included "substantial answers to all the comments received," Johnson stated.

The district has modified some of its plans to address some of the concerns.

An estimated 81,000 cubic yards of dirt excavated in the plant project can be stored at the base of Casitas Dam rather than hauling it out of the area as had been considered in earlier plans, according to Johnson. This will reduce the problem of needing 8,100 double tractor trailer rig trips to haul the material.

Complaints about having a water pipeline crossing the Ventura River can be mitigated by adding an additional pump to the system, eliminating the need for the pipeline, Johnson stated.

Plans for financing construction of the plant through taxes are controversial and will require approval of two-thirds of the voters within the district, but will save customers money in the long run, according to Johnson.

Under the financing plan outlined in the environmental impact report, taxpayers in the district are expected to be assessed \$168 annually. If the vote fails, the district would have to finance the plant through increases in water rates and by issuing bonds, an alternative that would cost customers about \$319 annually, according to Johnson.

The treatment plant project was initiated in order to comply with orders from the California Department of Health Services that Casitas meet new, higher standards in purifying the water delivered to customers. The state agency has the authority to fine the district up to \$25,000 per day if they don't comply, Johnson said.

The quicker the project is carried out, the less costly it will be for the district and its customers, Johnson stated.

"GO" BONDS

PRESENT: \$88/AF
PROJECTED: \$237/AF

OJAI VALLEY NEWS

MAY 29, 1991



WAYS AND MEANS COMMITTEE ANALYSIS

Author: Hart

Amended: 08/26/91

Bill No.: SB 534

Policy Committee: L. Gov.

Vote: 10-00

Urgency: No

Hearing Date: 08/29/91

State Mandated Local Program: Yes

Staff Comments By:

Reimbursable: No

Michael Reyna 

Summary

This bill establishes the Ojai Basin Groundwater Management Agency, which would be governed by a board of directors, as specified. Among other things, the bill requires the agency to prepare groundwater management plans and authorizes the agency to levy specified groundwater management charges, standby charges and extraction charges.

Fiscal

Unknown local costs to establish the new agency and prepare the required plan; not state reimbursable. The bill contains a self-financing disclaimer.



WAYS AND MEANS COMMITTEE ANALYSIS

Author: Hart

Amended: 08/26/91

Bill No.: SB 534

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Vote: 10-00

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Michael Reyna 

Summary

This bill establishes the Ojai Basin Groundwater Management Agency, which would be governed by a board of directors, as specified. Among other things, the bill requires the agency to prepare groundwater management plans and authorizes the agency to levy specified groundwater management charges, standby charges and extraction charges.

Fiscal

Unknown local costs to establish the new agency and prepare the required plan; not state reimbursable. The bill contains a self-financing disclaimer.



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	<u>L. GOV.</u>	VOTE>
COMMITTEE	<u>W., P. & W.</u>	VOTE>

COMMITTEE	<u>W. & M.</u>	VOTE>
COMMITTEE		VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production,

- continued -



rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin

- continued -



because it is

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -

SB 534
Page 3



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

- | | |
|--|----------------------|
| <p>Ojai Water Conservation District [SPONSOR]
 Ventura County
 CA Water Assoc.
 Casitas Municipal Water District
 City of Ojai
 Hermitage Mutual Water Company
 Ojai Water Conservation District
 Siete Robles Mutual Water Company
 Senior Canyon Mutual Water Company
 Southern California Water Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 The Hermitage
 Topa Topa Ranch & Nursery, Inc.
 Roger Essick
 William G. Myers</p> | <p>None on file.</p> |
|--|----------------------|

Randy Pestor



Recommendation

Do pass consent.

FD



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE	<u>L. GOV.</u>	VOTE>
COMMITTEE	<u>W. P. & W.</u>	VOTE>
COMMITTEE	<u>W. & M.</u>	VOTE>
COMMITTEE		VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production,

- continued -



rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin

- continued -



because it is

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entitites.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

- | | |
|--|----------------------|
| <p>Ojai Water Conservation District [SPONSOR]
 Ventura County
 CA Water Assoc.
 Casitas Municipal Water District
 City of Ojai
 Hermitage Mutual Water Company
 Ojai Water Conservation District
 Siete Robles Mutual Water Company
 Senior Canyon Mutual Water Company
 Southern California Water Company
 Huntsinger Live Oak Ranch
 Huntsinger Ojai Ranches
 The Hermitage
 Topa Topa Ranch & Nursery, Inc.
 Roger Essick
 William G. Myers</p> | <p>None on file.</p> |
|--|----------------------|

Randy Pestor



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT Finance	AUTHOR Hart	BILL NUMBER SB 534
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SPONSORED BY	RELATED BILLS	AMENDMENT DATE August 26, 1991
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BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF CHANGES

The June 24, August 20 and August 26 amendments make only technical changes which do not affect our previous analysis of the April 17 version of the bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	(Fiscal Impact by Fiscal Year)			Code Fund
			FC 1991-92	FC 1992-93	FC 1993-94	
-----None-----						

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. For clarification purposes, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency. Suggested language is attached.

(continued)

POSITION:	Department Director	Date
Neutral, recommend technical amendment		

Principal Analyst (622) Apps <i>James M. Oja</i>	Date 8/27/91	Program Budget Manager Fred Klass <i>F. Klass</i>	Date 8/27/91	Governor's Office Position noted Position approved Position disapproved by: _____ date: _____
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BILL ANALYSIS

LR:BA-SB\BA0534-1.622

Form DF-43 (Rev 09/88 Buff)

Suggested Amendment for

SB 534

(As Amended August 26, 1991)

On page 19, line 2 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



	NO.	ISSUE DATE	BILL NUMBER
Local Cost	2	AUG 27 1991	SB 534
ESTIMATE	AUTHOR		DATE LAST AMENDED
Department of Finance	Hart		August 26, 1991

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	1991-92	1992-93	1993-94
	(Dollars in Thousands)		

Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

- County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED	Date *	REVIEWED	Date *	APPROVED	Date
(622) <i>[Signature]</i>	8/27/91	<i>[Signature]</i>	8/27/91	F. K. <i>[Signature]</i>	<i>[Signature]</i>
LR:LCE/SB/SB0534-1.622				<i>[Signature]</i>	

AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crime; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would be appropriate for



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4



WAYS AND MEANS COMMITTEE ANALYSIS

Author: Hart

Amended: 08/26/91

Bill No.: SB 534

Policy Committee: L. Gov.

Vote: 10-00


Urgency: No

Hearing Date: 08/29/91

State Mandated Local Program: Yes

Staff Comments By:

Reimbursable: No

Michael Reyna 

Summary

This bill establishes the Ojai Basin Groundwater Management Agency, which would be governed by a board of directors, as specified. Among other things, the bill requires the agency to prepare groundwater management plans and authorizes the agency to levy specified groundwater management charges, standby charges and extraction charges.

Fiscal

Unknown local costs to establish the new agency and prepare the required plan; not state reimbursable. The bill contains a self-financing disclaimer.



C
w/ AMENDMENTS

SB 534 (Hart)
8/28/91

ASSEMBLY WAYS AND MEANS COMMITTEE
REPUBLICAN ANALYSIS

SB 534 (Hart) -- CREATES THE OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
Version: 8/26/91 & Amendments Vice Chair: Cathie Wright
Recommendation: Support Vote: Majority

Summary: Creates the Ojai Basin Groundwater Management Agency to enforce groundwater management in a portion of the Ojai Basin watershed. Authorizes the agency to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years) and extraction charges (based on groundwater extraction statements).

Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.

The bill allows the agency to be governed by the Water Conservation Act of 1927 rather than Water Conservation District Act of 1931.

Fiscal effect: Mandated local program -- any costs would not be reimbursable since the local entity has the authority to charge fees to cover its costs.

Supported by: Ojai Water Conservation District (co-sponsor); Casitas Municipal Water District (co-sponsor); City of Ojai (co-sponsor); Ventura County; CA Water Association; Hermitage Mutual Water Company; Ojai Water Conservation District; Siete Robles Mutual Water Company; Senior Canyon Mutual Water Company, Southern California Water Company. **Opposed by:** None on file. **Governor's position:** Unknown.

Comments: This bill responds to a number of local agency representatives and agricultural interests who assert that an agency is necessary to manage the groundwater basin because it is not adjudicated, and increased water rates will encourage drilling of new wells or reactivation of old wells -- which could overdraft the basin. Most of the language contained in this bill was drafted during a series of meetings attended by citrus growers and landowners in the Ojai Valley.

The bill previously contained provisions for a standby charge and power of emergency declaration without public notice, hearing, or maximum duration of effect. These objectionable provisions have been stricken in the August 20 amendments, and thus, the bill now represents a reasonable solution to a very serious problem in the Ojai Valley.

SB 5
AFM - 12

LEGISLATIVE INTENT SERVICE (800) 666-1917



Senate Republican Floor vote -- 5/24/91

(35-0) Ayes: All Republicans voting except
Abs./N.V.: Leslie

Assembly Republican Committee vote

Local Govt. -- 7/17/91

(10-0) Ayes: All Republicans except
Abs.: Chandler

Consultants: Tony Gonzalez/Jim Meyer/Ellen Moratti



SB534 02

AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY AUGUST 26, 1991

Amendment 1

On page 14, line 21, after the period insert:

Construction of new extraction facilities may be suspended only after consulting with the county water resources department.

Amendment 2

On page 19, line 20, strike out "cost" and insert:

costs

Amendment 3

On page 19, strike out line 21, in line 22, strike out "activities" and insert:

out this act

Amendment 4

On page 19, line 37, strike out "SEC. 1102." and insert:

Sec. 1102.

Amendment 5

On page 20, lines 13 and 14, strike out "the powers and purposes of"

- 0 -



[ALCL] 91
SB 534 SV

SENATE THIRD READING

SB 534 (Hart) - As Amended: September 3, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE 10-0 COMMITTEE W., P. & W. VOTE 11-0
RECOMMEND CONSENT RECOMMEND CONSENT

COMMITTEE W. & M. VOTE 23-0 COMMITTEE _____ VOTE _____
RECOMMEND CONSENT

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by any entity.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- continued -

LEGISLATIVE INTENT SERVICE (800) 666-1917



- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property, (\$7.50/acre, \$5.00/parcel of less than one acre), and extraction charges (based on groundwater extraction statements) with zones of benefit.
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

- 1) Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, the Sierra Valley Groundwater Basin Act, the Malaga County Water District, the Mono County Tri-Valley Groundwater Management District Act, and the Honey Lake Valley Groundwater Basin Act provide for the management of groundwater.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells -- which could overdraft the basin.

- 2) This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

Randy Pestor
445-6034
algov

SB 534
Page 2



C
w/ 13 AMENDMENTS

SB 534 (Hart)
8/28/91

**ASSEMBLY WAYS AND MEANS COMMITTEE
REPUBLICAN ANALYSIS**

SB 534 (Hart) -- CREATES THE OJAI BASIN GROUNDWATER MANAGEMENT AGENCY
Version: 8/26/91 & Amendments Vice Chair: Cathie Wright
Recommendation: Support Vote: Majority

Summary: Creates the Ojai Basin Groundwater Management Agency to enforce groundwater management in a portion of the Ojai Basin watershed. Authorizes the agency to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years) and extraction charges (based on groundwater extraction statements).

Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.

The bill allows the agency to be governed by the Water Conservation Act of 1927 rather than Water Conservation District Act of 1931.

Fiscal effect: Mandated local program -- any costs would not be reimbursable since the local entity has the authority to charge fees to cover its costs.

Supported by: Ojai Water Conservation District (co-sponsor); Casitas Municipal Water District (co-sponsor); City of Ojai (co-sponsor); Ventura County; CA Water Association; Hermitage Mutual Water Company; Ojai Water Conservation District; Siete Robles Mutual Water Company; Senior Canyon Mutual Water Company, Southern California Water Company. **Opposed by:** None on file. **Governor's position:** Unknown.

Comments: This bill responds to a number of local agency representatives and agricultural interests who assert that an agency is necessary to manage the groundwater basin because it is not adjudicated, and increased water rates will encourage drilling of new wells or reactivation of old wells -- which could overdraft the basin. Most of the language contained in this bill was drafted during a series of meetings attended by citrus growers and landowners in the Ojai Valley.

The bill previously contained provisions for a standby charge and power of emergency declaration without public notice, hearing, or maximum duration of effect. These objectionable provisions have been stricken in the August 20 amendments, and thus, the bill now represents a reasonable solution to a very serious problem in the Ojai Valley.

SB 534 pl

LEGISLATIVE INTENT SERVICE (800) 666-1917

Senate Republicans (over vote) - 5/26/91
(35-0) Ayes: All Republicans voting except
N.Y. 24-24
Assembly Republican Committee vote
Local Govt. -- 7/17/91
(10-0) Ayes: All Republicans except
Abs.: Chandler
Consultants: Tony Gonzalez/Jim Meyer/Ellean Maratti

LEGISLATIVE INTENT SERVICE (800) 666-1917



**AMENDMENTS TO SENATE BILL NO. 534
AS AMENDED IN ASSEMBLY AUGUST 26, 1991**

Amendment 1

On page 14, line 21, after the period insert:

Construction of new extraction facilities may be suspended only after consulting with the county water resources department.

Amendment 2

On page 19, line 20, strike out "cost" and insert:

costs

Amendment 3

On page 19, strike out line 21, in line 22, strike out "activities" and insert:

out this act

Amendment 4

On page 19, line 37, strike out "SEC. 1102." and insert:

Sec. 1102.

Amendment 5

On page 20, lines 13 and 14, strike out "the powers and purposes of"

- 0 -

**SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN**

**SENATE BILL NO. 534
(Hart)**

**as amended in the Senate
April 17, 1991**

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

LEGISLATIVE INTENT SERVICE (800) 666-1917

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991

Date of Hearing: August 20, 1991

ASSEMBLY COMMITTEE ON WATER, PARKS AND WILDLIFE

Dominic L. Cortese, Chair

SB 534 (Hart) - As Amended: August 19, 1991

SUBJECT

Creates the Ojai Basin Groundwater Management Agency.

DIGEST

This bill enacts the Ojai Basin Groundwater Management Agency Act and creates the Ojai Basin Groundwater Management Agency, as follows:

- 1) Specifies the boundaries of the agency and the membership of the board of directors of the agency.
- 2) Makes legislative findings regarding the need to preserve the groundwater within the agency for the protection of agricultural, municipal, and industrial uses.
- 3) Generally limits the agency's activities to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.
- 4) Specifies penalties for violation of the act or any ordinance adopted by the agency (infraction and maximum \$500 fine; civil penalties up to \$1,000 per day for each day of violation).
- 5) Requires the agency to adopt and implement groundwater management plans to protect the basin's groundwater quality and to balance long-term water extractions and replenishment.
- 6) Authorizes the agency board to undertake any of the following activities if, after noticed public hearing, the board determines that groundwater management activities are necessary in order to improve or protect the quantity or quality of groundwater supplies within the basin:
 - a) Require conservation practices and measures, conserve and reclaim water, and impose charges upon those benefited by the conservation practices.
 - b) Commence legal action to enjoin unreasonable uses or methods of use of water to the extent those uses or methods of use affect the groundwater supply.

- continued -

SB 534
Page 1

- SB 534
- c) Regulate groundwater replenishment programs and the recapture of supplemental groundwater resulting from those programs.
 - d) Encourage conjunctive use activities; impose regulations and spacing requirements to minimize well interference.
 - e) Control groundwater extractions by regulating, limiting, or suspending extractions, the construction of new extraction facilities, the enlarging of existing facilities, and the reactivation of abandoned or inactive extraction facilities.
 - f) Establish export permits and condition or limit the export of groundwater from within the agency. Prohibits the issuance of an export permit unless the applicant establishes that the temporary surplus is in excess of the amount required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the agency.
- 7) Authorizes the agency, by ordinance, to require the registration of extraction facilities and require the facility operator to annually provide the agency with specified information.
 - 8) Requires extraction facilities to be equipped with waterflow measuring devices, except that the agency, by ordinance, may exempt specific facilities from this requirement and establish methods to compute the amount of water extracted by exempted facilities.
 - 9) Authorizes the agency, by ordinance, to require facility operators to file groundwater extraction statements that contain such information as total extraction in acre-feet of water, crop types or other uses, acreage served, and water conservation activities.
 - 10) Authorizes the agency to collect annual management charges until January 1, 1995, to pay agency expenses, not to exceed \$7.50 per acre per year, or \$5 for each parcel of less than one acre.
 - 11) Authorizes the agency to levy groundwater extraction charges, not to exceed \$7.50 per acre-foot pumped per year, to pay the costs of groundwater management activities, and authorizes the establishment of zones of benefit for purposes of levying the charges.

FISCAL EFFECT

State-mandated local program; contains a "fees and charges" disclaimer.

- continued -

SB 534
Page 2

COMMENTS

- 1) **Background:** The groundwater level underlying the Ojai groundwater basin has lowered dramatically as a result of the five-year drought. This has raised concerns about a possible basin overdraft and threat of costly adjudication. In addition, municipal water rates are expected to increase by 170% to pay for a water filtration plant, which will force farmers and water purveyors to become more dependent on groundwater supplies. In mid-1990, a group of Ojai citrus ranchers gathered to review the status of the basin. Concerns raised included: a) Well water levels were dropping dramatically; b) The basin is not adjudicated; c) The basin is not managed by any groundwater management agency; and d) There is no record of the number of wells in the basin or the amount of water being extracted from the basin each year.

This bill was drafted during extensive public hearings held by the three sponsoring agencies: Casitas Municipal Water District, the City of Ojai, and the Ojai Water Conservation District. The boundaries of the proposed Ojai Basin Groundwater Management Agency cover about 6,000 acres in the Ojai Valley (northern Ventura County), including most of the City of Ojai.

- 2) **Technical amendment:** Delete Section 324, definition of "standby charges", because the term is no longer used in the act.

SUPPORT

- Casitas Municipal Water District (SPONSOR)
- City of Ojai (SPONSOR)
- Ojai Water Conservation District (SPONSOR)
- Crooked Creek Ranch
- Roger Essick, grower
- Hermitage Mutual Water Company
- Hermitage Ranch Company
- Huntsinger Live Oak Ranch
- Huntsinger Ojai Ranches
- Joseph M. Kielty, citrus grower
- Ojai Ranch & Investment Company
- Senior Canyon Mutual Water Company
- Siete Robles Mutual Water Company
- Southern California Water Company
- Topa Topa Ranch & Nursery, Inc.
- Ventura County Board of Supervisors

OPPOSITION

None received.

Linda Adams
8/16/91

SB 534
Page 3

LEGISLATIVE INTEREST SERVICE (800) 666-1917

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF CHANGES

The June 24, August 20 and August 26 amendments make only technical changes which do not affect our previous analysis of the April 17 version of the bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	(Fiscal Impact by Fiscal Year)			Code Fund
			(Dollars in Thousands)			
			FC 1991-92	FC 1992-93	FC 1993-94	
			-----None-----			

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. For clarification purposes, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency. Suggested language is attached.

(continued)

POSITION:	Department Director	Date
Neutral, recommend technical amendment		
Principal Analyst (622) Apps	Program Budget Manager Fred Klass	Date
<i>Jenna M. [Signature]</i>	<i>F. Klass</i>	<i>8/27/94</i>
Governor's Office Position noted Position approved Position disapproved By: _____ Date: _____		

BILL ANALYSIS
 LR:BA-SB\840534-1.622

Form DF-43 (Rev. 08/88) (MFB)

LEGISLATIVE INTENT SERVICE (800) 666-1917

Suggested Amendment for

SB 534

(As Amended August 26, 1991)

On page 19, line 2 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.

Local Cost NO. ISSUE DATE
 2 AUG : 7 1991
 ESTIMATE AUTHOR DATE LAST AMENDED
 Department of Finance Hart August 26, 1991
 BILL NUMBER SB 534

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
	<u>(Dollars in Thousands)</u>		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED	Date * REVIEWED	Date * APPROVED	Date
(622) <i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>

LR:LCE/SB/SB0534-1.622

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III. ANALYSIS (continued)**B. Working Data (continued)**

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crime; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).

6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.

7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would be appropriate for



AUTHOR

AMENDMENT DATE

BILL

Hart

August 26, 1991

SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4

LEGISLATIVE INTENT SERVICE (800) 666-1917

UNFINISHED BUSINESS

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1020 N Street, Suite 524 445-6614	Bill No.	SB 534
	Author:	Hart (D)
	Amended:	9/3/91
	Vote Required:	21

Committee Votes:

Senate Floor Vote: Page 1499, 5/24/91

COMMITTEE: AG. & WATER RES.		
BILL NO.:	SB 534	
DATE OF HEARING:	5-7-91	
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberts		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Ayala (Ch)		
TOTAL:	7	0

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Senate Bill 534—An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

Bill read third time, passed, and ordered transmitted to the Assembly.

The roll was called, and the above measures on the Consent Calendar passed by the following vote:

AYES (35)—Senators Alquist, Bergeson, Beverly, Boatwright, Craven, Davis, Deddeh, Dills, Cecil Green, Bill Greene, Hart, Hill, Johnston, Keene, Killea, Kopp, Leonard, Lewis, Lockyer, Maddy, Marks, McCorquodale, Mello, Morgan, Petris, Presley, Roberts, Rogers, Rosenthal, Royce, Russell, Thompson, Torres, Vuich, and Watson.

NOES (0)—None.

Assembly Floor Vote: 75-0, 9/9/91

(Passed Assembly on Consent)

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

Assembly Amendments specify the boundaries of the agency and makes clarifying changes.

ANALYSIS: Background - Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

CONTINUED

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

CONTINUED



FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 9/9/91)

Ojai Water Conservation District (source)
Ventura County
California Water Association
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

DLW:nf 9/10/91 Senate Floor Analyses



Senate Bill No. 534

Chapter 750

Year 1991 Regular Session

Author Hart

Date Received 9.26.91

Last Day to Act 10.14.91

Action of Governor 10.8.91



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 Ann Mackey
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Deputies

Sacramento, California
 October 9, 1991

Honorable Pete Wilson
 Governor of California
 Sacramento, CA 95814


Senate Bill No. 534

Dear Governor Wilson:

Pursuant to your request, we have reviewed the above-numbered bill authored by Senator Hart and, in our opinion, the title and form are sufficient and the bill, if chaptered, will be constitutional. The digest on the printed bill as adopted correctly reflects the views of this office.

Very truly yours,

Bion M. Gregory
 Legislative Counsel

By 
 David D. Alves
 Principal Deputy

DDA:wld

Two copies to Honorable Gary Hart
 pursuant to Joint Rule 34.

LEGISLATIVE INTENT SERVICE (800) 666-1917



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California State Senate

GARY K. HART
SENATOR
EIGHTEENTH DISTRICT

CHAIRMAN
EDUCATION COMMITTEE

September 13, 1991

The Honorable Pete Wilson
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: SB 534

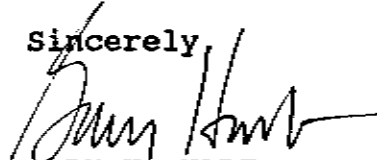
Dear Governor Wilson:

I am writing to ask for your signature on SB 534, which will establish the Ojai Groundwater Management Agency. This bill was developed by the water users in the Ojai Valley, particularly the agricultural community, to protect their groundwater resources.

Both growers and residential users in the area depend on groundwater, and uncontrolled overdrafting could have a devastating economic impact on this small community. SB 534 represents a carefully crafted local solution to a local problem. There is no opposition to the bill.

I urge your favorable consideration of SB 534.

Sincerely,


GARY K. HART

GKH: jc

LEGISLATIVE INTENT SERVICE (800) 666-1917





Enrolled Bill Report

Bill Number
SB 534 (9/3/91)

Author
HART

Subject OJAI BASIN GROUNDWATER MANAGEMENT AGENCY

SUMMARY

This bill would create the Ojai Basin Groundwater Management Agency and prescribe its powers and responsibilities.

ANALYSIS

Under existing law, a special district may be created by special act with procedures set forth prescribing its powers. There are currently no specific statutory provisions for groundwater management overlying the Ojai groundwater basin.

SB 534 would create the Ojai Groundwater Management Agency and declare that its creation for the protection of agriculture, municipal, and industrial water uses, is in the public interest and for the common benefit of water users within the Agency. SB 534 would establish the Agency boundaries, which would include the portions of the Ojai Basin watershed which lie within the boundaries of the Casitas Municipal Water District and the Ojai Water Conservation District, but do not include any land within the boundaries of the Ventura River County Water District.

SB 534 would authorize the creation of a board of directors which would consist of one member from the Ojai City Council, one member from the Board of the Casitas Municipal Water District, one member from the Board of the Ojai Water Conservation District, one representative from the Southern California Water Company, and one member chosen from among the Senior Canyon Mutual Water Company, the Siete Robles Mutual Water Company, and Hermitage Mutual Water Company, totaling five board members who would be chosen by their respective governing boards.

SB 534 would prohibit the Agency from involving itself in activities normally and historically undertaken by another entity without the prior consent of that entity. The Agency would be otherwise limited to monitoring, planning, managing, controlling, preserving, and regulating the extraction and use of groundwater within its boundaries.

Recommendation SIGN

By

Date 9/24/91

Title Richard Sybert
Director



CS

SB 534 would declare that this act does not abrogate the overlying or appropriative rights of landowners or existing appropriators within the Agency.

This bill would authorize the board to adopt ordinances with proper notice in compliance with the Brown Act, or urgency ordinances which would have no force or effect 45 days after their adoption. SB 534 would hold any person who intentionally or negligently violates an ordinance of the Agency civilly liable, and subject to a fine, provided written notice and a hearing have been provided.

SB 534 would authorize the Agency to contract for staff and to hire outside contractors and consultants.

This bill would require the Agency to prepare an annual report regarding groundwater supplies and conditions, including groundwater management objectives and a plan of implementation. The plan would be required to include a list of the groundwater extraction facilities, an estimate of each facility's annual water production, and provisions for testing and monitoring. The Agency would be required to undertake a study on future extractions and determine the hydrologic characteristics of the basin. This bill would require the Agency to investigate options of operating the basin to provide an increased ability to capture, recharge, and maximize reasonable uses by fully utilizing the available groundwater supply.

SB 534 would authorize the Agency, following a noticed public hearing and compliance with the California Environmental Quality Act (CEQA), to implement several measures, including: requiring conservation practices; commencing with legal actions to prohibit unreasonable uses or methods of use of water; conserving and reclaiming water outside the agency; regulating groundwater replenishment programs; and encouraging conjunctive use of groundwater.

This bill would authorize the Agency to control groundwater extractions by regulating, limiting, or suspending extractions from extraction facilities. However, suspending construction of new extraction facilities would be authorized only after consultation with the county water resources department. SB 534 would require registration of extraction facilities. SB 534 would specify that no water could be exported from within the agency unless the exporter has obtained a permit. SB 534 would prohibit the Agency from issuing an export groundwater permit unless the applicant has established a temporary surplus that is in excess of the amount currently required for reasonable and beneficial uses within the agency, and the board determines that the export would not adversely affect the rights of groundwater users within the Agency.



SB 534 would authorize the board to fix a management charge in accordance with benefit-based criteria, upon the City of Ojai, the Casitas Municipal Water District, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the Agency is organized. This bill would prohibit the Agency from charging each of the entities listed above more than one-third of the allowable charges.

Under a provision included in this bill, the Agency would be authorized, by ordinance, to levy groundwater management charges against individual property. The groundwater management charge would not be allowed to exceed \$7.50 per acre per year, or \$5.00 for each parcel of land less than one acre. SB 534 would specify that unpaid management charges would constitute a lien on land in the same manner as a tax lien securing county property taxes.

SB 534 would authorize the Agency to charge, by ordinance, a groundwater extraction charge within the boundaries of the Agency to pay for the costs of operating the groundwater management activities. The bill would prohibit the extraction charge from exceeding the annual costs to the district incurred in carrying out the act. Further, SB 534 would prohibit the extraction charge from exceeding \$7.50 per acre-foot pumped per year.

COST

No appropriation. SB 534 would create a State-mandated local program because it would require the Agency to meet specified requirements. SB 534 would provide that no reimbursement is necessary because the Agency would be authorized to levy service charges, fees, or assessments sufficient to pay for the programs mandated by the act.

LEGISLATIVE HISTORY

SB 534 is sponsored by the Ojai Water Conservation District.

The Ojai groundwater basin is a small aquifer in Ventura County that serves some local urban users, but primarily meets the needs of the area's agricultural interests. Joe Caves of the author's staff, stated that the current five year drought, coupled with increased groundwater drilling, has depleted the basin's water level.

According to Mr. Caves, the Ojai area supports a large number of farms and orchards which depend heavily on groundwater. Mr. Caves stated that acres of valuable agricultural land could be lost if the groundwater is allowed to deplete beyond recoverable levels. Therefore, the Ojai groundwater basin is vital to the economy of



the entire community. According to Mr. Caves, SB 534 was introduced in response to requests from local farmers in the Ojai area for management of the Ojai groundwater basin for the benefit of all its water users.

Mr. Caves stated that it is uncommon for farmers to request a new groundwater management agency, as they often consider the water under their land as their personal property, and do not appreciate intervention from governmental agencies. However, the nearby Fox Canyon groundwater basin previously experienced significant water depletion and damage due to saltwater intrusion, which prompted the Fox Canyon community to create a groundwater management agency. According to Mr. Caves, supporters of SB 534 believe the Fox Canyon agency has provided effective groundwater management, and the Ojai groundwater basin should be similarly managed to prevent depletion problems before they occur.

Mr. Caves stated that the primary purpose of the Agency would be to identify groundwater uses and consumption levels, and set standards for water extraction. Mr. Caves added that the sponsor and author worked closely with all affected local community groups, both urban and agricultural, to achieve a consensus package. There is currently no known opposition to this bill and all affected local water agencies support its implementation.

Randy Pestor of the Assembly Local Government Committee worked closely with the author to craft provisions included in this bill. Mr. Pestor stated that SB 534 would not grant the Ojai Agency any "unusual" powers or responsibilities. Further, Mr. Pestor stated that SB 534 would require the Agency to enact measures by ordinance (noticed public hearing required) rather than by resolution (no noticed public hearing required).

It is important to note that SB 534 would not prohibit water transfers or abrogate the overlying or appropriative rights of landowners within the Agency. There are essentially two types of water available for transfer, surface and groundwater. This bill does not grant the Agency any control over surface water. With respect to groundwater, the basin affected in this bill is currently depleted and does not have water available for transfer. This bill would authorize water transfers if a water export applicant has established that they have a temporary surplus which is in excess of the amount currently required for reasonable and beneficial uses within the Agency, and the board determines that the export would not adversely affect the rights of groundwater users from the overdrafted basins. Currently, transferring water out of overdrafted groundwater basins is contrary to State water policy.

SB 534 is supported by Ventura County, California Water Association, Casitas Municipal Water District, City of Ojai, Hermitage Mutual Water Company, Ojai Water Conservation District, Siete Robles Mutual Water Company, Senior Canyon Mutual Water



Company, Southern California Water Company, and the Huntsinger Ojai Ranches. The Department of Water Resources has deferred to the Governor's Office of Planning and Research, because it views this as a local government, rather than water, issue.

VOTE:	Senate - 24 May 1991	Assembly - 09 September 1991
	Ayes - 35	Ayes - 75
	Noes - 0	Noes - 0
	(On Consent)	(On Consent)

Concurrence - 12 September 1991
Ayes - 38
Noes - 0
(On Consent)

RECOMMENDATION

The Governor's Office of Planning and Research recommends the Governor SIGN SB 534.

SB 534 would create the Ojai Groundwater management agency at the request of the Ojai community. There have been nearly five years of drought, exacerbating the overdraft problems in the Ojai groundwater basin. The creation of a groundwater management agency would allow the community to regulate, conserve, and augment its depleted water supplies.

The decision to create a groundwater management agency should rest, in the first instance, with the local governments and the community. Ultimately, of course, water is a matter of statewide concern and under the State Constitution, belongs to all the people. This bill would grant statutory authority for the creation of an agency as chosen by the local governments and the community.

DP:DR



ENROLLED BILL REPORT

AGENCY RESOURCES	BILL NUMBER SB 534
DEPARTMENT, BOARD OR COMMISSION Department of Water Resources	AUTHOR Hart

SUMMARY

This bill would create the Ojai Basin Groundwater Management Agency in northern Ventura County.

IMPACT ASSESSMENT

This bill is sponsored by Casitas Municipal Water District, City of Ojai, and Ojai Water Conservation District. Sponsors assert that a ground water management agency is needed for the Ojai ground water basin in northern Ventura County because: 1) water levels in this relatively small, unadjudicated ground water basin are dropping rapidly and 2) future price increases for surface water supplies will cause growers to use even more ground water, further depleting the basin. The bill is supported by the Ventura County Board of Supervisors, local mutual water companies, and local growers. There was no opposition. The Department of Water Resources made no initial recommendation on this bill.

Current California statutes do not provide a mechanism for creation of ground water management districts. These districts must be created through a special district act. SB 534 is an example of such an act. Other types of water districts may assume ground water management functions, but usually through an amendment of the districts' enabling acts. The Legislature has passed two special district acts to create agencies with ground water management functions along the Central Coast: Fox Canyon Groundwater Management Act (for parts of southern Ventura County) in 1982, and the Pajaro Valley Water Management Act (for parts of Santa Cruz County) in 1984.

This bill would create the Ojai Basin Groundwater Management Agency. The Agency would be governed by a five-member board of directors representing water agencies and water purveyors within the Agency's boundaries. The bill would require the Agency to produce an annual report on ground water supplies and conditions within the Agency's boundaries, with a plan of implementation for ground water management, provided the directors determine that ground water management is needed. The bill would authorize the Agency to conduct studies and investigations of ground water conditions within its jurisdiction. The bill would also authorize the Agency, as part of its ground water management authority, to regulate ground water extraction, well spacing, ground water replenishment, and conjunctive use, and to maintain a registry of ground water extraction facilities. The bill would authorize the Agency to regulate export of

Prepared by: Daniel McCarroll, CALDEX 653-4954, home: 392-8149
Daniel McCarroll 9/27/91
 John Kramer, CALDEX 653-5137, home: 442-5524
 Lucinda Chipponeri, CALDEX 653-0488, home: 443-9028
 Robert Potter, CALDEX 653-6055, home: 392-6401
Robert Potter 9-27 *Colleen Stramen 9/27*

RECOMMENDATION:
SIGN THE BILL.

DEPARTMENT HEAD <i>[Signature]</i>	DATE 9-27	AGENCY HEAD <i>[Signature]</i>	DATE 9/27/91
---------------------------------------	--------------	-----------------------------------	-----------------

LEGISLATIVE INTENT SERVICE (800) 666-1917

ground water from its jurisdiction, primarily to ensure that exported ground water is surplus to the needs of in-basin users.

The bill would authorize the Agency, after public notice and hearing, to impose annual management charges on water agencies and property owners and on ground water extraction. Charges to water agencies (specifically, the City of Ojai, Casitas Municipal Water District, Ojai Water Conservation District, and the Southern California Water Company) are limited to \$50,000 in aggregate the first year and \$25,000 the second year, with management charges for succeeding years to be voluntary on the part of each water agency. The bill would authorize annual management charges on property owners, up to a maximum of \$7.50 per acre per year or \$5.00 per parcel per year for parcels less than one acre. Authority for this management charge would expire January 1, 1995. The bill would also authorize management charges on ground water extraction, on a zone-of-benefit basis, with aggregate revenues from this source to be no greater than 25% of the Agency's total appropriations. The bill would cap this charge at \$7.50 per acre-foot pumped per year. All these charges would be available to the Agency for its ground water management functions.

This bill is similar to other ground water management bills that have been enacted for specific ground water basins. These districts provide areas with useful management tools, and the Department has been supportive of these efforts, given that any statewide ground water management legislation is unlikely.

ARGUMENTS PRO AND CON:

PRO:

1. This bill will create an agency with authority to manage increasingly scarce ground water; this agency should help conserve this resource.
2. This bill is consistent with past approaches, in that it provides local agencies with ground water management authority and with a funding mechanism.

CON:

1. Some may argue that statewide ground water regulation is preferable, although the political chances of achieving statewide management are remote.

RECOMMENDATION:

Sign the bill.

RECORD OF PROGRESS:

Passed by Senate	May 24, 1991	35-0
Passed by Assembly	September 9, 1991	75-0
Senate concurs in Assembly amendments	September 12, 1991	38-0



DEPARTMENT
Finance

BILL NUMBER
SB 534

AUTHOR
Hart

AMENDMENT DATE
September 3, 1991

SUBJECT

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF REASONS FOR SIGNATURE

There would be no state or local costs from this bill. This measure would establish this new agency to protect the interests and concerns of the groundwater for agricultural, municipal and industrial uses.

HISTORY, SPONSORSHIP, AND RELATED BILLS

Assembly: 75/0
Senate: 38/0

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Code Fund
		PROP 98		FC 1991-92		FC 1992-93		
-----None-----								

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable.

RECOMMENDATION:

Department Director Date

Sign the Bill.

Steve A. Olsen 9/18/91

Principal Analyst (622) Apps	Date	Program Budget Manager Fred Klass	Date	Governor's Office Position noted Position approved Position disapproved by: date:
		<i>Fred Klass</i>	9-18-91	

ENROLLED BILL REPORT
LR:BA-SB\BA0534-1.622

Form DF-43 (Rev 09/88 Pink)

	NO.	ISSUE DATE	BILL NUMBER
Local Cost	3	SEP 17 1991	SB 534
ESTIMATE	AUTHOR	DATE LAST AMENDED	
Department of Finance	Hart	September 3, 1991	

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	1991-92	1992-93	1993-94
	(Dollars in Thousands)		

Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

- County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED (622)	Date * 9/17/91	REVIEWED	Date * 9-17-91	APPROVED	Date * 9-17-91
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LR:LCE\SB\SB0534-1.622

AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would have been



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

appropriate for the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. The failure to include the proper disclaimer should not be a serious problem because the information provided in this analysis could also be provided to the Commission on State Mandates if any local agency submits a claim for reimbursement to that Commission.

Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4



SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

CONTINUED

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 9/9/91)

Ojai Water Conservation District (source)
Ventura County
California Water Association
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

DLW:nf 9/10/91 Senate Floor Analyses



CALIFORNIA LEGISLATURE

1991-92 REGULAR SESSION

SUMMARY DIGEST

of

Statutes Enacted and Resolutions Adopted in 1991

and

1989-1991 Statutory Record



RICK ROLLENS
Secretary of the Senate

*The Office of the
Chief Clerk of the Assembly*

Compiled by
BION M. GREGORY
Legislative Counsel

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LEGISLATIVE INTENT SERVICE



tion under existing law relating to local public employer-employee relations.

These changes would provide for the expenditure of continuously appropriated funds for new purposes and would, therefore, constitute an appropriation and necessitate a $\frac{2}{3}$ vote.

The act authorizes contracting agencies to amend their contracts to participate in a Medicare reimbursement program for enrollees in Medicare supplement health insurance and requires that the participation requirements be prescribed by board regulations.

This bill would delete the requirement that the participation requirements be prescribed by board regulations.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates which do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to those statutory procedures and, if the statewide cost does not exceed \$1,000,000, shall be made from the State Mandates Claims Fund.

Ch. 750 (SB 534) Hart. Ojai Basin Groundwater Management Agency.

(1) Under existing law, there are no specific provisions for groundwater management within the Ojai Groundwater Basin.

This bill would enact the Ojai Basin Groundwater Management Agency Act which would create the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. The bill would specify the powers and duties of the agency and provide for the management and financing of the agency.

The bill would require the agency to develop a prescribed plan and to undertake specified studies. The bill would provide that any person who intentionally violates the act or any agency ordinance is guilty of an infraction, thereby imposing a state-mandated local program by creating a new crime, and would subject that person to an administrative fine in an amount not to exceed \$500, as prescribed. The bill would subject any person who negligently or intentionally violates the act or any agency ordinance to civil liability in an amount not to exceed \$1,000 per day for each day of violation, as prescribed. The bill would impose a state-mandated local program by imposing various duties on local entities.

(2) Existing law requires that the Ojai Water Conservation District be governed by the Water Conservation District Law of 1931.

This bill would require the district to be governed by the Water Conservation Act of 1927.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Ch. 751 (SB 565) Bergeson. Freeways: motorist aid system.

Under existing law, a \$1 fee may be imposed and collected on vehicles registered within a county and the proceeds used for the implementation, maintenance, and operation of a motorist aid system of call boxes on freeways and expressways and connecting highway routes in the county.

This bill would also authorize the proceeds of those fees, which are in excess of the amount needed for the motorist aid system of call boxes, to be used for additional motorist aid services or support, including safety-related projects, as specified.

The bill would require review and approval by the Department of Transportation and the Department of the California Highway Patrol of any amendment by an authority to its existing plan for a motorist aid system adopted for any state highway route prior

NOTE: Superior numbers appear as a separate section at the end of the digests.



UNFINISHED BUSINESS

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1020 N Street, Suite 524 445-6614	Bill No.	SB 534
	Author:	Hart (D)
	Amended:	9/3/91
	Vote Required:	21

Committee Votes:

Senate Floor Vote: Page 1499, 5/24/91

COMMITTEE: AG. & WATER RES.		
BILL NO.:	SB 534	
DATE OF HEARING:	5-7-91	
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberts		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Ayala (Ch)		
TOTAL:	7	0

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Senate Bill 534—An act to amend Section 1 of, to repeal Sections 2 and 4 of, and to amend and renumber Section 3 of, Chapter 153 of the Statutes of 1974, and to create the Ojai Basin Groundwater Management Agency, relating to water.

Bill read third time, passed, and ordered transmitted to the Assembly.

The roll was called, and the above measures on the Consent Calendar passed by the following vote:

AYES (35)—Senators Alquist, Bergeson, Beverly, Boatwright, Craven, Davis, Deddeh, Dills, Cecil Green, Bill Greene, Hart, Hill, Johnston, Keene, Killea, Kopp, Leonard, Lewis, Lockyer, Maddy, Marks, McCorquodale, Mello, Morgan, Petris, Presley, Roberts, Rogers, Rosenthal, Royce, Russell, Thompson, Torres, Vuich, and Watson.

NOES (0)—None.

Assembly Floor Vote: 75-0, 9/9/91

(Passed Assembly on Consent)

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

Assembly Amendments specify the boundaries of the agency and makes clarifying changes.

ANALYSIS: Background - Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

CONTINUED

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), management charges to property (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

CONTINUED



FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 9/9/91)

Ojai Water Conservation District (source)
Ventura County
California Water Association
Casitas Municipal Water District
City of Ojai
Hermitage Mutual Water Company
Ojai Water Conservation District
Siete Robles Mutual Water Company
Senior Canyon Mutual Water Company
Southern California Water Company
Huntsinger Live Oak Ranch
Huntsinger Ojai Ranches
The Hermitage
Topa Topa Ranch & Nursery, Inc.
Roger Essick
William G. Myers

DLW:nf 9/10/91 Senate Floor Analyses



UB
SPECIAL CONSENT

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614	Bill No. SB 534 Author: Hart (D) Amended: 6/17/91 <i>7/3/91</i> Vote Required: 21
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Committee Votes:

Senate Floor Vote: Page 1499, 5/24/91

Assembly Floor Vote: *75-0, 9/9/91 (Proc)*

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

See (A)
ANALYSIS: SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

See (B)
Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

CONTINUED

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of ^{the act} ~~the act~~ allowed. A groundwater ^{violator is given written notice of a} ~~violator is given written notice of a~~ protect the basin's group ^{the violation.} ~~the violation.~~ replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, ~~standby~~, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Authorizes the levy of ^{management} groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), ^{to property} ~~standby~~ charges ^{Water} (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

- Ojai Water Conservation District (source)
- County of Ventura
- Casitas Water District
- Southern California Water Company
- Senior Canyon Mutual Water Company
- Hermitage Mutual Water Company
- City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



(A)

Amly Amendment specify the boundaries of the
agency & makes clarifying changes.



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE> _____ COMMITTEE W., P. & W. VOTE> _____

COMMITTEE W. & M. VOTE> _____ COMMITTEE _____ VOTE _____

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will

- continued -



not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

- 1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is

- continued -



(B)

not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

9/9/91

OPPOSITION

- Ojai Water Conservation District {SPONSOR} None on file.
- Ventura County ✓
- CA Water Assoc.
- Casitas Municipal Water District
- City of Ojai
- Hermitage Mutual Water Company
- Ojai Water Conservation District
- Siete Robles Mutual Water Company
- Senior Canyon Mutual Water Company
- Southern California Water Company
- Huntsinger Live Oak Ranch
- Huntsinger Ojai Ranches
- The Hermitage
- Topa Topa Ranch & Nursery, Inc.
- Roger Essick
- William G. Myers

Randy Pestor
445-6034
7/1/91:algov



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT Finance	AUTHOR Hart	BILL NUMBER SB 534
SPONSORED BY	RELATED BILLS	AMENDMENT DATE August 26, 1991

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF CHANGES

The June 24, August 20 and August 26 amendments make only technical changes which do not affect our previous analysis of the April 17 version of the bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Code Fund
		(Dollars in Thousands)						
	PROP 98	FC	1991-92	FC	1992-93	FC	1993-94	
-----None-----								

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. For clarification purposes, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency. Suggested language is attached.

(continued)

POSITION:	Department Director	Date
Neutral, recommend technical amendment		

Principal Analyst (622) Apps	Date	Program Budget Manager	Date	Governor's Office Position noted Position approved Position disapproved by: date:
<i>James M. Ojeda</i>	<i>8/27/91</i>	<i>F. Klass</i>	<i>8/27/91</i>	



Suggested Amendment for

SB 534

(As Amended August 26, 1991)

On page 19, line 2 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



	NO.	ISSUE DATE	BILL NUMBER
Local Cost	2	AUG 27 1991	SB 534
E S T I M A T E	AUTHOR		DATE LAST AMENDED
Department of Finance	Hart		August 26, 1991

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
	(Dollars in Thousands)		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED	Date *	REVIEWED	Date *	APPROVED	Date
(622) <i>[Signature]</i>	8/27/91*	<i>[Signature]</i>	8/27/91*	F. K. [Signature]	

[Signature]



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would be appropriate for



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4



Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE L. GOV. VOTE>

COMMITTEE W., P. & W. VOTE>

COMMITTEE W. & M. VOTE>

COMMITTEE VOTE

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production,

- continued -

because it is

(B) L not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction changes with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

<p>Ojai Water Conservation District Ventura County CA Water Assoc. Casitas Municipal Water District City of Ojai Hermitage Mutual Water Company Ojai Water Conservation District Siete Robles Mutual Water Company Senior Canyon Mutual Water Company Southern California Water Company Huntsinger Live Oak Ranch Huntsinger Ojai Ranches The Hermitage Topa Topa Ranch & Nursery, Inc. Roger Essick William G. Myers</p>	<p>SPONSOR! None on file.</p>
---	-------------------------------

Randy Pestor



SPECIAL CONSENT

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614	Bill No.	SB 534
	Author:	Hart (D)
	Amended:	4/17/91
	Vote Required:	21

Committee Votes:

Senate Floor Vote:

COMMITTEE: AG. & WATER RES.		
BILL NO.: <u>SB 534</u>		
DATE OF HEARING: <u>5-7-91</u>		
SENATORS:	AYE	NO
Craven	✓	
C. Green	✓	
McCorquodale	✓	
Presley	✓	
Roberti		
Rogers	✓	
Thompson	✓	
Vuich	✓	
Vacancy		
Mello (VC)		
Avala (Ch)		
TOTAL:	<u>7</u>	<u>0</u>

PLACED
ON FILE
PURSUANT
TO SENATE
RULE 28.8

Assembly Floor Vote:

SUBJECT: Ojai Groundwater Management District

SOURCE: Ojai Water Conservation District

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS: SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

CONTINUED

Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUPPORT: (Verified 5/16/91)

Ojai Water Conservation District (source)
County of Ventura
Casitas Water District
Southern California Water Company
Senior Canyon Mutual Water Company
Hermitage Mutual Water Company
City of Ojai

DLW:nf 5/16/91 Senate Floor Analyses



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT Finance	AUTHOR Hart	BILL NUMBER SB 534
SPONSORED BY	RELATED BILLS	AMENDMENT DATE April 17, 1991

ag

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF COMMENTS

There would not be any costs to any state or local agency from terms of this bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	(Fiscal Impact by Fiscal Year)			Code Fund
			FC 1990-91	FC 1991-92	FC 1992-93	
			-----None-----			

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District it is erroneously listed in the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. As a clarifying amendment, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency.

(continued)

POSITION:	Department Director	Date
	Neutral, recommend technical amendment	

Principal Analyst (622) Apps <i>Juanita M. Ozz</i>	Date 5/15/91	Program Budget Manager Fred Klass	Date 5-15-91	Governor's Office Position noted Position approved Position disapproved by: _____ date: _____
--	-----------------	--------------------------------------	-----------------	--



Suggested Amendment for

SB 534

(as amended April 17, 1991)

on page 16, line 23 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



	NO.	ISSUE DATE	BILL NUMBER
Local Cost	1	MAY 15 1991	SB 534
ESTIMATE		AUTHOR	DATE LAST AMENDED
Department of Finance		Hart	April 17, 1991

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	1990-91	1991-92	1992-93
	(Dollars in Thousands)		

Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, standby charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the standby charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED (622)	Date	* REVIEWED	Date	* APPROVED	Date
<i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5/15/91



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the act provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer is appropriate for the



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably the local agencies will not incur any costs over the \$200 limit to appoint one of their members to the new board of directors for the newly created agency.

LR:LCE-SB\SB0534-1.622/4



THIRD READING

SENATE RULES COMMITTEE Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614	Bill No.	SB 534
	Author:	Hart (D)
	Amended:	4/17/91
	Vote Required:	21

Committee Votes:

Senate Floor Vote:

Assembly Floor Vote:

SUBJECT: Ojai Groundwater Management District

SOURCE: *Ojai Water Conservation District*

DIGEST: This bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers and duties of the district and provides for the management and financing by the district.

ANALYSIS: SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.

CONTINUED



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

FISCAL EFFECT: Appropriation: No Fiscal Committee: Yes Local: Yes

SUBJECT: (Water Conservation)

Augst 5/16/91
Ojai Water Conservation District
County of Ventura
Cositos Water District
Saddle Southern California Water Co
Amor Canyon Mutual Water Co
Hermitage Mutual Water Co
City of Ojai

Atty
Gen'l Water Co
City of Ojai

[Handwritten signatures and initials]

LEGISLATIVE INTENT SERVICE (800) 666-1917



CONSULTANT:

SENATE FLOOR ANALYSES WORKSHEET

<p>SENATE RULES COMMITTEE</p> <p>Office of Senate Floor Analyses 1100 J Street, Suite 120 445-6614</p>	<p>Bill No. <i>SB 534</i></p> <p>Author: <i>Har (D)</i></p> <p>Amended: <i>as amended 4/17/91</i></p> <p>Vote Required: <i>majority 21</i></p>
---	--

SUBJECT: *Ojai Groundwater Management District*

SOURCE:

Assembly Floor Vote:

DIGEST:

~~The bill enacts the Ojai Groundwater Basin Act which would allow the city of Ojai, the Cositas Municipal Water District, & the Ojai Water Conservation District, by a joint powers agreement, to create an agency known as the Ojai Groundwater Management Agency.~~

The bill enacts the Ojai Basin Groundwater Management Agency Act which creates the Ojai Basin Groundwater Management Agency to provide for groundwater management within the prescribed boundaries of the agency. Specifies the powers & duties of the district & provides for the management & financing of the district.

[Signature]
see (A)

PLJ no yes yes

LEGISLATIVE INTENT SERVICE (800) 666-1917



SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.

(A)



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#####

APPROPRIATION: No.

FISCAL COMMITTEE: Yes.

STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



SENATE COMMITTEE ON AGRICULTURE AND WATER RESOURCES
RUBEN S. AYALA, CHAIRMAN

SENATE BILL NO. 534
(Hart)

as amended in the Senate
April 17, 1991

RE: Ojai Basin Groundwater Management Agency

ANALYSIS:

SB 534 creates the Ojai Basin Groundwater Management Agency. The primary purpose of the agency is to manage the groundwater within its boundaries.

Boundaries of the agency includes that portion of the Ojai Basin watershed which lies within the boundaries of the Casitas Municipal Water District or the Ojai Water Conservation District. Specific boundaries shall be established by the agency after a public hearing and recorded as stipulated.

Definitions of appropriate terms are specified.

Composition of the board of directors is prescribed. The primary activities of the board will be to monitor, plan, manage, control, preserve, and regulate the extraction and use of groundwater within the boundaries of the agency.

This measure does not either abrogate or impair the overlying or appropriative rights of the landowners or other existing appropriators within the agency, including the right to seek an adjudication of those rights.



Powers and duties of the board are stipulated. Intentional violations of this act or any agency ordinance is an infraction, with a maximum penalty of \$500. Civil penalties are also allowed, not to exceed \$1,000 per day for each day of violation.

Studies and investigations related to implementation of the purposes of this act are allowed. A groundwater management plan, containing specified components, which protect the basin's groundwater quality and balance, long-term average annual water replenishment and extractions in the basin, must be developed, adopted, and implemented. This plan must be completed and submitted to the board by January 1, 1994.

The agency may, by ordinance, require extraction facilities to be registered with the agency within 30 days of notice being given to the operator of the extraction facility. In addition, the agency also may require the operator of each extraction facility to file a groundwater extraction statement that contains prescribed information.

Management, standby, and groundwater extraction charges may be levied according to a stipulated format. Standby charges may not exceed seven dollars and fifty cents (\$7.50) per acre per year for each acre of land, or five dollars (\$5.00) for each parcel of land of less than one acre within the agency. Authority to fix standby charges sunsets January 1, 1995. The groundwater extraction charge may not exceed \$7.50 per acre-foot pumped per year.



Legislative findings and declarations are cited.

The bill also allows the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 in lieu of the Water Conservation District Law of 1931.

#

APPROPRIATION: No.
FISCAL COMMITTEE: Yes.
STATE-MANDATED LOCAL PROGRAM: Yes.

FIRST HEARING: May 7, 1991



DEPARTMENT Finance	BILL NUMBER SB 534
AUTHOR Hart	AMENDMENT DATE September 3, 1991

SUBJECT

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF REASONS FOR SIGNATURE

There would be no state or local costs from this bill. This measure would establish this new agency to protect the interests and concerns of the groundwater for agricultural, municipal and industrial uses.

HISTORY, SPONSORSHIP, AND RELATED BILLS

Assembly: 75/0
Senate: 38/0

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Code Fund
		(Dollars in Thousands)						
	PROP	FC	1991-92	FC	1992-93	FC	1993-94	
	98	FC	1991-92	FC	1992-93	FC	1993-94	
-----None-----								

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable.

RECOMMENDATION: _____ Department Director _____ Date _____

Sign the Bill.

Principal Analyst (622) Apps	Date	Program Budget Manager Fred Klass	Date	Governor's Office Position noted Position approved Position disapproved by: _____ date: _____
			9-18-91	

ENROLLED BILL REPORT Form DF-43 (Rev 09/88 Pink)
LR:BA-SB\BA0534-1.622

LEGISLATIVE INTENT SERVICE (800) 666-1917

ENROLLED BILL REPORT

Form DF-44R (Rev. 2/87 W 500)

	NO.	ISSUE DATE	BILL NUMBER
Local Cost	3	SEP 17 1991	SB 534
ESTIMATE		AUTHOR	DATE LAST AMENDED
Department of Finance		Hart	September 3, 1991

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	1991-92	1992-93	1993-94
	(Dollars in Thousands)		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED (622)	Date * 9/17/91	REVIEWED	Date * 9-17-91	APPROVED	Date * 9-17-91
LR:LCE/SB/SB0534-1.622					



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would have been



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	September 3, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

appropriate for the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. The failure to include the proper disclaimer should not be a serious problem because the information provided in this analysis could also be provided to the Commission on State Mandates if any local agency submits a claim for reimbursement to that Commission.

Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT	AUTHOR	BILL NUMBER
Finance	Hart	SB 534

SPONSORED BY	RELATED BILLS	AMENDMENT DATE
		August 26, 1991

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF CHANGES

The June 24, August 20 and August 26 amendments make only technical changes which do not affect our previous analysis of the April 17 version of the bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Code Fund
		(Dollars in Thousands)						
	PROP	FC	1991-92	FC	1992-93	FC	1993-94	
	98	FC		FC		FC		
-----None-----								

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition, the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District, it is erroneously currently governed by the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. For clarification purposes, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency. Suggested language is attached.

(continued)

POSITION:	Department Director	Date
Neutral, recommend technical amendment	Original Signed by Richard Ray	AUG 27 1991

Principal Analyst (622) Apps <i>James M. Oja</i>	Date 8/27/91	Program Budget Manager Fred Klass <i>F. Klass</i>	Date 8/27/91	Governor's Office Position noted Position approved ✓ Position disapproved by: <i>KS</i> date: <i>8/28/91</i>
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BILL ANALYSIS

Form DF-43 (Rev 09/88 Buff)

LR:BA-SB\BA0534-1.622

Suggested Amendment for

SB 534

(As Amended August 26, 1991)

On page 19, line 2 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



	NO.	ISSUE DATE	BILL NUMBER
Local Cost	2	AUG 27 1991	SB 534
E S T I M A T E	AUTHOR	DATE LAST AMENDED	
Department of Finance	Hart	August 26, 1991	

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
	(Dollars in Thousands)		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, management charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the management charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED	Date *	REVIEWED	Date *	APPROVED	Date
(622) <i>Karen J...</i>	8/27/91	<i>James M. Ojai</i>	8/27/91	<i>F. Kless</i>	8/27/91
LR:LCE/SB/SB0534-1.622 <i>by Jmo</i>					



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors' Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the Ojai Basin Groundwater Management Agency Act, which the bill would create, provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer would be appropriate for



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	August 26, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

the possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably, the local agencies will not incur any costs over the \$200 threshold on claimable mandated cost reimbursement to appoint one of their members to the new board of directors for the newly-created agency.

LR:LCE-SB\SB0534-1.622/4



Honorable Gary Hart
 Member of the Senate
 State Capitol, Room 4074
 Sacramento, CA 95814

DEPARTMENT Finance	AUTHOR Hart	BILL NUMBER SB 534
SPONSORED BY	RELATED BILLS	AMENDMENT DATE April 17, 1991

BILL SUMMARY

Would establish the Ojai Basin Groundwater Management Agency within Ventura County.

SUMMARY OF COMMENTS

There would not be any costs to any state or local agency from terms of this bill.

FISCAL SUMMARY--STATE LEVEL

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	(Fiscal Impact by Fiscal Year)			Code Fund
			FC 1990-91	FC 1991-92	FC 1992-93	
-----None-----						

ANALYSIS

A. Specific Findings

This bill would create the Ojai Basin Groundwater Management Agency in southern California within Ventura County. The bill specifies the powers and duties of the district and provides for the management and financing of the district.

In addition the bill would require that the Ojai Water Conservation District be governed by the Water Conservation Act of 1927. According to a spokesperson for the District it is erroneously listed in the Act of 1931.

B. Fiscal Analysis

There would be no cost to any state agency from terms of this bill. The attached Local Cost Estimate finds that any costs incurred by the mandates in the bill would not be reimbursable. As a clarifying amendment, however, the Department of Finance recommends an amendment that would clearly state that the county assessor will be reimbursed for any costs incurred in collecting any fees for the agency.

(continued)

POSITION:	Department Director	Date
Neutral, recommend technical amendment	Original Signed By: Richard Ray	MAY 15 1991

Principal Analyst (622) Apps <i>Juanita Ojeda</i>	Date 5/15/91	Program Budget Manager Fred Klass <i>[Signature]</i>	Date	Governor's Office Position noted Position approved Position disapproved by: <i>[Signature]</i> date: <i>5/15/91</i>
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BILL ANALYSIS
 LR:BA-SB\BA0534-1.622

Form DF-43 (Rev 09/88 Buff)

Suggested Amendment for

SB 534

(as amended April 17, 1991)

on page 16, line 23 after "taxes." insert,

The county may deduct from the revenue so collected for the agency an appropriate amount for the billing and collection services rendered to the district.



	NO.	ISSUE DATE	BILL NUMBER
Local Cost	1	MAY 15 1991	SB 534
ESTIMATE		AUTHOR	DATE LAST AMENDED
Department of Finance		Hart	April 17, 1991

I. SUMMARY OF LOCAL IMPACT

Would require the Ventura County Assessor to collect specified fees for the newly created Ojai Basin Groundwater Management Agency if so requested by the Agency. Would also require specified agencies to appoint a member to the board of directors of the new agency.

Any local government costs from the mandate in this measure would not be reimbursable because the local agency has the authority to charge fees to cover their costs.

II. FISCAL SUMMARY--LOCAL LEVEL

	1990-91	1991-92	1992-93
	(Dollars in Thousands)		
Reimbursable Expenditures:	--	--	--
Non-Reimbursable Expenditures:	--	--	--
Revenues:	--	--	--

III. ANALYSIS:

A. Introduction

This bill would create the Ojai Basin Groundwater Management Agency within Ventura County. The bill outlines the agency's powers and duties and authorizes the agency to charge fees, standby charges, and groundwater extraction charges to cover costs of the agency.

In addition, the bill authorizes the agency to choose to have the standby charges collected by the county. If the agency concludes that the charges will be collected in this manner, then the county will collect the fees at the same time as county property taxes.

The bill requires that any violators of any agency ordinance is guilty of an infraction and would be required to pay specified fines.

Finally, the bill would require that four board of directors be members of and be appointed by various local water companies and districts. In addition, the City Council of Ojai would be required to appoint one of their members to the board.

B. Working Data

1. County assessors generally have the authority to withhold a fee from the charges they collect for special districts. A

(continued)

PREPARED	Date	* REVIEWED	Date	* APPROVED	Date
(622) <i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5/15/91	<i>[Signature]</i>	5.15.91
LR:LCE\SB\SB0534-1.622					

AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

representative of the California Assessors Association states that counties withhold a fee from revenues that they collect from various types of special districts.

2. Section 17556(d) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in a statute or executive order if the affected local agencies have the authority to levy service charges, fees or assessments sufficient to pay for the mandated program in the statute or executive order. In its April 1991 decision in "County of Fresno v. State of California (91 Daily Journal D.A.R. 4617)", the State Supreme Court held that this Code Section is facially valid under Section 6 of Article XIII B of the California Constitution. The court reasoned that Article XIII B was not intended to "reach beyond taxation", i.e., the article requires reimbursement only for those expenses that are recoverable solely from tax revenues. Therefore, although this bill may result in additional costs to local government, those costs are not reimbursable because the affected local entities are authorized to charge fees to cover those costs.
3. Sections 405 and 406 of the act provide for penalties in the event of specified violations of the agency's ordinances.
4. Section 6 of Article XIII B of the California Constitution reads as follows:

Whenever the Legislature or any State agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

- (a) Legislative mandates requested by the local agency affected;
- (b) Legislation defining a new crime or changing an existing definition of a crimes; or
- (c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

B. Working Data (continued)

5. Sections 17579 and 17610 of the Government Code allow the Controller to reimburse local entities from the State Mandates Claims Fund for the state-mandated local costs imposed on them by a statute if:
 - a. the statute contains a statement that it mandates a new program or higher level of service and specifies that reimbursement shall be made from that fund if the statewide cost of the statute in the first year of its operation is less than one million dollars (\$1,000,000); and
 - b. the Commission on State Mandates develops parameters and guidelines for reimbursement of costs and certifies to the Controller that those costs are estimated to be less than one million dollars (\$1,000,000).
6. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not "state mandated costs" and therefore, are not reimbursable by the State. In addition, Section 17556(g) of the Government Code provides that the Commission on State Mandates shall not find a reimbursable mandate in such legislation or in legislation which eliminated a crime or changed the penalty for a crime. It should be noted, however, that Section 2246.2 of the Revenue and Taxation Code requires that funding be included in the Governor's Budget to reimburse local entities for one-half of any additional detention and probation costs in excess of 1 percent of such costs in the preceding year incurred as the result of a bill which increased the penalty for a crime. Any local entity which believes that this bill falls within the purview of these provisions may, as provided by law, file a written request for these funds with the Department of Finance.
7. Section 17564(a) of the Government Code requires that, with certain exceptions, any claim for reimbursement of state-mandated local costs must exceed \$200 per affected local entity per year.

C. Conclusion

The "crimes and infraction" disclaimer in section 6 is appropriate for the new crimes and penalties created by the bill. In addition, the "self-financing authority" disclaimer is appropriate for the



AUTHOR	AMENDMENT DATE	BILL NUMBER
Hart	April 17, 1991	SB 534

III. ANALYSIS (continued)

C. Conclusion (continued)

possible mandate on the county assessors if the agency elects to have their fees collected with the county property taxes. Presumably the local agencies will not incur any costs over the \$200 limit to appoint one of their members to the new board of directors for the newly created agency.

LR:LCE-SB\SB0534-1.622/4



622

Date of Hearing: July 17, 1991

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Sam Farr, Chair

SB 534 (Hart) - As Amended: June 24, 1991

SENATE VOTE: 35-0

ASSEMBLY ACTIONS:

COMMITTEE _____ L. GOV. _____ VOTE> _____ COMMITTEE _____ W., P. & W. _____ VOTE> _____

COMMITTEE _____ W. & M. _____ VOTE> _____ COMMITTEE _____ VOTE _____

SUBJECT: Enacts the Ojai Basin Groundwater Management Agency Act.

DIGEST

Existing law allows for the establishment of districts to provide water by a general act (e.g., community services districts, county services areas, county water authorities) under which districts may be formed in accordance with procedures set forth in the act, or by a special act creating the district and prescribing its powers. Groundwater management is commonly created by special acts.

This bill:

- 1) Establishes the Ojai Basin Groundwater Management Agency (including a portion of the Ojai Basin watershed, as defined) with a board of directors (certain local agency representatives) exercising the powers provided in the bill. The agency cannot be involved in activities undertaken by entities with representatives on the board.
- 2) Authorizes the board to adopt ordinances relating to groundwater management activities, and to establish fines for infractions (up to \$500) and civil penalties (up to \$1,000) for violations. No liability may be imposed unless the alleged violator is given written notice of a district board hearing to consider the violation.
- 3) Authorizes the district to have technical investigations conducted by licensed experts, and must prepare an annual report on groundwater supplies, conditions in the district, and an implementation plan. The agency may recommend and encourage wastewater reuse and other water development activities if they will enhance responsible management of the groundwater resources.
- 4) Requires the agency to prepare groundwater management plans, with certain components (e.g., list of facilities, estimate of water production, rainfall data, groundwater storage capacity). The plans must also set an amount of groundwater extraction below which the bill's requirements will

- continued -

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not be imposed. Deadlines are set for completing the plans during 1993 and 1994.

- 5) Authorizes the district board to exercise certain powers if it determines that groundwater management activities are necessary (after a noticed public hearing and consideration of studies), including: requiring conservation measures, commencing actions to enjoin certain unreasonable uses, conserving/reclaiming water, regulating groundwater replenishment programs, encouraging conjunctive uses, imposing regulations to minimize well interference, controlling groundwater extractions.
- 6) Authorizes the district to require registration of extraction facilities, as well as require information and statements from operators regarding the facilities, and to require waterflow measuring devices.
- 7) Establishes procedures for issuance of export permits, and for reducing or suspending extractions by exporters.
- 8) Authorizes the levy of groundwater management charges (aggregate limit of \$50,000 the first year, \$25,000 following years), standby charges (\$7.50/acre, \$5.00/parcel of less than 1 acre), and extraction charges (based on groundwater extraction statements).
- 9) Requires the Ojai Water Conservation District to be governed by the Water Conservation Act of 1927 instead of the Water Conservation District Law of 1931.

FISCAL EFFECT

Any costs to the district are not reimbursable because the bill was introduced at the request of a local agency desiring legislative authority to carry out the program; contains fee disclaimer.

COMMENTS

1) Background.

Certain districts are authorized to undertake groundwater management activities. For example, the Pajaro Valley Water Management Agency Act, the Fox Canyon Groundwater Management Act, and the Sierra Valley Groundwater Basin Act provide for the management of groundwater. Most recently, AB 2523 (Costa) Chapter 580, Statutes of 1989, allowed the Malaga County Water District in Fresno County to undertake groundwater management activities; AB 1941 (N. Waters) Chapter 844, Statutes of 1989, enacted the Mono County Tri-Valley Groundwater Management District Act; and SB 1721 (Doolittle) Chapter 1392, Statutes of 1989, enacted the Honey Lake Valley Groundwater Basin Act.

A number of local agency representatives and agricultural interests assert that an agency is necessary to manage the groundwater basin because it is

- continued -



not adjudicated and increased water rates will encourage drilling of new wells or reactivation of old wells--which could overdraft the basin.

2) District Boundaries.

This bill provides that the boundaries of the district include all land overlying a portion of the Ojai Basin watershed and within the Casitas Municipal Water District or the Ojai Water Conservation District, and cannot include any land within the Ventura River County Water District boundaries. A legal description of the boundaries is also included.

This bill prohibits the agency from being involved in activities of another entity if a board member of that entity can sit on the agency board. Should the agency be prohibited from being involved in another entity's activities without this condition? (Note: the agency's purposes do not conflict with those of other entities.)

3) Board of Directors.

This bill establishes a five member board of directors as follows: one director from the Ojai City Council; one director from the Casitas Municipal Water District; one director from the Ojai Water Conservation District Board; one director from the Southern California Water Company; and one director selected from the Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, or the Hermitage Mutual Water Company.

4) Studies and Consultants.

This bill requires all investigations and studies to be conducted only by licensed engineers or experts in groundwater geology and hydrology.

Because district studies may require the assistance of professionals of other disciplines, are the bill's provisions relating to engineers and the specific experts too limited?

This bill requires studies to cover certain issues, but does not address other important related issues (e.g., water conservation activities). Should these issues be explored in the studies? Should water extractors be required to provide related information?

5) Compliance with the California Environmental Quality Act (CEQA).

This bill requires the board to give notice and hold a hearing to receive evidence and consider studies before undertaking management activities. However, the bill does not specify when the district will comply with CEQA. Should the bill clarify that the board be required to comply with CEQA before it decides to enact program?

- continued -



6) Adoption of Ordinances.

This bill allows the board to adopt an ordinance after a noticed public hearing, which becomes effective 31 days later. This bill also gives the board broad authority to adopt an emergency ordinance which is effective immediately upon adoption, if it is determined that the public health, safety, or welfare requires it.

Should the bill simply reference the Ralph M. Brown Act, and limit the effective date of the ordinance to a certain period (e.g., 45 days) with provisions for extension after a noticed public hearing?

This bill also allows the board to undertake groundwater management activities by ordinance or resolution. Should the board be allowed to exercise authorized activities simply by resolution?

7) Permits/Registrations and Fees.

This bill also allows management charges, standby charges, and groundwater extraction charges. All of these charges may be used for similar purposes. Should this bill more specifically distinguish the purposes for these charges, and provide a clearer process for adoption of the extraction charges with a public hearing? Should the bill specify that any charges not exceed the annual costs? Also, because the agency essentially manages groundwater and does not supply water, are standby charges necessary?

This bill declares that groundwater management activities are "of equal benefit, as determined by the board, to all operators of groundwater extraction facilities . . ." Should any benefits be more directly linked to groundwater management activities and services, and should the agency be allowed to establish zones of benefit?

SUPPORT

OPPOSITION

Ojai Water Conservation District [SPONSOR]	None on file.
Ventura County	
CA Water Assoc.	
Casitas Municipal Water District	
City of Ojai	
Hermitage Mutual Water Company	
Ojai Water Conservation District	
Siete Robles Mutual Water Company	
Senior Canyon Mutual Water Company	
Southern California Water Company	
Huntsinger Live Oak Ranch	
Huntsinger Ojai Ranches	
The Hermitage	
Topa Topa Ranch & Nursery, Inc.	
Roger Essick	
William G. Myers	

Randy Pestor
445-6034
7/1/91:algov

SB 534
Page 4

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WATER CODE

the unexpired term of the trustees

16. Statement of time and place for holding an election, 1951 ch 681 § 19, Stats 1963 ch 56 § 1, Stats 1st 118 § 4, operative January 1, 1968.

shall be made by petition filed with later than 5 p.m. on the 54th day

19. ers in the district, by five or more

ters in the district, by one or more

ived shall be published once by the e final date for receiving petitions. pper in each county in which any of vspaper is published therein, and if ation therein.

1986.

ice to be subd (a); (2) amended subd (a) by (a) "of five or more qualified voters" after "by second and third sentences to be subd (c); and (3) ter "Notice that"; (b) "The" for "Such"; and (c)

19.

E 2

ng

19.

t charges and fees for provision of

t may, by resolution of the board, ng minimum and standby charges, . The board, in fixing such charges nquency and may impose penalties of the amount of the charge or fee the rate of 8 percent per annum quent charges and fees. The district ges and fees or such unpaid charges nd maintenance assessment in the pursuant to Section 51440. The may be in lieu of, or supplemental r and may be used for any district blication.

(5 Water Code)

WATER CODE

§ 50906

Former Sections: Former § 50902 was repealed by Stats 1959 ch 1111 § 2. Cal Jur 3d (Rev) Drainage and Reclamation Districts § 31.

§ 50903. District of specific size; Authority to acquire, etc., lands, works, and facilities for collection, etc., of sewage; Procedure

Note—There was another section of this number which was added by Stats 1978 ch 1108 § 2 and renumbered § 50904 by Stats 1979 ch 373 § 344.

§ 50904. Collection of fees and assessments by tax bills

A district may, by resolution of the board, provide a procedure for and collect charges and fees, by way of the tax bills of the county or counties in which such district is located. A district may also collect assessments levied under Part 7 (commencing with Section 51200) of the division by way of the tax bills of the county or counties in which such district is located. Such charges and fees or assessments shall appear as a separate item on the tax bill, shall be collected at the same time and in the same manner as county ad valorem property taxes are collected, and shall be subject to the same penalties and the same procedure and sale in case of delinquency as provided for such taxes. The district shall, on or before August 1st of each year, certify to the county auditor the charges and fees or assessments to be collected. The county may deduct from the revenue so collected for the district an appropriate amount for the billing and collection services rendered to the district.

Added Stats 1978 ch 1108 § 2 as § 50903; Renumbered Stats 1979 ch 373 § 344; Amended Stats 1980 ch 153 § 1, effective June 11, 1981.

Amendments:

1980 Amendment: Added (1) the second sentence; and (2) "or assessments" after "and fees" in the third and fourth sentences.

Cal Jur 3d (Rev) Drainage and Reclamation Districts § 31.

§ 50905. Edgerly Island Reclamation District

The Edgerly Island Reclamation District may provide for the disposal of sewage, industrial waste, or other waste and, for that purpose, may design, finance, construct, operate, and maintain sewage treatment works.

Added Stats 1981 ch 1048 § 1, effective September 30, 1980.

§ 50906. District No. 1004; Operation of hydroelectric plant

Reclamation District No. 1004 may, in conjunction with the County of Colusa, construct, maintain, and operate a plant for the generation of hydroelectric power, together with transmission lines for the conveyance thereof and with other facilities that may be necessary or appropriate for the construction, maintenance, and operation of that plant. Construction of the plant and transmission lines may be financed by the issuance of time warrants pursuant to Article 3 (commencing with Section 53040) of Chapter 1 of Part 9 to pay the cost of construction of the plant, transmission lines, and related facilities, except that the board may, by resolution, provide for the payment of those time warrants solely from the proceeds derived from the operation of the hydroelectric powerplant, in lieu of the assessment described in Section 53040, and may, in that event, pledge the plant, transmission lines, and related facilities and the revenues from the operation of the hydroelectric plant as the sole security for the payment of the time warrants.

(5 Water Code)

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OJAI BASIN GROUNDWATER MANAGEMENT AGENCY

GROUNDWATER MANAGEMENT PLAN

September 1994

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TABLE OF CONTENTS

<u>CONTENTS</u>	<u>Page No.</u>
MISSION STATEMENT	1
GENERAL APPROACH	1
BACKGROUND	1
<u>DETAILED ACTION PLAN</u>	
GOAL 1 - UNDERSTANDING THE BASIN	3
Monitoring	3
Data Collection	3
Well Registration	4
Extraction Measurement	4
GOAL 2 - CONTROLLING EXPORTS: PROTECTING AND MANAGING THE BASIN	4
Controlling Exports of Water from the Basin	4
Basin Thresholds and Triggers	5
Transfer Across Basin Cells	5
GOAL 3 - ENCOURAGING SUPPORTING ACTIVITIES	5
Data Collection and Storage	5
Water Conservation	5
Abandoned Wells	6
Artificial Recharge	6
Watershed Management	6
GOAL 4 - EFFECTIVE COMMUNICATION	6
Advisory Committee	7
Annual Report	7
GOAL 5 - EFFICIENT ADMINISTRATION	7
Funding	7
Minimum Requirements	7



OJAI GROUNDWATER BASIN

GROUNDWATER MANAGEMENT PLAN

MISSION STATEMENT

It is the mission of the Ojai Basin Groundwater Management Agency to preserve the quantity and quality of groundwater in the Ojai Basin in order to protect and maintain the long-term water supply for the common benefit of the water users in the basin.

GENERAL APPROACH

The Ojai Basin Groundwater Management Agency (OBGMA or Agency) is required by law to have a Groundwater Management Plan (Plan) to guide its operations. This Plan has been developed based on studies done for the Agency by its engineering contractor (Staal, Gardner, and Dunn), input from well owners and water users, and recommendations made by the Agency's ad hoc advisory committee and by the Coalition to Protect Ojai Groundwater (COPOG).

The Plan consists of five broad goals. Each goal includes a number of action elements. While the five broad goals will provide the structure to the Agency's management efforts for several years, the Agency expects that the detailed action elements will evolve as the Agency's efforts progress. Elements approved with this Plan will be implemented in the form of Agency rules, regulations or ordinances. Prior to implementation, additional criteria to guide these actions will be developed in a public process by the Board and added to this management plan. Some elements - as noted herein - require more study and public review before specific implementation actions are approved. Additions will be made to this Plan as actions to implement these elements are reviewed by the water users and well owners in the basin and approved by the Agency Board of Directors (Board). Amendments to the approved Plan will be made only after full public review, consideration of any ad hoc advisory committee recommendation and formal approval by the Board.

BACKGROUND

The mission of the OBGMA is derived from its enabling legislation, SB 534, which became law in 1991; and from the expressed needs and concerns of the water users and well owners of the Ojai Basin. The Agency was established in the fifth year of a drought, amidst concerns for potential basin overdraft. The mission is in keeping with the history of the basin and the circumstances existing when the Agency was formed.

Based upon the studies conducted for the Agency in 1992, the water supply and demand in the basin is largely in balance and capable of meeting the annual demands of the



overlying landowners and in-basin water users under present conditions.

However, after a series of dry years water levels in some wells in the basin drop to the point where an alternative water source must be used. In part, that is why water users presently import some 5,000 acre feet of Casitas project water into the basin annually, primarily for irrigation. If Casitas water was not available or not used in a series of dry years, considering the present knowledge of the hydrology of the basin and the existing wells and water users, some shallower and peripheral wells would probably not produce water.

Therefore, the focus of the Agency's efforts is on protecting and preserving the basin groundwater resource for in-basin use; and guarding against harmful export of water from the basin.



GROUNDWATER MANAGEMENT PLAN

DETAILED ACTION PLAN

GOAL 1 - UNDERSTANDING THE BASIN

The Agency must have a comprehensive understanding of the hydrology of the basin under its jurisdiction in order to carry out its mission.

a. Monitoring. The Agency has a sound baseline study prepared in 1992, which includes a theoretical model of the basin hydrology. This model must be tested and updated regularly under a continuing monitoring program to serve as a basis for informed decision making. Monitoring will also enable the Agency to identify changing conditions and implement management programs when needed. Monitoring will include:

1. Surface water entering the basin
2. Recharge of the basin from rainfall
3. Stream flow seepage
4. Evapotranspiration
5. Discharge from the basin as surface flow from San Antonio Creek and subsurface flow
6. Extractions from the basin via public and private wells.

Monitoring results will be shared annually by the Agency with well owners, water users and the public.

b. Data Collection. Previous studies identified significant gaps in the current monitoring activities in the basin. Specific areas identified for increased data collection are basin water level and water quality monitoring. In cooperation with the Agency, the Ventura County Public Works Agency will add the additional wells recommended by Staal, Gardner, and Dunn to the wells presently measured routinely by Ventura County for water level. In addition Ventura County will expand the wells monitored for water quality as recommended by Staal, Gardner, and Dunn in the Agency study to the wells Ventura County presently monitors, and will provide that information to the Agency. If needed the Agency will use the services of University of California at Santa Barbara (UCSB) interns to do the field collection for this program. Permission from the well owners will be obtained by the Agency prior to initiating monitoring not already being conducted by Ventura County. This data will be analyzed and reported annually by the Agency. Additional data collection actions, including surface water discharged from San Antonio Creek and surface water inflow into the basin, will be considered in the future. This data will be analyzed and reported annually by the Agency. All results from each well measurement are to be shared



with the respective well owner.

c. Well Registration. The Agency adopted Ordinance No. 1 which required all wells in the basin to be registered with the Agency. Eighty-seven (87) wells have been registered and it is estimated that there are twenty-three (23) unregistered wells in the basin. The Agency will seek to have all wells in the basin registered, and will seek a formal agreement with Ventura County to insure that their well records are made available to the Agency and that any new well permits are properly registered with the Agency.

d. Extraction Measurement. The Agency is mandated by its enabling act to monitor well extractions. A reliable measurement of the amount of water extracted from the basin is important, along with precipitation and recharge data and water level monitoring, to understand the hydrology of the basin and to implement management efforts to maintain a balance between replenishment of the supply and water use. Agency Ordinance No. 1 required all wells in the basin to be metered. Subsequently the Agency adopted Resolution No. 94-3 which encourages voluntary metering and extends the deadline for mandatory metering until April 15, 1996.

The Agency is also committed to investigating alternatives to mandatory metering which would provide adequate and reliable information about water extraction in the basin, and to consider using those methods in the future in lieu of mandatory metering if they prove satisfactory. The Agency is also committed to implementing an effective, reliable method of monitoring well extractions. Currently, well owners are required to report, as precisely as possible, using meters or a variety of methods such as electrical power usage or crop factor, their annual water extractions.

GOAL 2 - CONTROLLING EXPORTS: PROTECTING AND MANAGING THE BASIN

In order to preserve the groundwater in the Ojai Basin the Agency will take direct management actions based upon a factual knowledge of the Basin and the needs and concerns of water users and well owners in the basin.

a. Controlling Exports of Water from the Basin. The Agency's enabling legislation mandates that no groundwater shall be exported from the basin except under permit issued by the Agency in full compliance with the policy and intent of the law. The law mandates the preservation of the groundwater for the common benefit of water users within the Basin. Based upon present hydrologic facts and circumstances, the Agency finds that there is no surplus water available for export. The Agency will review the existence of surplus from time to time, as dictated by the receipt and review of its annual report or as new, reliable information becomes available. The Agency will establish the conditions and criteria under which it would contemplate granting a permit for export, should a surplus be determined to exist. These conditions and criteria will include at least the following:



1. The applicant for a permit will bear the full financial and technical burden of demonstrating that a surplus of water exists which, if exported, would not cause harm to any existing groundwater user in the basin, now or in the future
2. The export permit will be immediately suspended in the event of a declared water shortage, predetermined basin storage threshold level, or upon other pre-established criteria
3. All export permits will contain conditions and criteria which will otherwise protect the in-basin users to the fullest extent allowable under the law.

b. Establishment of Basin Thresholds and Triggers. Water levels in the basin fluctuate considerably in response to pumping and recharge from seasonal rainfall. Presently the Ojai Basin is considered largely in balance. Groundwater use during 1993 was approximately 6,100 acre feet of which some 2,000 acre feet was pumped by Southern California Water Company for municipal and domestic supply. In addition three small mutual water companies and some 70 private wells supply both agricultural and domestic water in the basin. There is a great variation in the location, depth, and elevation of the wells in the basin, and their relative access to groundwater at low points in the hydrologic cycle. There is also variation in water quality in different parts of the basin. Taking into account the needs of the water users in the basin, overlying landowners and well operators and the existing conjunctive relationship between the groundwater used in the basin and the Lake Casitas water imported into the basin, the Agency will establish basin storage thresholds which would trigger special action by the Agency to assure protection of groundwater supplies in the basin.

c. Transfer of Water Across Basin Cells. Previous studies have revealed that the water in the basin is not perfectly contiguous, but moves differently within different cells in the basin. Therefore the Agency should evaluate and consider the impact of transfer of water across basin cells.

GOAL 3 - ENCOURAGING SUPPORTING ACTIVITIES

With its limited resources the Agency must strive to achieve its goals in cooperation with and through the supporting activities of other agencies, and through the encouragement of supportive actions by water users.

a. Data Collection and Storage. Ventura County already routinely collects information on water levels and quality from wells in the Ojai Basin. In cooperation with the Agency this effort will be expanded to meet the monitoring needs of the Basin.

b. Water Conservation. The Agency strongly encourages water conservation



practices by both agricultural users and urban users. Market forces as well as good management practices are moving most agricultural users in the basin toward implementation of water conservation measures. Likewise, Southern California Water Company, the largest municipal supplier in the basin, has initiated a conservation plan approved by the Public Utilities Commission and supported by the City of Ojai.

The Agency will encourage the development, publication and sharing of information with these users that will encourage the optimum use of water resources in the basin. Further, the Agency will seek the assistance of various local, state, federal and private organizations to provide water conservation services and education programs for in-basin water users. The Agency will encourage in basin water users to incorporate conservation practices and will consider the development of a conservation plan in anticipation of drought conditions.

c. Abandoned Wells. A number of abandoned wells were identified in the basin in the 1992 study. Ventura County has an abandoned well program. The Agency will encourage a special effort by the County to implement that program in the Ojai Basin, to identify all abandoned wells, to make a determination if they pose any hazard to the quantity or quality of groundwater in the basin, and to identify the actions needed and help obtain the resources to rectify any problems. The Agency supports proper abandonment of wells in accordance with Ventura County standards and supports the County in its effort.

d. Artificial Recharge. The Ojai Water Conservation District was involved in an informal program of enhanced percolation of stream flow on San Antonio Creek until 1985. This involved the diversion of surface flows into a series of percolation basins and was highly successful. The program was discontinued after the emergency construction of a debris basin on San Antonio Creek by Ventura County using FEMA funds, following a major brushfire in the watershed. The result of that construction was the destruction of most of the percolation basins which were never restored. The artificial recharge of the basin from San Antonio Creek by the Ojai Water Conservation District is strongly endorsed by the OBGMA. Further the Agency will assist the OWCD in seeking to have Ventura County, using FEMA monies if possible, restore the percolation basins and gravity water systems that were destroyed by the emergency construction.

e. Watershed Management. The Agency will encourage the United States Forest Service to undertake management practices on the Ojai Basin watershed which will optimize recharge of the Ojai Basin from precipitation falling upon National Forest lands.

GOAL 4 - EFFECTIVE COMMUNICATION

The effectiveness of the Agency will depend upon its ability, within its limited means, to meet the needs of the water users and well owners of the Ojai Basin. This will depend upon effective, two way communication between the Agency and the users it serves.



a. **Advisory Committee.** An ad hoc advisory committee with representatives of the well owners and water users in the basin has been created by the Agency Board and has been a means of developing a dialogue between users and the Agency. The ad hoc advisory committee will be used by the Agency Board as a nucleus of interested and affected users to consider and develop the details of actions proposed under this Groundwater Management Plan. During the process of completing the Plan the Agency Board and advisory committee will meet every month. Once the Plan is complete and as dictated by the needs of the Agency, the Agency Board and advisory committee may reduce the frequency of their meetings.

b. **Annual Report.** The Agency will prepare an annual report as required by law which it will publish itself at minimum expense. Technical contractors will only be used if required to perform technical analysis of data collected during the year. Information learned about the basin and water use in the basin will be shared by the Agency with all well owners directly and with water users in the basin through the general news media and the publications of local water purveyors. Actions or items of special interest will be shared with well owners by direct mailing newsletters, which will also include notice of Agency meetings and agendas. Agency Board members will be available to meet with basin water users to address issues of concern and the ongoing management activities of the Agency.

GOAL 5 - EFFICIENT ADMINISTRATION

The resources available to the Agency to carry out its mission and serve the water users of the basin are limited. Therefore cost containment measures are essential. These measures will be developed and made part of this Plan.

a. **Funding.** By law the Agency's current funding mechanism expires in 1995. Under the law the agency may initiate a groundwater extraction charge not to exceed \$7.50 per acre foot of water pumped. The amount of an extraction charge has not yet been determined. This must be done this fiscal year and whatever funding mechanism is decided upon put into place prior to the start of the next fiscal year, July 1, 1995.

b. **Minimum Requirements.** The Agency's enabling legislation requires the Management Plan to establish a minimum amount of groundwater extraction below which the requirements of the act will not be applied. The Agency will establish this criteria.



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from the Foreward of Volume 1, No. 1, 1961

CONTENTS

LEAD ARTICLES

- | | | |
|---------------------------|-----|--|
| Barry Hart Dubner | 519 | Problem On The United States Continental Shelf—Measuring The Environmental "Effectiveness" Of The Outer Continental Shelf Act (OCSA) |
| Harald Hohmann | 535 | Cross-Media Pollution and International Environmental Law |
| Michael Vincent McGinnis | 563 | Collective Bads: The Case of Low-Level Radioactive Waste Compacts |
| Paul D. McHugh | 589 | The European Community Directive—An Alternative Environmental Impact Assessment Procedure? |
| Edmund C. Penning-Rowsell | 629 | A 'Tragedy Of The Commons'? Perceptions of Managing Recreation on the River Wye, U.K. |
| Gregory S. Weber | 657 | Twenty Years of Local Groundwater Export Legislation in California: Lessons from a Patchwork Quilt |



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COMMENT

Andrew A. Smith

751 The Extraterritorial Application of the National Environmental Policy Act: Formulating a Reliable Test Applying NEPA to Federal Agency Actions Abroad

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GREGORY S. WEBER*

Twenty Years of Local Groundwater Export Legislation in California: Lessons from a Patchwork Quilt

ABSTRACT

Over the last 20 years, in response to actual or threatened water development projects, eight California counties have enacted ordinances that attempt to restrict the export of groundwater from those counties. State legislation enacted in 1992 may encourage a new wave of such local groundwater restrictions. In an effort to evaluate the appropriateness of using the eight extent ordinances as models for further local legislation, the article describes and critiques the current ordinances against the backdrop both of fundamental hydrogeological concepts and the California decisional and statutory law on the acquisition and transfer of groundwater rights. In particular, the article exhaustively analyzes the texts of each of the ordinances, both individually and in comparison to the texts of the other ordinances. The analysis points out numerous instances of vague, ambiguous, or hydrologically inappropriate drafting. To the extent that these eight ordinances may become models for a new wave of state approved locally initiated groundwater management legislation, the article summarizes drafting lessons learned from the current ordinances and suggests problems to avoid. Finally, drawing from the lessons learned from the eight ordinances, the article broadly criticizes the wisdom of allowing this kind of local management of a state resource. It concludes that the state's ad hoc approach to groundwater issues has resulted in an incoherent policy that can ultimately only be remedied by greater state direction and control over local management efforts.

I. INTRODUCTION

Groundwater has been an important water source for California's farms and cities throughout this century.¹ Groundwater basins underlie

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1. California Dep't Of Water Resources, Bulletin 118, California's Ground Water 20-24 (1975) [hereinafter Bulletin 118-75]. Groundwater basins have several advantages over surface storage: "(1) A groundwater aquifer can act as a distribution system; (2) evaporation from groundwater basins is insignificant compared with that from surface reservoirs; (3) groundwater basins provide natural treatment and purification for both naturally



about 40 percent of California lands.² On average, groundwater provides 40-45 percent of the state's annual *applied* water needs, and about 25 percent of the state's annual *net* water demands.³

The two droughts that have struck California in the last 16 years have focused the attention of many California water providers on the state's extensive groundwater supplies.⁴ In a drought, groundwater is like money in a bank.⁵ Over millennia, nature made the original deposits into the account.⁶ During wet years, natural and artificial groundwater

percolating and artificially recharged water; (4) surface systems, including distribution, may be destroyed during catastrophes such as earthquakes or acts of war; (5) groundwater often provides emergency drought relief." D. Jaquette & N. Moore, *Efficient Water Use In California: Groundwater Use And Management* 3-4 (1978). Other than shortages and the costs of extraction, the principal problems associated with groundwater development have involved quality degradation. *Id.* at 4.

2. Jaquette & Moore, *supra* note 1, at 5.

3. See California Dep't Of Water Resources, Bulletin 160-87, *The California Water Plan: Outlook In 1987* 55 (1987) [hereinafter *Bulletin 160-87*] (distinguishing applied and net water demand).

In the early 1970s, groundwater represented about 24 percent of the *net* water demand. See California Dep't Of Water Resources, Bulletin 160-74, *The California Water Plan: Outlook In 1974* 55 (1974). About half of the groundwater pumped in an average water year represented "reuse of water percolated from applications of excess surface water." *Id.* The 1985 contribution of groundwater to net water use is nearly identical to the earlier figures. See *Bulletin 160-87, supra*, Statistical App. at 30 (sum of "groundwater" and "overdraft," divided into total net water use.) Estimates of groundwater's relative contribution to the total state applied water use varies. For example, the Department of Water Resources concludes that groundwater provides 40 percent of the applied water demands, while surface water supplies provide the remaining 60 percent. See, e.g., *Bulletin 118-75, supra* note 1, at 3; California Dep't of Water Resources, *California's Continuing Drought 1987-1991* 16 (1991) (40 percent of applied water) [hereinafter, *Continuing Drought II*]. Professor Zachary Smith ascribes to groundwater 45 percent of applied water supplies. Z. Smith, *Groundwater in the West* 53 (1989) (45 percent) [hereinafter *Groundwater In The West*]. The differences in estimate between these and other studies stem from the lack of documentation of much of the actual pumping occurring in the largely unregulated groundwater basins. See Jaquette & Moore, *supra* note 1, at 8. n.11.

4. Water years begin on October 1 of the preceding calendar year. For example, water year 1991 began on October 1, 1990. See, e.g., California Dep't of Water Resources, *California's Continuing Drought* vii (1991). Since water year 1976, runoff in the important Sacramento River system has been considered critically dry in seven of the sixteen completed water years. See, e.g., California Dep't of Water Resources, *The Hydrology of the 1987-1992 California Drought*, Technical Information Paper (1992) (see charts 9 & 11). The first two of these critically dry years formed the 1976-77 drought. The remaining five have occurred during the 1987-1992 drought.

5. See, e.g., R. Howitt & C. Nuckton, *Is Overdrafting Groundwater Always Bad?*, *Cal. Agric.* 10 (1982) ("Like money in the bank, groundwater can be spent now or saved for the future.").

6. The Department of Water Resources estimates that the usable storage capacity of the underground basins is 143 million acre-feet. *Bulletin 118-75, supra* note 1, at 7. Many of these basins are still full. *Id.* The usable storage space represents more than three times the total



recharge can add net deposits to the account.⁷ During dry years, Californians withdraw this groundwater for municipal, industrial and agricultural uses.⁸ If carefully managed, the water levels in the basin will remain stable at optimal levels, and the resource can be used perpetually.⁹

In many parts of the state, however, the groundwater account is way overdrawn.¹⁰ State wide, average annual groundwater extractions

storage capacity of the state's surface reservoirs. Governor's Commission To Review California Water Rights Law, Final Report 138 (1978) [hereinafter Final Report].

7. Each year, rainfall, snowmelt and stream seepage percolate an average of 5.8 million acre-feet of natural recharge. Bulletin 160-87, *supra* note 3, at 31. In addition to natural recharge, more than 65 artificial groundwater recharge projects have added to the "deposits" in several areas of the state. *Id.* at 35-36. Annually, these projects add approximately 1.4 million acre-feet of water. *Id.* at 36. The averages do not demonstrate the relatively greater contributions of wet years to the quantities of water available in the state's groundwater basins. *See, e.g., id.* at 37; *see also* California Dep't Of Water Resources, Groundwater Trends In The San Joaquin Valley 9-15 (1990) [hereinafter San Joaquin Groundwater].

The preceding pamphlet's title raises a nomenclature question. Consistent with Department of Water Resources practice, the pamphlet spells "groundwater" as two words: ground water. Many other authors, however, spell "groundwater" as one word. *See, e.g.,* Howitt & Nuckton, *supra* note 5. Some hyphenate the word: "ground-water." *See, e.g.,* J. Holzschuh, *Ground-Water Mining: An Often Misused Term*, 25 *Ground Water* 346 (1987). The legislative bodies considered in this article show no consistency. For example, the Imperial County ordinance spells "groundwater" as two words. *See, e.g.,* Imperial County, Cal., Codified Ordinances at § 56201 (a) (1972) (amended 1978). Other ordinances in other counties spell "groundwater" as one word. *See, e.g.,* Nevada County, Cal., Land Use And Development Code § L-X 6.2 (F) (1988). Occasionally, ordinances spell "groundwater" both as two words and as one word *in the same sentence!* *See, e.g.,* Tehama County, Cal., Code § 9.40.010. 10 (1992). The different spellings seem only different conventions, without any legal or hydrological significance. For convenience and uniformity, this article spells "groundwater" as one unhyphenated word regardless of the particular spelling in the original source quoted.

8. During both the 1976-77 and the 1987-1992 drought, groundwater extractions increased substantially. For example, during the 1976-77 drought, Californians drilled, deepened or repaired an estimated 28,000 wells. Final Report, *supra* note 6, at 138. In the San Joaquin basin, reliance on groundwater as a proportion of applied water demands went from 41 percent in 1975 to 66 percent in 1977. *Id.* at 139. In the Tulare Basin it went from 54 percent to 84 percent during the same period. *Id.* Similarly, the 1987-92 drought also saw a doubling of well drilling and considerable drops in groundwater levels in the San Joaquin Valley. *See* Continuing Drought II, *supra* note 3, at 16.

The integrated, active management of groundwater and surface water is called "conjunctive operation" or "conjunctive use." *See, e.g.,* Bulletin 118-75, *supra* note 1, at 4; *see generally* D. Jaquette, *Efficient Water Use in California: Conjunctive Management of Ground and Surface Reservoirs* (1978); J. Anderson, *Some Thoughts on Conjunctive Use of Groundwater in California*, 16 *W. ST. U. L. REV.* 559 (1989).

9. This assumes no water quality degradation. *See, e.g.,* Bulletin 118-75, *supra* note 1, at 118, 121-23. On "optimal" water table levels and basin "safe yield," *see infra* notes 86-109 and accompanying text.

10. Groundwater is a "common pool" resource. *See, e.g.,* Jaquette & Moore, *supra* note 1,



have exceeded average annual replenishment by 2 to 2.5 million acre-feet per year.¹¹ The state has identified eleven "critically overdrafted" groundwater basins.¹² In addition to these eleven basins, the state has identified at least 42 basins where overdraft has occurred but has not yet reached critical levels.¹³ Prolonged overdraft can lead to long term economic and environmental effects. Economic effects include increased pumping expenses as water tables decline.¹⁴ Environmental effects may include land subsidence, surface vegetation reduction, and, along the coast, saltwater intrusion into aquifers.¹⁵

at 12-13. As a "common pool" resource, groundwater lacks "clearly defined property rights to its use when two or more pumpers extract water from the same aquifer or basin. Also, each pumper's extraction costs depend, at least indirectly on all other pumpers' rates of extraction Without a well-designed management program, individual extractors who pursue their own self interests will cause an inefficient use of their common pool resource." Jaquette & Moore, *supra* note 1, at 12.

11. Smith, *supra* note 3, at 54. Smith's figures come from a 1980 estimate. *Id.* This represented an approximate 50 percent reduction from a 1955 estimate of 4 million acre-feet per year of overdraft. *Id.*

The Department of Water Resources estimates average overdraft is 2 million acre-feet. Bulletin 160-87, *supra* note 3, at 31. About two thirds of this overdraft occurs in the San Joaquin Valley. *See id.* at 33.

12. California Dep't Of Water Resources, Bulletin 118-80, Groundwater Basins In California 4 (1980) [hereinafter Bulletin 118-80]. A "critically overdrafted" groundwater basin is one where "continuation of present water management practices would probably result in significant adverse overdraft-related environmental, social, or economic impacts." *Id.* at 11.

13. Bulletin 118-80, *supra* note 12, at 5. Bulletin 118-80 identified 42 groundwater basins "in which 1) studies have indicated overdraft, or 2) there is evidence of adverse impacts of overdraft." *Id.* at 13.

14. Wells have to be deepened, pumps lowered, or more powerful pumps need to be installed. *See, e.g.,* Final Report, *supra* note 6, at 140. Pumping costs increase as water has to be lifted higher from a declining water table. *See, e.g., id.;* San Joaquin Groundwater, *supra* note 7, at 1. Eventually, overdrafting can deplete a groundwater basin entirely, drying up the local economy that had grown upon overdrafting the groundwater basin. Bulletin 118-75, *supra* note 1, at 115, 119, & 129-31.

Once depletion of historical storage occurs, then all future extractions will never be able to exceed the rate of replenishment. Z. Smith, *Rewriting California Groundwater Law: Past Attempts and Prerequisites to Reform*, 20 Calif. W. L. R. 223, 255 (1984) [hereinafter *Rewriting California Groundwater Law*]. Since such a steady state eventually must occur, policy makers need to determine whether that steady state arrives at relatively high or low aquifer levels. *Id.* at 255-56. On the one hand, a steady state reached at relatively high aquifer levels can reduce future pumping costs and provide a margin of safety for economic or environmental problems. *Id.* It can also help avoid the boom/bust cycle that can accompany development and exhaustion of "mined" groundwater basins. *See* Final Report, *supra* note 6, at 145. On the other hand, a steady state arrived at a relatively lower aquifer level allows for greater short term economic development. Such short term resource development may trigger infrastructural investments that can attract long term economic investment for the overlying community.

15. *See, e.g.,* Bulletin 118-75, *supra* note 1, at 115-19; *Rewriting California Groundwater Law*, *supra* note 14, at 223-24 (depletion, subsidence, saltwater intrusion); A. Gregory, *Groundwater and Its Future: Competing Interests and Burgeoning Markets*, 11 Stan. Envtl. L.J. 229, 232-33



Despite the importance of groundwater to the state's economy, and the widespread evidence of overdraft, state regulation of groundwater extraction has been minimal, especially when compared with the extensive state legislation controlling surface water diversions.¹⁶ Calls for enactment of state groundwater control laws last reached a peak during and shortly after the 1976-77 drought.¹⁷ The legislature was unable to enact legislation recommended by a special governor's commission, and a statewide groundwater management initiative was soundly defeated.¹⁸ The sentiment remains strong that groundwater should be managed locally, if at all.¹⁹

In response to the statewide regulatory vacuum, and concerned over the local effects of groundwater extraction, local governments have enacted local groundwater extraction regulations over the past 20 years.²⁰ Many of their efforts have resulted in homegrown county ordinances.²¹ In a few instances, counties have approached the legislature for permission to create special local agencies to manage local groundwater supplies.²²

A central feature of both the county groundwater ordinances and many of the special district acts has been provisions governing control of

(1992) (loss of surface vegetation and increased contaminant concentration).

16. See *infra* notes 176-214 and accompanying text.

17. See, e.g., *Rewriting California Groundwater Law*, *supra* note 14, at 240-42. The reform calls following the 1976-77 drought were but one brief moment in the long history of calls for state groundwater management. See R. Kletzing, *Imported Groundwater Banking: The Kern Water Bank—A Case Study*, 19 PAC. L.J. 1225, 1254-57 (1988) (outlining history of unsuccessful efforts to develop state groundwater control legislation).

18. See A. Rossmann & M. Steel, *Forging the New Water Law: Public Recognition of "Proprietary" Groundwater Rights*, 33 Hastings L.J. 903, 926-929 (1982) (reviewing failed legislation). The failed referendum was 1982's Proposition 13. See *Rewriting California Groundwater Law*, *supra* note 14, at 224.

19. See, e.g., S. Trager, *California's Groundwater: Who's in Charge?*, 2 Cal. Water L. & Pol'y Rptr. (Jan. 1992) 81, 81-85. Drawing upon a University of California at Davis report, Professor Smith cited five reasons for local opposition to groundwater management. *Groundwater in The West*, *supra* note 3, at 65. These reasons include: 1) farmers in non-overdrafted areas find groundwater regulation unnecessary; 2) true costs of overdrafting may be hidden or mitigated by other trends; 3) farmers fear that groundwater management rules will shift control to urban bureaucrats less sympathetic to agricultural needs; 4) farmers fear reduction in irrigated acreage; and 5) new surface water supplies will offset the overdraft before overdrafting becomes uneconomical. *Id.* Given these political realities, Smith advocated that state control should be kept at a minimum. *Rewriting California Groundwater Law*, *supra* note 14, at 252. For example, he urged that local managers should retain authority over when and how to pump or conserve. *Id.*; cf. Final Report, *supra* note 6, at 146, 166-69, & 215.

20. See Kletzing, *supra* note 17, at 1261.

21. See *infra* notes 215-430 and accompanying text.

22. See *infra* notes 431-470 and accompanying text.



groundwater exports from groundwater rich areas to areas of water demand.²³ As drought continues, state population builds, and surface water supplies remain inadequate to meet all demands, interest in exporting groundwater has grown.²⁴

These groundwater exports can take many forms. For example, for over twenty years, the City of Los Angeles has exported groundwater from Inyo County to Los Angeles.²⁵ During the 1976-77 drought, a Yolo County farm proposed to pump groundwater into the Sacramento River for transportation, via the state water project, for use in Kern County orchards.²⁶ In the mid-1980s, Nevada County worried that groundwater might be exported from eastern Nevada County down the Truckee River.²⁷ In 1989, landowners in Mono County proposed exporting groundwater to Southern California.²⁸ In 1991, the California Drought Water Bank purchased the equivalent of over 250,000 acre-feet of groundwater for transfer from Northern California to thirsty cities and farmers along the coast and in the San Joaquin valley.²⁹ Also in 1991,

23. See, e.g., Butte County, Cal., Code § 33-4 (Supp. 1978) (permit required to export groundwater "outside the area in which said pumping affects the natural available water supply"); Cal. Water Code-App. § 119-706 (West Supp. 1993) (permit needed to export water beyond the boundaries of the Sierra Valley Groundwater Management District).

24. See, e.g., Gregory, *supra* note 15.

25. See, e.g., Rossmann & Steel, *supra* note 18, at 915-16 & nn. 82-85. For example, in 1970, Los Angeles was pumping 90 cubic feet per second of water from the Owens Valley. Rossmann & Steele, *supra* note 18, 916 n.85. But concerns over the effects of the City's doubling and even quadrupling export pumping ultimately led Inyo County to enact a groundwater management ordinance. Rossmann & Steele, *supra* note 18, at 914-33. See *infra* notes 353-379.

26. See Anderson Farms Co., No. D-1474 (Cal. St. Water Resources Control Bd. Sept. 22, 1977). The County of Yolo and others complained to the State Board over the proposed transfer. As the Board acknowledged, ordinarily it has only "limited jurisdiction" over groundwater. *Id.* at 2. Nevertheless, the Board concluded that it had jurisdiction to review the transfer under a drought emergency delta export regulation, see 77 Cal. Regulatory Notice Reg. 54.2 (1977) (codified at Cal. Code Reg. tit. 23, § 764.20(c)(3)) (banning exports unless essential for emergency municipal, domestic or other "essential" uses), and under its authority under California Constitution, art. X, § 7, to prevent an unreasonable method of water diversion. See Andersen Farms Co., *supra*, at 9, 13. Ultimately, the Board concluded that there was insufficient evidence: 1) to exempt the proposed export from the emergency delta export restrictions as an "essential use;" to find the proposed export was within the public interest; and 3) to find that the proposed extraction was a reasonable method of diversion. See Andersen Farms, Co., *supra*, at 14-15.

27. See Letter from Melanie K. Wellner, Deputy County Counsel, Nevada County, to Gregory S. Weber (Oct. 29, 1992). This led to enactment of the Nevada County ordinance. See *infra* note 380-402 and accompanying text.

28. See Letter from James S. Reed, Mono County Counsel, to Gregory S. Weber (Oct. 27, 1992). Ultimately, this proposal led to the enactment of the Mono County Tri-Valley Groundwater Management District Act. See *infra* note 462.

29. California Dep't Of Water Resources, The 1991 Drought Water Bank 2 (1992). Almost



Colusa County farmers drilled a well on land they owned in Tehama County, hoping to export the water to their Colusa County fields.³⁰

Over the last 21 years, eight California counties have enacted ordinances restricting groundwater exports.³¹ At least half of these ordinances have been enacted in response to either the 1976-77 drought, or the 1987-1992 drought.³² In addition to these county ordinances, over the past twelve years, the legislature has created four special districts with groundwater export control authority.³³ The pace of both state and

all of this "groundwater" came from parties who sold the Bank their surface water rights and then pumped groundwater instead. *Id.* at 8. Less than 10,000 acre-feet represented groundwater actually pumped for transfer to the Bank. *Id.* For the 1992 Drought Water Bank, the Department of Water Resources purchased 150,000 acre-feet of this "groundwater." California Dep't Of Water Resources, State Drought Water Bank (1993) at 7 (Draft Program Envir. Impact Report) [hereinafter Draft EIR]. Many of the environmental effects of this increased pumping in lieu of surface water use are the same as if the groundwater had been sold directly. For example, the Department of Water Resources evaluates all such exchanges for four "water level related impacts": "1) overdraft, 2) land subsidence, 3) effects on other pumpers, and 4) effects on flows in the surface water system." *Id.* at 110.

In 1992, in recognition of the potential impact of these water bank transactions that induce increased groundwater extraction in order to free surface water deliveries for transfer, the legislature passed A.B. 2897. *See* Cal. Water Code § 1745.10 (West. Supp. 1993). As codified, that bill states:

A water user that transfers surface water pursuant to this article may not replace that water with groundwater unless the groundwater use is either of the following:

- (a) Consistent with a groundwater management plan adopted pursuant to state law for the affected area.
- (b) Approved by the water supplier from whose service area the water is to be transferred and that water supplier, if a groundwater management plan has not been adopted, determines that the transfer will not create, or contribute to, conditions of long-term overdraft in the affected groundwater basin.

Cal. Water Code § 1745.10 (West. Supp. 1993).

30. *See* Petition for Writ of Mandate at 2-4, *Myers v. County of Tehama*, No. 18498 (Cal. Super. Ct., Tehama County, Mar. 3, 1992). This led to enactment of the Tehama County ordinance. *See infra* notes 403-429 and accompanying text.

Another group of irrigators also have exported groundwater from Tehama County. Baldwin Pacific Farms, a Glenn County almond rancher, and Magnesium Alloy Products Farms (Mapco), a Colusa County almond rancher, both sought to export groundwater from a Tehama County ranch owned by Haleakala Orchards, a general partnership of which Baldwin Pacific is a partner. *See* Petition for Writ of Mandate, at 2-3, *Baldwin v. County of Tehama*, Tehama No. 34446 (Cal. Super. Ct. May 27, 1992). Indeed, Haleakala began pumping for Mapco in 1990 and continued in 1991. *Id.*

31. These include, in chronological order: 1) Imperial (1972), 2) Butte (1977), 3) Glenn (1977), 4) Modoc (1978), 5) Sacramento (1980), 6) Inyo (1980), 7) Nevada (1986) and 8) Tehama (1992). *See infra* notes 216-220 and accompanying text.

32. The Butte, Glenn, and Modoc ordinances were enacted during or soon after the 1976-77 drought. The Tehama ordinance was enacted during the 1987-92 drought.

33. These include, in chronological order: 1) Sierra Valley Groundwater Management



county sponsored groundwater export legislative efforts has been increasing. Indeed, since 1989, ten counties either have had groundwater export legislation enacted (or amended) or have seriously reviewed possible legislation or formal water export policies.³⁴

To varying extents of intent and degrees of success, the local export controls seemingly attempt to accomplish one or more of three goals. First, where applicable, the local permit systems set up for groundwater exports functions as a local equivalent to the state administered appropriative rights permits for surface watercourses. As described more fully below, no centrally administered permit system governs state groundwater extraction rights.³⁵ Pumpers wishing to verify

District (1980); 2) Mono County Tri-Valley Groundwater Management District (1989), 3) Honey Lake Valley Groundwater Management District (1989), and 4) Ojai Basin Groundwater Management District (1991). *See infra* notes 431-470 and accompanying text. In addition, in October 1992, the governor vetoed two bills that would have established the Glenn County Groundwater Management District. *See infra* notes 201 & 469.

34. Tehama County enacted an export control ordinance for the first time in early 1992. *See infra* notes 403-429 and accompanying text. Glenn County amended its ordinance in 1990. *See infra* notes 324-335 and accompanying text. In addition, in 1992, Glenn County sought express state legislative authority to create a groundwater management district with export control authority. *See infra* note 201.

In 1989, Mono County got the Legislature to enact the Mono County Tri-Valley Groundwater Management District Act in 1989. *See infra* note 461 and accompanying text. In 1991, Ventura County residents in the Ojai Basin convinced the legislature to create a special groundwater management district that had export authority. *See infra* note 464 and accompanying text.

Since 1991, Butte County, which has had an export control ordinance since 1978, has participated in the formation of the "Butte Basin Water Users Association." *See infra* note 487. This organization addresses "the need to manage the Butte Basin's surface and groundwater resources to ensure that water transfers in or outside the Basin do not adversely impact Butte Basin water users." *Id.*

In addition to these complete actions, several counties have reviewed or are contemplating new ordinances or legislation. In 1992, Sutter County circulated a proposed groundwater export ordinance. *See infra* note 430. Since 1991, Imperial County, the first county ever to enact a groundwater export ordinance, has been reviewing legislation to create a special district similar to the Mono County district. Letter from Joanne L. Yeager, *Assistant Count Counsel, Imperial County*, to Gregory S. Weber (1992) (on file with author). Yuba County has indicated interest in enacting water transfer ordinances. Response from Yuba County Counsel to survey by Gregory S. Weber (Nov. 1992) (on file with author). In 1992, San Joaquin County announced a general policy opposing any transfers of water from San Joaquin County where the water had not been offered first to other San Joaquin county users, or where affected water agencies had not yet consented. San Joaquin County, Cal., Resolution 4-92-236 (Apr. 7, 1992). Yolo County has moved to create a new county wide water agency charged with developing a water export policy. *See County to Form Water Agency, Davis Enterprise*, (Oct. 14, 1992), A-1 & A-5. Finally, Napa County has indicated that it is working on a formal water export policy statement. Response from Napa County Flood Control and Water Conservation District to survey by Gregory S. Weber (Nov. 12, 1992).

35. *See infra* notes 113-179.



(or quantify) pumping rights thus must sue for a judicial determination of rights.³⁶ The local groundwater export control ordinances provide an administrative process, albeit locally supervised, that determines the availability of groundwater for export and considers some of the impacts on the environment from a prospective groundwater appropriation.³⁷

Second, the ordinances provide a handle to allow local review of transfers of groundwater use. Increasingly, state statutory law addresses surface water transfers in great detail.³⁸ For the most part, these statutes do not address groundwater. Moreover, the common law on temporary changes in place of groundwater use remains largely undeveloped.³⁹ Since the ordinances address all exports without distinguishing source of pumping right or duration of proposed export, they arguably apply even to short term transfers by a pumper traditionally exercising overlying rights.⁴⁰

Third, in varying degrees of explicitness, the local groundwater export provisions exemplify local "area of origin" restrictions.⁴¹ Such

36. See Final Report, *supra* note 6, at 143.

37. See, e.g., Tehama County, Cal., Code §§ 9.40.060, .40.060 (1992). The local efforts mimic simplistically some of the broader range of factors that the State Water Resources Control Board considers when reviewing a permit to appropriate water from a watercourse. For example, the Board, too, must determine generally the availability of water in light of other diversions and public interest considerations. See, e.g., Cal. Water Code §§ 1201 to 1203, 1253 to 1259 (West 1971 & Supp. 1993) (sections respectively addressing water available for appropriation and public interest considerations).

38. See, e.g., Cal. Water Code §§ 109, 475 (West Supp. 1993) (policy support for transfers). See generally B. Gray, *A Primer on California Water Transfer Law*, 31 *Ariz. L. Rev.* 745 (1989).

39. See *infra* notes 154-175 and accompanying text.

40. See *infra* notes 154-175 and accompanying text.

41. Tehama County's ordinance exemplifies the more explicit (if not necessarily coherent) approach to reservation of water for future, in county uses. See Tehama County, Cal., Code § 9.40.010(10) (1992) (mining definition). This ordinance is discussed in detail *infra*, notes 413-421 and accompanying text.

"Area of origin" protections attempt to reserve water for use by an area at or near the water's source. Such statutes, unique to water among the natural resources, are likely a function of the lack of market pricing for most water rights. See, e.g., National Water Comm'n, *Water Policies For The Future* 323-24 (1973). See generally L. MacDonnell & C. Howe, *Area-of-Origin Protection in Transbasin Water Diversions: An Evaluation of Alternative Approaches*, 57 *U. Colo. L. Rev.* 527, 539 (1986) (surveying the laws and concluding, to be economically desirable, transbasin diversion must be "least-cost source of reliable water supply to the prospective user" and "its benefits must exceed all related costs)."

California has several "area of origin" provisions. Initially, riparian rights, with their limitation of water extraction to the parcel of land adjoining the watercourse, themselves accomplish some "area of origin" protections. National Water Comm'n, *supra*, at 323; MacDonnell & Howe, *supra*, at 530. Beyond riparian rights, the legislature has enacted four main area of origin statutes. First, the "County of Origin" law prohibits the assignment of appropriative rights applications filed by the state if required for the future needs of a county in which the water originates. Cal. Water Code § 10505 (West 1971).



provisions attempt to reserve water for future needs in the areas where precipitation falls or groundwater is extracted. When enacted and administered locally, without any state authorization, such provisions serve parochial interests at the possible expense of the interests of the state as a whole.

As a result of these local legislative efforts, a patchwork quilt of groundwater export regulations has sprung up across the state. This patchwork raises two principal sets of legal issues.⁴² First, the ordinances raise important questions of statutory interpretation. Many of the ordinances suffer from vagueness, ambiguity and incoherence.⁴³ They frequently define hydrological terms imprecisely. By themselves, many of the ordinances demonstrate a need for substantial revision. Moreover, while most of the local legislative efforts share common features, the various schemes differ in many critical ways. The differences potentially force a prospective groundwater exporter, such as the state's Department of Water Resources, to deal with four current and four

Second, the "Watershed Protection" law grants preferences to water users in the "watershed of origin" and areas "immediately adjacent thereto." *Id.* § 11460. The Watershed Protection law applies to "any agency of the state or federal government." *Id.* § 11128. Third, the Delta Protection Act prohibits diversion of water from the delta of the Sacramento and San Joaquin rivers to which delta users have legal entitlements. *Id.* §§ 12200 to 12204. For a discussion of these three statutes, see R. Robie & R. Kletzing, *Area of Origin Statutes--The California Experience*, 15 Idaho L. Rev. 419 (1979). The most recent California area of origin statute involves seven specified river systems in Northern California. Cal. Water Code §§ 1215 to 1222 (West Supp. 1993). These latter provisions are discussed in more detail *infra*, notes 182-194 and accompanying text.

42. A third issue involves the power of California counties to pass their ordinances. In three unpublished trial court decisions, county actions restricting groundwater exports have been successfully challenged as preempted under the state constitution. See Judgment on the Pleading, *City of Los Angeles v. County of Inyo*, No. 12908 (Cal. Super. Ct. Inyo County July 13, 1983); Order Granting Plaintiff's Motion for Summary Judgment and Denying Defendant's Motion for Partial Summary Judgment, *Truckee-Donner Pub. Util. Dist. v. County of Nevada*, No. 35920 (Cal. Super. Ct. Sutter County Dec. 8, 1988); Ruling on Motion for Summary Judgment, *Myers v. County of Tehama*, Nos. 34147 & 34446 (Cal. Super. Ct. Tehama County Aug. 11, 1993) (consolidated with Petition for Writ of Mandate, *Baldwin v. County of Tehama*, No. 34446 (Cal. Super. Ct. May 27, 1992)), appeal filed, No. 3 Civil C017301 (Cal. Ct. App. Dec. 3, 1993); see generally G. Weber, *Forging a More Coherent Groundwater Policy in California: State and Federal Constitutional Law Challenges to Local Groundwater Export Restrictions*, 34 Santa Clara L. Rev. 373, 386-90 (1994). In addition, a partially successful challenge was raised against the Imperial ordinance under the federal constitution's commerce clause. See *Munoz v. County of Imperial*, 604 F.2d 1174, 1175 (9th Cir. 1979), vacated, 449 U.S. 54 (1980), on remand, 636 F.2d 1189 (9th Cir. 1981), on remand, 510 F. Supp. 879 (S.D. Cal. 1981), aff'd, 667 F.2d 811 (9th Cir. 1982), cert. denied, 459 U.S. 825 (1982); see generally Weber, *supra*, at 448-51 & nn. 330-33. The complexity of the preemption and dormant commerce clause analysis requires separate treatment and is beyond the scope of this article.

43. See, e.g., *Tehama County, Cal.*, Code § 9.40.010(10) (1992) (defining "mining"); *infra* note 413-421 and accompanying text.



possible county groundwater export ordinances in the Sacramento Valley alone. Thus, second, the patchwork raises important policy questions about the role of state legislation in coordinating groundwater export controls to balance local economic and environmental interests with statewide needs.

The pace of local legislative efforts to address groundwater exports is likely to accelerate even more markedly. At the end of the 1991-92 legislative session, the legislature enacted, and the governor signed, A.B. 3030.⁴⁴ That legislation authorizes hundreds of local public agencies to enact groundwater management programs.⁴⁵

In an attempt to bring some coherence to the emerging patchwork, this article surveys and criticizes the local groundwater export legislative efforts to date. Part II of this article introduces several critical hydrological concepts.⁴⁶ Part III summarizes state laws on groundwater appropriation and export.⁴⁷ Part IV surveys the county ordinances that address groundwater export.⁴⁸ Part V surveys the major legislative alternative to county ordinances: state legislation to create special groundwater management districts with export control authority.⁴⁹ Part VI summarizes the conclusions and considers the need for some central, state wide control over groundwater transfers.⁵⁰

II. GROUNDWATER HYDROLOGY

The legal efforts to manage groundwater draw heavily upon concepts addressed by groundwater hydrology.⁵¹ Too often, the legal

44. See *infra* notes 197-210 and accompanying text.

45. For the A.B. 3030 definition of "local public agency," see *infra* note 199. As of 1977, there were about 900 special districts in California that had some water utility functions. Groundwater In The West, *supra* note 3, at 59. An admittedly incomplete March 1992 Department of Water Resources listing tallies 994 active, and 73 inactive, water agencies statewide. California Dep't Of Water Resources, Interim Statewide Alpha Listing Of Water Service Agencies (1992). Many of these agencies may have some authority to act under A.B. 3030.

46. See *infra* notes 51-109 and accompanying text.

47. See *infra* notes 110-214 and accompanying text.

48. See *infra* notes 215-430 and accompanying text.

49. See *infra* notes 431-470 and accompanying text.

50. See *infra* notes 471-497 and accompanying text.

51. Broadly defined, "hydrology" is "the discipline dealing with the properties, occurrence, distribution, and movement of water on and beneath the surface of the land." R. Kazmann, *Modern Hydrology* 1 (1965). "Groundwater hydrology" is "concerned primarily with the movement of potable subsurface water caused by a difference in potential or head." *Id.* at 129. "Hydrogeology" explores the "control and influence" of the "physical properties of rock formations . . . [upon] . . . the movement of water within them." *Id.*



system adopts such concepts imprecisely,⁵² or, worse, adopts terms that lack a firm hydrological foundation.⁵³ The following discussion explores the hydrological basis for four sets of terms that permeate groundwater legislation: 1) groundwater and water table; 2) groundwater basin and aquifer; 3) cone of depression and well interference; and 4) overdraft, safe yield, and mining.

1. "Groundwater" & "Water Table"

In common parlance, all underground water is "groundwater."⁵⁴ Most hydrologists, however, use "groundwater" to refer to one class of subsurface water: water in the "zone of saturation."⁵⁵

Hydrologists broadly divide subsurface water into two classes: 1) water in the unsaturated zone, formerly called "vadose" water, or water in the zone of "aeration," and 2) "groundwater," or water in the zone of saturation.⁵⁶ Water in the unsaturated zone does not flow freely into wells, although knowledge of its complicated hydraulics is becoming increasingly necessary in cleaning up toxic contamination.⁵⁷ In contrast, water in the zone of saturation will flow freely to supply wells and

52. For example, several of the ordinances discussed below fail to define the boundaries of a "groundwater basin," even though hydrogeologists have offered numerous different ways to indicate a basin's boundaries. *See, e.g.*, Glenn County, Cal., Code §§ 20.04.030-20.04.280 (1991) (no definition of "groundwater basin" even though the term is used in several of the listed definitions). For a discussion of the possible boundaries of "groundwater basins," see *infra* notes 66-80 and accompanying text.

53. For example, groundwater ordinances are often enamored with addressing a groundwater basin's "safe yield" and preventing groundwater "mining." *See, e.g.*, Butte County, Cal., Code §§ 33-2.12,-2.19 (Supp. 1978) (section respectively addressing "mining" and "safe yield"). Groundwater hydrologists, however, question the value of either concept. *See infra* notes 86-109 and accompanying text.

54. *See, e.g.*, Kazmann, *supra* note 51, at 129 (groundwater "includes all of the waters found beneath the surface of the ground").

55. *See, e.g.*, R. Heath, *Basic Groundwater Hydrology* 4 (1982). "Water in the saturated zone is the only underground water that is available to supply wells and springs and is the only water to which the name *ground water* is correctly applied." *Id.* (emphasis added).

56. 1 California Dep't Of Water Resources, 1967 Groundwater Course, *Groundwater Geology*, 49-50 (1967) (Asilomar Conference Grounds, Pacific Grove, Cal. 1967) [hereinafter 1967 Conference]. Hydrologists appear to use synonymously "zone of aeration," "soil zone," and "unsaturated zone" to refer to all vadose water. *See* E. Murphy & C. O'Neill, *Geology and Hydrology*, in 3 *Waters And Water Rights* § 18.02, at 10-11 (R. Beck ed., 1991) [hereinafter *Waters and Water Rights*]. The United States Geological Survey (USGS) no longer uses "vadose water" or zone of "aeration." U.S. Geological Survey, *Definitions Of Selected Groundwater Terms--Revisions And Conceptual Refinements 14-15* (1972) [hereinafter *Groundwater Terms*] (Water Supply Paper No. 1988) .

57. *See* M. Anderson, *Hydrogeologic Framework for Groundwater Protection, in Planning For Groundwater Protection* 1, 3, 6-12 (G. Page ed., 1987) [hereinafter, *Hydrogeologic Framework*].



springs.⁵⁸ Echoing the distinctions most hydrologists make, this article will consider as "groundwater" only water in the zone of saturation.

Groundwater will reach different levels in wells drilled in confined and unconfined aquifers.⁵⁹ In a well drilled into an unconfined aquifer, water will reach the top of the zone of saturation, known as the "water table."⁶⁰ In a tightly cased well drilled into a confined aquifer, water will reach the "potentiometric surface."⁶¹

The regulatory schemes considered below have also created different classes of subsurface water. As discussed more fully below, California courts have erected a common law of subsurface water classification upon the foundation of the nineteenth century's poor understanding of hydrology.⁶² For their part, the state and local legislative schemes reviewed below generally follow hydrology's classification of "groundwater" as "water in the zone of saturation."⁶³ Similarly, while lawyers commonly may not distinguish between "water table" and "potentiometric surface,"⁶⁴ the regulatory schemes considered below generally follow the hydrological distinctions between the two concepts.⁶⁵

2. "Groundwater Basin" & "Aquifer"

In simplest terms, both "groundwater basin" and "aquifer" connote a subsurface geological formation that can yield water to a well.⁶⁶ Indeed, hydrologists uniformly define an "aquifer" simply as "a

58. *Hydrogeologic Framework*, *supra* note 57, at 3; Heath, *supra* note 55, at 4.

59. See A. Schneider, *Groundwater Rights in California*, Governor's Comm'n To Review Cal. Water Rights Law 100 (1977) (Staff Paper No. 2, adapted from R. Richter, *California Groundwater Geology*, in University of Cal., Davis Extension, Concepts Of Groundwater Management 2-41 (1974)). See also Heath, *supra* note 55, at 6 (distinguishing "confined" and "unconfined" aquifers).

60. See *Hydrogeologic Framework*, *supra* note 57, at 3 (describing role of pressure on water table).

61. See Heath, *supra* note 55, at 6 (discussing artesian wells).

62. See *infra* note 112.

63. See, e.g., Cal. Water Code § 10752(a) (West Supp. 1993); Butte County, Cal., Code § 33-2.6 (Supp. 1978).

64. *Waters and Water Rights*, *supra* note 56, at 11.

65. See, e.g., Glenn County, Cal., Code §§ 20.04.180, 20.04.270 (1991) (defining respectively, "piezometric surface" and "water table").

66. Two non-technical studies demonstrate the simplicity of the commonplace meanings of "aquifer" and "groundwater basin." Describing an "aquifer," one author stated: "[a] typical aquifer . . . in some ways is similar to a bucket of sand half-filled with water. Drilling a well is like digging a hole in this sand and allowing it to fill with water which can then be removed." G. Widman, *Groundwater--Hydrology and the Problem of Competing Well Owners*, 14 Rocky Mtn. Min. L. Inst. 523, 525 (1968). Similarly, another author described "groundwater basins" as "elaborate [subterranean] lattice works of rock, [that] like giant sponges, store



rock unit that will yield water in usable quantity to a well or spring."⁶⁷ The reference to "usable quantity" imports some subjectivity into the definition; usability may depend upon the extractor's purpose.⁶⁸ The legal systems considered below generally adopt definitions of "aquifers" virtually identical to the hydrological definition.⁶⁹

Unlike "aquifer," "groundwater basin" does not command as universal a following among hydrologists or as precise a definition. As a leading survey of California groundwater law notes, "there is no single, widely-accepted definition [of groundwater basin]."⁷⁰ Some hydrologists speak only, or primarily, of "aquifers."⁷¹ Others define "groundwater basin" as: "an area underlain by one or more permeable formations capable of furnishing a substantial water supply."⁷² This definition substantially overlaps the concepts of "aquifer" and "groundwater basin."⁷³ It adds, however, two important notions. First, it focuses attention on the surface area. Second, it notes that multiple aquifers may underlie any given surface area.⁷⁴ Despite the impreciseness of the

water in their passageways." Office Of Planning And Research, Offices Of The Governor Of California, California Groundwater Management 7 (1982).

67. Heath, *supra* note 55, at 6. Heath notes that "[i]n geologic usage, 'rock' includes unconsolidated sediments." *Id.* Thus, Anderson defines "aquifer" as "a unit of porous material that yields economically significant quantities of water to wells." *Hydrogeologic Framework, supra* note 57, at 15. See also Kazmann, *supra* note 51, at 137; Bulletin 118-75, *supra* note 1, at 4. The USGS defines "aquifer" as: "a formation, group of formations, or part of a formation that contains sufficient saturated permeable material to yield significant quantities of water to wells and springs." *Groundwater Terms, supra* note 56, at 2.

68. See *Hydrogeologic Framework, supra* note 57, at 15.

69. See, e.g., Glenn County, Cal., Code § 20.04.030 (1991) ("aquifer" meaning a geologic formation that stores, transmits and yields significant quantities of water to wells and springs).

70. Schneider, *supra* note 59, at 98.

71. For example, Heath does not appear to use "groundwater basin" at all in his "Basic Groundwater Hydrology." Rather, he appears to prefer "groundwater system" to include both the "aquifers and confining beds that underlie any area." Heath, *supra*, note 55, at 14. Kazmann speaks primarily of "aquifers." See, e.g., Kazmann, *supra* note 51, at 137-207 *passim*. Still, he occasionally uses "basin," apparently synonymously with "aquifer." See, e.g., *id.* at 160-61, 181.

72. 1967 Conference, *supra* note 56, at 19; see also *id.* at 21 (identifying six types of "groundwater basins" in California).

73. Indeed, the Governor's Commission's proposed legislation defined "groundwater basin" as: "a geologically and hydrologically defined area which contains one or more aquifers which store and transmit water and will yield significant quantities of water to wells." Final Report, *supra* note 6, at 174.

74. The surface of groundwater basins, however, may be underlain by numerous separate aquifers. For example, in two plates accompanying the Department of Water Resources' study, "Evaluation of Groundwater Resources: Sacramento Valley," maps show elevations of sections of the Sacramento Valley groundwater basin. California Dep't Of Water Resources, Bulletin 118-6, Evaluation of Groundwater Resources: Sacramento Valley (1978)



term—or perhaps because of it—drafters of water management schemes frequently prefer to base their programs on "basin" rather than on "aquifer."⁷⁵

Whether based on "aquifer," "groundwater basin," or some combination of the two, a regulatory scheme needs to delineate where one aquifer or basin ends, and another begins. The same groundwater survey that noted the disagreement over definition of "basin" also noted that "[m]any different lateral and vertical boundaries can be used to define a groundwater basin."⁷⁶ Again, borrowing from one compilation, the survey broke the potential lateral boundaries into three classes: physical, hydraulic, and political.⁷⁷ Within each of these three broad groups of boundary choices lie five to twelve specific choices.⁷⁸ Similarly, multiple options exist for determining a basin's vertical boundaries.⁷⁹ A complete discussion of the geological bases is beyond the scope of this article. The variety of geological features that might lead to distinctions between "basins" and "sub-basins," and the use of "political boundaries" as basin boundaries, demonstrates the fluidity of "basin" as a regulatory concept. With this fluidity comes the opportunity for gross imprecision. When coupled with the even more fluid concept of a basin's "safe yield," regulatory schemes based on imprecisely defined "groundwater basins" may become incoherent.⁸⁰

[hereinafter Bulletin 118-6] (see plates 3 & 4). A portion of "Diagram D," covering a section in Colusa and Sutter counties, shows as many as a dozen different layers of predominantly coarse grained materials, separated by layers of fine grained materials. *Id.* All of the separate layers may yield small to large quantities of water to wells. *Id.*

75. See, e.g., Cal. Water Code § 10752(b) (West Supp. 1993) ("groundwater basin" defined); Bulletin 118-80, *supra* note 12 (entitled "Groundwater Basins in California"). The Department prepared Bulletin 118-80 in response to specific legislation asking it to identify the state's groundwater basins. Cal. Water Code § 12924 (West 1992). The legislature instructed the Department to identify basins by reference not only to geological and hydrological conditions, but also, where feasible, to political boundary lines. *Id.*; see Bulletin 118-80, *supra* note 12, at iii.

76. Schneider, *supra* note 59, at 101 (citing Richter, *California Ground Water Geology, in Concepts Of Ground Water Management* 2-48 (1974) (Univ. of Cal. Davis Extension)).

77. Schneider, *supra* note 59, at 101. See also 1967 Conference, *supra* note 56, at 19 (three groundwater basin categories based on basin underflow characteristics).

78. Schneider, *supra* note 59, at 101; see also 1967 Conference, *supra* note 56, at 19 (subdividing tripartite basin underflow characterizations).

79. Schneider identifies eight options for determining a basin's "vertical" boundaries. Schneider, *supra* note 59, at 101.

80. For a discussion of "safe yield" see *infra*, notes 89-109 and accompanying text. For a discussion of the glaring analytical consequences of the failure to define the appropriate "basin" central to a local regulatory scheme, see *infra* notes 275-281 and accompanying text (discussing Butte County, Cal., Code § 33-3 (Supp. 1978)).



3. Cone of Depression & Well Interference

"Cone of depression" and "well interference" are two concepts that describe relatively immediate effects of groundwater pumping.⁸¹ These concepts, uniformly embraced by hydrologists, have found their way occasionally into regulatory schemes without substantial lawyerly interpretation.⁸² Heath states: "[p]umping a well causes a drawdown in the groundwater level in the surrounding area. The drawdown in water level forms a conical-shaped depression in the water table or potentiometric surface, which is referred to as a cone of depression."⁸³ He continues:

"Where pumping wells are spaced relatively close together, pumping of one will cause a drawdown in the others. Drawdowns are additive, so that the total drawdown in a pumping well is equal to its own drawdown plus the drawdowns caused at its location by other pumping wells. The drawdowns in pumping wells caused by withdrawals from other pumping wells are referred to as well interference."⁸⁴

Well interference from a large well may cause nearby smaller wells to run dry if they are located within the large well's cone of depression.⁸⁵

4. Overdraft, Safe Yield & Mining

Three enticingly simple, interrelated concepts—"overdraft," "safe yield" and "mining"—have generated years of controversy among hydrologists. In their popular sense, all three terms *connote* a management choice between treating an aquifer as a renewable or a nonrenewable resource.⁸⁶ Ultimately, however, hydrologists have been unable to agree on what, if anything, the terms actually denote. Despite the substantial misgivings of hydrologists over the terms' value as technical concepts, all of the regulatory programs discussed below have placed "overdraft" and

81. See Final Report, *supra* note 6, at 150 ("[w]ell interference, however, sometimes develops very quickly . . ."); Heath, *supra* note 55, at 44.

82. See, e.g., Tehama County, Cal., Code § 9.40.010(16) (1992) ("radius of influence" defined in reference to a well's "cone of depression"). See *infra* notes 410, 426-429 and accompanying text.

83. Heath, *supra* note 55, at 44 (emphasis deleted).

84. Heath, *supra* note 55, at 44 (emphasis deleted).

85. Final Report, *supra* note 6, at 150.

86. See, e.g., W. Balleau, *Water Appropriation and Transfer in a General Hydrogeological System*, 28 Nat. Res. J. 269, 278 (1988) ("groundwater mining is generally described as the opposite of safe-yield management and as appropriate for un rechargeable or nontributary groundwater basins").

"safe yield" at the heart of their legal schemes. Some understanding of the hydrological significance of the terms will illustrate the conceptual limits of the legal schemes themselves.

The definitions offered by the California Department of Water Resources (DWR) exemplify the definitions that have found their way into the regulatory schemes discussed below. In particular, the definitions of "overdraft" and "mining" focus on the relationship between groundwater extractions and groundwater replenishment. In its principal groundwater publication, commonly referred to as "Bulletin 118-75," DWR defines "overdraft" as "the temporary condition of a groundwater basin where the amount of water withdrawn by pumping exceeds the amount of water replenishing the basin over a period of time."⁸⁷ DWR then defines "mining" as "pumping from groundwater bodies greatly in excess of replenishment."⁸⁸ Finally, it defines "safe yield" as "the maximum quantity of water that can be continuously withdrawn from a groundwater basin without adverse effect."⁸⁹

These three definitions appear in substantially similar form in various hydrological discussions.⁹⁰ More significantly for purposes of this article, they have been adopted virtually verbatim by several of the

87. Bulletin 118-75, *supra* note 1, at 4; *see also* Bulletin 160-87, *supra* note 3, at 31 (elaborating on "overdraft").

In *Los Angeles v. San Fernando*, 537 P.2d 1250, 1309 (Cal. 1975), the California Supreme Court defined "overdraft" as the point at which "extractions from the basin exceed its safe yield plus any . . . temporary surplus." "Temporary surpluses" occur during wet years; in such years, extraction greater than long term safe yield is permissible in order to create aquifer storage space for percolation of above normal precipitation or active spreading of increased surface water. *See, e.g.*, Final Report, *supra* note 6, at 140 ("Temporary surplus is the amount of water that can be extracted from a basin to provide storage space for wet year runoff that would otherwise be lost").

88. Bulletin 118-75, *supra* note 1, at 4. *See also id.* at 124, 129 (noting "mining" apparently synonymous with "continued overdrafting" and "mining" involves "withdrawing substantial quantities of water from storage in an underlying basin").

89. Bulletin 118-75, *supra* note 1, at 5. DWR noted that, prior to the California Supreme Court's opinion in *Los Angeles v. San Fernando*, 537 P.2d 1250 (Cal. 1975), California groundwater law defined "safe yield" in terms of "average annual natural recharge of the basin." Bulletin 118-75, *supra* note 1, at 125 (fig. 26). In *Los Angeles v. San Fernando*, the court agreed that a broader definition of "safe yield" would encourage the conjunctive use of groundwater basins. *Los Angeles*, 537 P.2d at 1307-09. Accordingly, as the court approved the "safe yield" definition now used by DWR, it glossed: "[t]he phrase 'undesirable result' is understood to refer to a gradual lowering of the groundwater levels resulting eventually in depletion of the supply." *Id.* at 1308. For a discussion of other portions of *Los Angeles v. San Fernando*, *see infra* notes 141-150 and accompanying text.

90. *See, e.g.*, R. Freeze & J. Cherry, *Groundwater* 364 (1979) (noting definitions of "safe yield" and "overdraft"); *Waters & Water Rights*, *supra* note 56, § 18.04, at 16 (mining occurs when an aquifer "is not capable of recharge or can recharge only in extraordinarily long time periods").



local ordinances.⁹¹ Nevertheless, none of the definitions have garnered uniform support from hydrologists. For example, some hydrogeologists would object that the "mining" definition is overly narrow or un-focused.⁹² The use of "safe yield" as a regulatory concept, however, has borne the brunt of hydrologists' criticism.⁹³

Hydrologists have criticized the "safe-yield" definition for two principal reasons. First, the definition is inherently subjective. If "safe yield" is the amount of water that can be withdrawn from a groundwater basin without causing an undesirable effect, hydrologists Mary P. Anderson and C. Alan Berkebile ask: "what constitutes an undesired result[?]" The answer, of course, will vary with the respondent.⁹⁴ Second, hydrologists question the traditional and still frequent linkage of "safe yield" with pumping based on recharge to an aquifer.

91. See, e.g., Butte County, Cal., Code §§ 33-2.12, -2.13, -2.19 (Supp. 1978) (defining respectively "mining", "overdraft", and "safe yield"); Glenn County, Cal., Code §§ 20.04.140, .150, .210 (1991) (defining respectively, "mining", "overdraft", and "safe yield"); Tehama County, Cal., Code §§ 9.40.010(11), .010(18) (1992) (defining "overdraft" and "safe yield").

92. Compare Holzschuh, *supra* note 7, at 346 (concluding "because ["mining"] is fraught with psychological implications, we as groundwater professionals must take care to use it correctly, and further, to educate those in related disciplines who misuse it") with Balleau, *supra* note 86, at 280 ("[a]ll groundwater developments initially mine water, and finally do not"). For Balleau, "mining" is simply the removal of water from storage in an aquifer. "Every groundwater development ... begins with 100 percent of withdrawals being derived from storage. The timing of the change from *storage depletion (mining)* to induced recharge from surface water bodies is key to the water policy question." Balleau, *supra* note 86, at 278 (emphasis added). In recognition that removal from storage marks the initiation of all groundwater extractions, Balleau prefers to speak of the "mining phase" of groundwater development. *Id.* at 278-80. He defines this "phase" as the period in which 98 percent or more of the extracted water comes solely from storage. *Id.* at 278-79. Where the "mining phase" will last for a "reasonable planning horizon," Balleau believes that "mining" is a "reasonable" management option for un rechargeable or nontributary water. *Id.* at 278-81; accord, J. Bredehoeft et al., *Groundwater: The Water-Budget Myth*, in *Scientific Basis Of Water Resource Mgmt.* 51, 52 (1988) ("Some water must be taken from storage in the system to create gradients toward a well . . . [Thus] some water must always be mined to create a development . . . ") [hereinafter, *The Water-Budget Myth*].

93. See, e.g., M. Anderson & C. Berkebile, *Hydrogeology of the South Fork of Long Island, New York: Discussion and Reply*, 88 *Geological Soc'y Am. Bull.* 895, 895 (1977). Materials distributed by DWR in its "1967 Conference" summarized ten definitions proffered by hydrologists over forty years. See 1967 Conference, *supra* note 56.

94. Anderson & Berkebile, *supra* note 93, at 895. See also *Hydrogeologic Framework*, *supra* note 57, at 16-17. As support for their conclusions, Anderson and Berkebile quote from the landmark 1951 work by Harold E. Thomas. Anderson & Berkebile, *supra* note 93, at 895. Thomas discussed extensively hydrologists' concerns with the legal system's adoption of "safe yield." H. Thomas, *The Conservation Of Groundwater* 261-64 (1951) ("Safe Yield' is an Alice-in-Wonderland term which means whatever its user chooses"); cf. C.W. Fetter, Jr., *Reply*, 88 *Geological. Soc'y Of Amer. Bull.* 896 (1977) (using "safe yield" but acknowledging that the term is "a subjective phenomena based upon human values").



According to Anderson, safe yield has been approximated to be equal to some fraction of the net annual precipitation using the flawed rationale that safe yield is equal to groundwater recharge. While such an approach may be justified on a regional scale to get a rough estimate of this type of parameter for comparison purposes . . . the weaknesses inherent in the approach should be fully recognized. Specifically, groundwater recharge is very difficult to estimate accurately . . . equating recharge to some fraction of precipitation is at best only a rough approximation of the actual groundwater recharge. Furthermore, it is physically impossible to capture 100 percent of the natural groundwater recharge by pumping. Finally, the true basin yield depends on interaction of the unsaturated and surface water zones with the groundwater zone.⁹⁵

Similarly, hydrologist W.P. Balleau summarizes the fallacy of equating natural recharge and safe yield: "[n]atural recharge is a spurious part of the wellfield water budget and is irrelevant to the magnitude of an artificial groundwater development."⁹⁶ In short, critics brand "safe yield" as a "myth"⁹⁷ or a "shibboleth."⁹⁸ Indeed, for nearly 40 years, hydrologists have attempted to eliminate the term from their literature.⁹⁹

In place of the regulatory preoccupations with "safe yield," and its cousins "mining" and "overdraft," several hydrologists have proffered new, hopefully more quantifiable terms. For example, R. Allan Freeze and John A. Cherry offer two new terms: "maximum stable basin yield" and "optimal yield."¹⁰⁰ Both concepts allow greater integration into management schemes of the relationship between groundwater pumping and surface water flows.¹⁰¹ "Maximum stable basin yield" describes the point at which pumping from a basin lowers the water table to "a depth

95. *Hydrogeologic Framework*, *supra* note 57, at 22-23 (citations omitted).

96. Balleau, *supra* note 86, at 280 (natural recharge is "generally already appropriated at downstream discharge point as the reliable baseflow of springs, wetlands and rivers"). See Freeze & Cherry, *supra* note 90, at 364; *The Water Budget Myth*, *supra* note 92, at 51-57. See also J. Emel, *Effectiveness and Equity of Groundwater Management Methods in the Western United States* 16-18 Ariz. St. U., Center For Envir. Studies (1984) [hereinafter *Effectiveness & Equity*] (Working Paper No. 3; basin wide estimates of discharge fail to account for temporal and spatial effects of pumping from a location far from a basin's natural discharge site).

97. *Hydrogeologic Framework*, *supra* note 57, at 22.

98. Kletzing, *supra* note 17, at 1242-44. While not a hydrogeologist, attorney Kletzing has a strong background in water regulation. See *id.* at 1225 (see the note at asterisk).

99. See, e.g., Anderson & Berkebile, *supra* note 93, at 895 (citing R. Kazmann, "Safe Yield", in *Groundwater Development, Reality or Illusion*, 82 Am. Soc'y Civil Engineers Proc. J. Irrigation & Drainage Divisions p. 1103-1). Indeed, the United State Geological Survey no longer includes "safe yield" within its lexicon. See *Groundwater Terms*, *supra* note 56, at 11.

100. Freeze & Cherry, *supra* note 90, at 364, 367.

101. See, e.g., Freeze & Cherry, *supra* note 90, at 367.



below which *no* stable recharge rate can be maintained."¹⁰² According to Freeze and Cherry, basin planners should set planned extraction rates at some point below the maximum limit of stability, in order to allow a for "a factor of safety."¹⁰³ Determination of the precise point, however, depends upon non-hydrological factors. "Optimal yield" recognizes that:

"groundwater has value only by virtue of its use, and the *optimal yield* must be determined by the selection of the optimal groundwater management scheme from a set of possible alternative schemes. The optimal scheme is the one that best meets a set of economic and/or social objectives associated with the uses to which the water is to be put."¹⁰⁴

The combination of "maximum stable basin yield" and "optimal yield," as conceived by Freeze and Cherry, improves upon the DWR "safe yield" definition. Construed broadly, the DWR definition does allow consideration of economic and social factors. The "undesirable effects" might include the economic, social, and environmental costs of over—or underdevelopment of a particular basin.¹⁰⁵ Nevertheless, "maximum stable basin yield" offers a potentially quantifiable extraction limit that suffers not from "safe yield's" patent vagueness and its historical reliance on the irrelevant notions of "natural recharge."¹⁰⁶ Moreover, "optimal yield" replaces the psychologically charged, pseudo-technical "safe yield" concept with one that expressly embraces human or ecosystem use values.¹⁰⁷ While the quantification of such values may ultimately suffer

102. Freeze & Cherry, *supra* note 90, at 366.

103. Freeze & Cherry, *supra* note 90, at 367. They note that "[o]ne dry year might cause an irrecoverable water-table drop." *Id.* Moreover, development of a basin to this maximum level might cause surface flows to drop, as extractions induced basin recharge from surface watercourses. *Id.* Thus, Freeze and Cherry note that optimal watershed development requires integration, or conjunctive use, of surface and subsurface waters. *Id.*

104. Freeze & Cherry, *supra* note 90, at 364-65. They continue:

In some cases and at some points in time, consideration of the present and future costs and benefits may lead to optimal yields that involve mining groundwater, perhaps even to depletion. In other situations, optimal yields may reflect the need for complete conservation. Most often, the optimal groundwater development lies somewhere between these extremes.

Id. at 365. See also *Hydrogeologic Framework*, *supra* note 57, at 23.

105. Indeed, as the DWR itself has noted, the reformulation of "safe yield" from its original meaning of "average annual natural recharge" recognizes that "the dangers of permanent damage from overproduction have been oversold to the courts." Bulletin 118-75, *supra* note 1, at 124.

106. Cf. Anderson & Berkebile, *supra* note 93, at 895 (noting that "[p]erhaps the concept of maximum stable basin yield . . . is a step toward formulating a more rational approach [than 'safe yield'].")

107. Cf. Balleau, *supra* note 86, at 280-81 (policymakers still find natural recharge based "safe yield" an attractive regulatory concept).



from imprecision, the imprecisions can be recognized properly as those inherent in the environmental and social sciences.

Balleau cautions that "[t]here is no valid generic rule, such as pumping the natural recharge, that will lead to a desirable economic or stable (non-depleting) level of groundwater development."¹⁰⁸ Still, policymakers continue to look for such a fix. Anderson notes that "safe yield" appears "to be immortal despite repeated death blows."¹⁰⁹ Only if "safe yield" denotes a broad optimization approach will the term allow responsible groundwater resource management.

III. GROUNDWATER RIGHTS & REGULATION UNDER STATE LAW

A. *Private Rights to Groundwater Extraction and Use in California*

1. *Acquisition & Loss of Rights*

California law divides subsurface water into two classes: 1) water flowing in defined subterranean channels;¹¹⁰ and 2) percolating waters.¹¹¹ These largely arbitrary, nonscientific distinctions are relics of the nineteenth century legal and scientific communities' poor understanding of hydrology.¹¹² Under the California Water Code, private rights to use

108. Balleau, *supra* note 86, at 280. Once optimization determines the extent to which a basin should be managed as a renewable resource, a variety of management options occur. For example, Emel suggests as a paradigm for managing a basin as a renewable resource "a steady-state equilibrium wherein withdrawals capture rejected recharge and natural discharge." Emel, *supra* note 96, at 16; *see Groundwater Terms, supra* note 56, at 3 (defining "capture"). According to Emel, if "capture" equals "withdrawal" for a small enough unit area, then "over" and "under" development may be avoided. Emel, *supra* note 96, at 16-18. Nevertheless, Emel does not offer this equation as a rigid formula appropriate to all basins. Rather, he recognizes that "[m]anaging withdrawals to achieve or approximate capture ignores the fostering of equity in property right protection. Rates of water level decline are not necessarily uniform (and optimal safe-yield management may dictate their nonuniformity) and the economics of pumping are ignored." *Id.* at 20. Managing a basin to limit withdrawals to an approximation of capture "gives value to property rights and leads to the development of a water market." *Id.* at 21; *cf. id.* at 33-36 (summarizing effectiveness and equity of various management alternatives.)

109. *Hydrogeologic Framework, supra* note 57, at 17.

110. "[A]ll hydrologists agree that almost none of California's groundwater resources flows in subterranean streams." Bulletin 118-75, *supra* note 1, at 124 n.1.

111. W. Hutchins, *The California Law Of Water Rights* 419 (1956). *See generally* Widman, *supra* note 66, at 530-31 (noting similar dichotomy in other states). In addition, the law of surface watercourses determines the rights to a surface stream's underflow. Hutchins, *supra*, at 422. In general, California law recognizes two types of rights to surface watercourses: riparian and appropriative. *See infra* note and accompanying text.

112. Rossmann & Steel, *supra* note 8, at 113, 905-06. To little avail, lawyers and hydrologists have urged greater integration of the laws of surface and subsurface water. *See,*



the first class of *subsurface* waters are created under the same appropriative system otherwise applicable to nonriparian *surface* waters.¹¹³ Only the second class of subsurface waters are governed by the largely judge made body of "groundwater" rights law.¹¹⁴

California law recognizes three types of private rights to extract and use groundwater: 1) overlying rights, 2) appropriative rights and 3) prescriptive rights.¹¹⁵ Extensive dicta in the 1903 case of *Katz v. Walkin-*

e.g., *Waters & Water Rights*, *supra* note, § 18.01, at 6; E. Murphy & C. O'Neil, *Economics and Groundwater Interconnections*, in 3 *Waters and Water Rights* § 19.03, at 30-31 (R. Beck ed., 1991).

113. Calif. Water Code § 1200 (West 1971). California recognizes two main classes of private rights to divert and use surface waters: riparian and appropriative rights. Hutchins, *supra* note 111, at 40-55. For an overview of these two systems, see W. Attwater & J. Markle, *Overview of California Water Rights and Water Quality Law*, 19 PAC. L.J. 957, 959-75 (1988) [hereinafter *Overview*]. In addition to these two main classes of private rights, California recognizes prescriptive and pueblo rights. *Overview*, *supra*, at 969. Property law notions of adverse possession underlie prescriptive rights. *Id.*; see generally *Rewriting California Groundwater Law*, *supra* note 14, at 227 (discussing doctrine). Pueblo rights trace their origin to Spanish and Mexican law. *Id.* at 252. Paramount to all other rights, they allow a municipality formed under Mexican or Spanish law to "use the waters of sources that ran through the pueblo, both surface and underground, from their source to the sea." *Overview*, *supra*, at 969. See generally *Rewriting California Groundwater Law*, *supra* note 14, at 232-33 (discussing doctrine.)

The California law of appropriative rights generally follows the broad contours of the prior appropriation doctrine prevalent throughout the western United States. See generally R. Beck, *Prevalence and Definition*, in 2 *Waters And Water Rights*, §§ 12.01-12.04 (R. Beck ed. 1991). Prior to 1872, appropriative rights in California were almost entirely governed by judicial decision. *Overview*, *supra*, at 966. Between 1872 and 1914, the California Legislature enacted a number of provisions that created a statutory mechanism for obtaining appropriative rights. *Id.* Since 1914, appropriative rights have been obtained under a permit and license system now administered by the State Water Resources Control Board. *Id.* at 983; see Calif. Water Code §§ 1003.5, 1200-1851 (West 1971 & Supp. 1993).

114. See Schneider, *supra* note 59, at 2-3. All references to "groundwater" in this article include only those subsurface waters that do not flow in known and definite underground channels. "Percolating waters" simply means any water that does "not constitute part of a definite underground stream." Hutchins, *supra* note 111, at 426.

115. See, *e.g.*, Hutchins, *supra* note 111, at 431-61. "Overlying rights" are the rights of an overlying owner to extract groundwater from its property and use it on, or in connection with, the land overlying the basin. See Schneider, *supra* note 59, at 6-7. "Appropriative rights" involve extractions for use on non-overlying land. Hutchins, *supra* note 111, at 454-58; see also Rossmann & Steele, *supra* note 18, at 906-09. "Prescriptive rights" refer to rights against either overlying or appropriative rights holders that ripen under adverse possession. See Hutchins, *supra* note 111, at 503-06; see also *infra* note 133 (prescriptive rights described).

The precise contours of "overlying" land and "overlying use" remain unclear. Schneider, *supra* note 59, at 7-8. For example, one court has implied that an overlying right allows an owner of land overlying a groundwater basin to extract water from a parcel and use it on *other* land that owner owns that also overlies the groundwater basin, *even if* the owner could not extract groundwater from the second parcel itself. *Id.* at 7 (citing *City of Pasadena v. City of Alhambra*, 207 P. 2d 17, 28 (Cal 1949)). In addition, the meaning of



shaw established the foundations of the modern law governing the acquisition of overlying and appropriative rights in California groundwater.¹¹⁶ *Katz* rejected the English rule that "percolating groundwater was governed by the rule of land law that the landowner owns everything that lies beneath the surface of his land."¹¹⁷ In its place, *Katz* adopted "the doctrine of reasonable use of percolating waters."¹¹⁸ As a corollary, the court also announced a "rule of correlative rights."¹¹⁹ Under this corollary, "[d]isputes between overlying landowners, concerning water for use on the land, to which they have an equal right, in cases where the supply is insufficient for all, are to be settled by giving to each a fair and just proportion."¹²⁰

As developed in later opinions,

each owner of land overlying a groundwater supply enjoys the privilege of making reasonable and beneficial use of that supply of water, in connection with that land. This 'correlative' privilege is shared equally by all other owners of land overlying the same groundwater supply. Thus, in periods of shortage, the privilege of withdrawing water is apportioned pro rata among the various overlying privilege holders.¹²¹

"groundwater basin" for purposes of defining "overlying use" also remains unclear. *Schneider, supra* note 59, at 7-8. A recent lawsuit considered whether land within the same watershed as a groundwater basin was "overlying" land, even if no portion of the land in question actually overlay the basin. *San Benito County Water Dist. v. Del Piero*, No. 18123, (Cal. Super. Ct. June 1991); see *New Lawsuit Would Define Overlying Groundwater Rights*, 2 CAL. L. & POL'Y REP. 65 (1992).

In general, extraction for use by a public water system is an appropriative use, even if the municipality overlies the groundwater basin. *Schneider, supra* note 59, at 8; see also *Hutchins, supra* note 111, at 458-60.

116. 74 P. 766 (Cal. 1903), *aff'g* on reh'g, 70 P. 663 (1902); see *Schneider, supra* note 59, at 3-6.

117. *Schneider, supra* note 59, at 3-4 (noting *Acton v. Blundell*, 152 Eng. Rep. 1223 (Ex. 1843)).

118. *Katz*, 74 P. at 766-67; see *Hutchins, supra* note 111, at 434 (in effect, *Katz* adopts reasonable use rule).

119. *Katz*, 74 P. at 772.

120. *Id.*

121. *Rossmann & Steele, supra* note 18, at 908 (footnotes omitted). See also *Burr v. Maclay Rancho Water Co.*, 98 P. 260, 263 (Cal. 1908); *Kletzing, supra* note 17, at 1233-35. As such, the correlative rights of overlying owners are analogous to the rights of riparian landowners to surface waters. See, e.g., *Hutchins, supra* note 111, at 446-54.

Katz has been criticized as "unintentionally establish[ing] principles that were prone to produce overdrafted groundwater basins." *Kletzing, supra* note 17, at 1234 (citing F. Trelease, *Legal Solutions to Groundwater Problems, A General Overview*, 11 Pac. L.J. 863, 873 (1980)). The only enforcement mechanism for these rights is costly and slow judicial action. *Kletzing, supra* note 17, at 1234. *Kletzing* notes that the *Katz* court, however, even if it had been "prescient" about the effect of its rule, nevertheless lacked the power to create the kind



Thus, "[a]n overlying user does not obtain any priority over adjacent overlying users solely by pumping first from the common supply."¹²²

In addition to addressing the relative rights of overlying users, *Katz* discussed the relative rights of appropriators. The court distinguished two classes of overlying rights holders: 1) "those who have used the water on their land before the attempt to appropriate"¹²³ and 2) "those who have not previously used it, but who claim the right afterwards to do so."¹²⁴ As between the first class of owners and appropriators, *Katz* gave the overlying owners priority to "the quantity of water that is necessary for use on [the owner's] land, and the appropriator may take the surplus."¹²⁵ *Katz* did not determine the relative rights between appropriators and the second class of overlying users.¹²⁶ Later cases, however, suggest that the initiation of overlying rights will normally take priority over prior appropriations.¹²⁷ As between appropriators, however, "priority in time applies; the appropriator 'first in time' is entitled to all reasonably and beneficially used surplus water, to the exclusion of subsequent appropriators."¹²⁸

of administrative system Trelease prefers. *Kletzing*, *supra* note 17, at 1234.

122. *Schneider*, *supra* note 59, at 9. The protection extends even to *unexercised* overlying rights. *Id.* (citing *Burr v. Maclay Rancho Water Co.*, 116 P. 715, 721.

123. *Katz v. Walkinshaw*, 74 P. 766, 772 (Cal. 1903).

124. *Id.*

125. *Id.* As against an overlying owner, an importer of water that is added to (spread across) a basin for storage, however, has priority to extract that added water. *See Los Angeles v. San Fernando*, 537 P.2d 1250 (Cal. 1975). In addition, under the doctrine of "intervention of public use,"

a water user who is junior in right to other water users, but who puts the water to a public use, acquires a permanent right to the water. Damages may be available to the injured senior parties, but the potential danger to the health and welfare of the public justifies a grant of continued use.

Final Report, *supra* note 6, at 162 (citing, *inter alia*, *Peabody v. City of Vallejo*, 40 P.2d 486 (Cal. 1935)).

126. *Katz*, 74 P. at 772.

127. At least two qualifications exist. First, the "intervening public use" doctrine may allow a junior appropriator for a public water supply to continue pumping if it compensates the overlying owner. *See supra* note 125. Second, an enjoined extraction may ripen into prescriptive rights. Absent these qualifying circumstances, overlying rights will take priority over appropriative rights. *See Los Angeles v. San Fernando*, 537 P.2d 1250, 1318 n.100 (Cal. 1975); *see also Wright v. Goleta Water District*, 219 Cal. Rptr. 740, 746-51 (Cal. App. 1985). An overlying owner may get a judicial declaration to prevent an appropriative extraction from ripening into a prescriptive right, even against an unexercised, prospective overlying user. *See Schneider*, *supra* note 59, at 15 (citing *Burr v. Maclay Rancho Water Co.*, 98 P. 260, 263 (Cal. 1908)); *see also Hutchins*, *supra* note 111, at 457 n. 35 and accompanying text.

128. *Rossmann & Steel*, *supra* note 18, at 909; *see Katz*, 74 P. at 772. A prior appropriator, however, has to endure reasonable inconveniences resulting from a junior appropriator's reduction of the groundwater level. *City of Lodi v. East Bay Mun. Util. Dist.*, 60 P.2d 439, 450-51 (Cal. 1936); *see C. Schulz & G. Weber, Changing Judicial Attitudes Towards Property Rights in California Water: From Vested Rights to Utilitarian Reallocations*, 19 PAC. L.J. 1031, 1077-82 (1988).



A groundwater appropriator's rights thus depend upon the determination of the water "surplus" to prior rights.¹²⁹ In its most recent decision, the California Supreme Court stated that "surplus" occurred "when the amount of water being extracted from it is less than the maximum that could be withdrawn without adverse effects on the basin's long term supply."¹³⁰ As noted above, to the extent that "overlying use" and "groundwater basin" remains unclear, "surplus" will remain correspondingly unclear.¹³¹ In an action brought to challenge the validity of an appropriation, the burden of proof that appropriated water is "surplus" lies with the appropriator.¹³² If there is no "surplus" water beyond the needs of overlying users, then an appropriator can only establish a prescriptive right.¹³³

In two major decisions, the California Supreme Court has addressed the acquisition and scope of prescriptive rights in overdrafted groundwater basins.¹³⁴ In *City of Pasadena v. City of Alhambra*, the court faced two problems in a long overdrafted basin: 1) what overall pumping limit to set; and 2) how to apportion the reductions among the various overlying, appropriative, and prescriptive rights holders.¹³⁵ The court announced that, as against both overlying owners and prior appropriators, prescriptive rights could attach to appropriations initiated after a basin became overdrafted.¹³⁶ Addressing its first problem, the court

The "reasonable burden" rule, apparently mandated now by the 1928 amendment to the Constitution, likely prevents overlying users from complaining about a minor drop in pumping lift. See *Burr v. Maclay Rancho Water Co.*, 116 P. at 721; see also *Rancho Santa Margarita v. Vail*, 81 P.2d 533, 561-63 (Cal. 1938); *Hillside Water Co. v. City of Los Angeles*, 76 P.2d 681, 686-87 (Cal. 1938).

129. "Prior rights" holders thus include both all overlying users and any prior groundwater appropriator. See *Hutchins*, *supra* note 111, at 455 (text accompanying note 22).

130. *City of Los Angeles v. City of San Fernando*, 537 P.2d 1250, 1307 (Cal. 1975); see *supra* notes 89-109 and accompanying text (hydrologists' discussion of "safe yield," "mining," and "overdraft").

131. See *supra* note 115.

132. *Hutchins*, *supra* note 111, at 455 & n.23. The holder of a prior right must first establish the extent of that prior right. *Id.*

133. See *City of Pasadena v. City of Alhambra*, 207 P.2d 17, 28-29 (Cal. 1949). "[A]n appropriative taking of water which is not surplus is wrongful and may ripen into a prescriptive right where the use is open and notorious, hostile and adverse to the original owner, continuous and uninterrupted for the statutory period of five years, and under claim of right." *Id.* at 29.

134. In *Los Angeles v. San Fernando*, the court defined "overdraft" as: "extractions from the basin [that] exceed its safe yield plus any . . . temporary surplus." 537 P.2d at 1309. "Temporary surplus" is "the amount of water that can be pumped from a basin to provide storage space for surface water that would be wasted during wet years if it could not be stored in the basin." *Schneider*, *supra* note 59, at 32; see *supra* notes 89-109 and accompanying text ("overdraft," "safe yield," and "mining" discussed).

135. 207 P.2d 17; see *Kletzing*, *supra* note 17, at 1236-37; *Rewriting California Groundwater Law*, *supra* note 14, at 228-29.

136. *Pasadena*, 207 P.2d at 29.



upheld a judgment that limited overall pumping to "safe yield."¹³⁷ The court apparently used a "safe yield" definition that approximated "safe yield" with annual average recharge.¹³⁸ In addressing its second problem, rather than applying a strict rule of temporal priority in determining the relative rights among the various pumpers in the long overdrafted basin, the court refused to eliminate entirely any prior rights holder's pumping. Rather, the court limited each pumper's extractions in proportion to the amount of water each party had withdrawn during the five year prescriptive period.¹³⁹ Although the *Pasadena v. Alhambra* court does not adopt the term, its holding has been characterized as the "mutual prescription" doctrine.¹⁴⁰

In *City of Los Angeles v. City of San Fernando*, the court modified the scope of the prescriptive rights doctrine's applicability to groundwater extractions from overdrafted basins.¹⁴¹ The court refused to allow prescription against municipalities.¹⁴² It rejected mechanical application of the *Pasadena v. Alhambra* notion of "mutual prescription."¹⁴³ That doctrine had been criticized as encouraging a "race to the pump-house."¹⁴⁴ Instead, the court opted for apportionment based on broader, equitable factors.¹⁴⁵ Under *Los Angeles v. San Fernando*, temporal priority among appropriative and prescriptive rights holders can play a substantial part in determining which pumpers have their rights curtailed.¹⁴⁶ The court also concluded that, to trigger the running of the limitations period, the prior rights holder must have *actual* notice of overdraft.¹⁴⁷ The court excluded years of surplus from the five year period.¹⁴⁸ It reformulated the standard for determining the scope of a

137. *Pasadena*, 207 P.2d at 27-28.

138. *See Pasadena*, 207 P.2d at 30.

139. *Id.* at 31-33; *see Hutchins, supra* note 111, at 504.

140. *See Hutchins, supra* note 111, at 504. *See also Los Angeles v. San Fernando*, 537 P.2d at 1298-99 (noting so-called mutual prescription doctrine).

141. 537 P.2d 1250 (Cal. 1975); *see generally Rewriting California Groundwater Law, supra* note 14, at 229-35.

142. *Los Angeles v. San Fernando*, 537 P.2d at 1298. The court, however, did allow municipalities to establish prescriptive rights *against* private persons. *Id.* at 1319 n.101.

143. *Id.* at 1298-99.

144. *Id.* at 1299. *See Groundwater in the West, supra* note 3, at 231. At the same time, the doctrine provided a formula parties could use to negotiate settlements of pumping limitations. *See Schneider, supra* note 59, at 23-24.

145. *Los Angeles v. San Fernando*, 537 P.2d at 1298 n.61 and accompanying text. The court cited the "equitable apportionment" factors used by the United States Supreme Court to apportion water between states. *Id.* (quoting *Nebraska v. Wyoming*, 325 U.S. 589, 618 (1945)).

146. *Los Angeles v. San Fernando*, 537 P.2d at 1298 n.61 and accompanying text.

147. *Id.* at 1310-11. Overdraft alone does not trigger the running of the prescriptive rights period. Rather, prior rights holders need notice of "adversity *in fact* caused by the actual commencement of overdraft." *Id.* at 1311.

148. *Id.* at 1311-12.



prescriptive right.¹⁴⁹ Finally, the court redefined "overdraft" to mean "extractions from [a] basin that exceed its safe yield plus any . . . temporary surplus."¹⁵⁰

In summary, the law governing the acquisition of groundwater pumping rights is fraught with uncertainty.¹⁵¹ Since the law is judge made, and judges have not had the opportunity to iron out all the doctrinal wrinkles, basic uncertainty remains in such critical concepts as "overlying user," "groundwater basin," "surplus," and "safe yield."¹⁵² Even where the concept is clear, lack of data in many groundwater basins makes application uncertain. Beyond these limitations, uncertainty stems in large part from the correlative rights doctrine itself. Like riparian rights to surface water, overlying rights are not quantified. Moreover, because correlative rights depend upon other overlying owners' actions, the amounts that can be pumped may change dramatically over time. Finally, no administrative system exists to coherently, consistently, and inexpensively determine the scope of an overlying right, or the availability of a "surplus."

The great uncertainty has not prevented the development of the groundwater resource. It may well have made development sub-optimal. The expense, delay and difficulty of basin adjudication may well have encouraged pumpers to deepen or enlarge their wells, or to increase their extractions, rather than to attempt to quantify and thus limit all pumpers' extractions.¹⁵³ Still other pumpers may have decided not to invest in expensive pumping equipment if water levels were going to continue to decline over time. Finally, uncertainty in the nature of the right has likely inhibited the creation of markets for transferring such rights.

2. *Transfer & Change in Place of Use*

Compounding the market-inhibiting inherent uncertainty in the scope of the groundwater extraction right itself, state law provides neither much substantive law, nor a centralized administrative body, for evaluating a proposed sale or transfer of groundwater for a new, use.¹⁵⁴

149. *Id.* at 1313.

150. *Id.* at 1309. The trial court had found "safe yield" as "equivalent to an adjusted figure for net groundwater recharge." *Id.* at 1308. In wet years, however, extractions that exceeded the basin's safe yield could make room for storage of additional recharge. *Id.* at 1308-09. This ability to extract groundwater in wet years in order to use above normal precipitation for basin recharge formed the "temporary surplus." See *supra* note 87.

151. See, e.g., Final Report, *supra* note 6, at 143 (only holders of rights in adjudicated basins have any certainty).

152. See *supra* notes 133-40 and accompanying text.

153. See, e.g., Schneider, *supra* note 59, at 18.

154. Final Report, *supra* note 6, at 163-65. In one case, upon the DWR's request, the State Water Resources Control Board reviewed the proposed transfer of groundwater from a Yolo County farm to a Kern County water district via the state water project. The state board assumed jurisdiction both under a temporary regulation barring nonessential exports of



Three scenarios relevant to this article may occur.¹⁵⁵ First, an overlying user may wish to use groundwater on an overlying parcel that was extracted from a different, noncontiguous overlying parcel. Second, an overlying user may wish to sell water for ultimate nonoverlying use. Third, an existing appropriator (or holder of a prescriptive right) may wish to sell or use the extracted groundwater for a different, nonoverlying use.

The situation of the overlying users who wish to use groundwater on one overlying parcel that was extracted from a different, noncontiguous overlying parcel raises questions inherent in the uncertain overlying right itself. Two situations might set up this uncertainty. First, an overlying user might wish to use water pumped from one parcel it owns on another parcel owned by the same pumper.¹⁵⁶ Second, an overlying owner might simply wish to purchase groundwater extracted by another overlying owner.¹⁵⁷

Both of these situations require determination of the ability of an overlying user to use water on a noncontiguous overlying parcel.¹⁵⁸ In *Pasadena v. Alhambra*, the court stated: "an overlying right . . . is the right of the owner of the land to take water from the ground underneath for use on his land within the basin or watershed."¹⁵⁹ This definition would appear to sanction the first situation.¹⁶⁰ The qualification of "on his

water from the delta, and under the California constitution. *See supra*, note 26.

155. A fourth scenario involves the transfer of adjudicated rights to groundwater. *See C. Lee, Governor's Comm'n To Review California Water Rights Law, The Transfer of Water Rights in California 28-29, (1977) (Staff Paper No. 5)*. Lee suggests that, after *Los Angeles v. San Fernando*, "even after a basin adjudication, overlying users may be required to meet the place of use restrictions that are characteristic of unadjudicated overlying rights." *Lee, supra*, at 30. Full treatment of local regulation of the transfer of adjudicated rights is beyond the scope of this article.

156. This is the circumstance presented by the Colusa County farmers who pumped water from the Sacramento Valley groundwater basin from parcels they owned in Tehama County for use on parcels they owned that overlie the same basin in Colusa County. *See supra* note 30.

Several localized differences in basin conditions might trigger such pumping and use patterns. Water quality might be better in one part of the basin than in another. *See, e.g., Bulletin 118-6, supra* note 74, at 75-79 (describing localized groundwater quality in Sacramento Valley groundwater basin). Pumping lifts may be lower in one part of the basin than in another. For example, one part of the basin may overlie a shallower aquifer than another. *See id.* (Plates 3 & 4). Or, localized pumping patterns might create different cones of depression in different parts of the same aquifer.

157. If an irrigator did not already have sufficient pumps installed, it might be cheaper to purchase water from an irrigator who had excess capacity, or who found it otherwise more profitable to fallow some land and sell water.

158. As noted above, case law has not yet answered this question definitively. *See supra* note 115.

159. *Pasadena v. Alhambra*, 207 P.2d 17, 28 (Cal. 1949) (emphasis added).

160. Even if the definition encompasses this first situation, further uncertainties exist over



the ability of other water rights holders to challenge the extraction. In general, water rights holders might challenge either a change in place of use of groundwater, a change in place of diversion, or a change in means of diversion. As an example of the first, assume that an irrigator has been pumping 10,000 acre-feet of groundwater on Parcel A, which drains into Stream A, and wants to pipe it for use on Parcel B, which drains into Stream B. Assume further that 10 percent of the 10,000 acre-feet drains off the field of Parcel A into stream A, and another 10 percent percolates back into the basin under Parcel A. If both parcels overlie the same aquifer, can the irrigator move the entire 10,000 acre-feet to the other overlying parcel, or only the 80 percent portion "consumptively" used (either incorporated into a plant or lost to the atmosphere through evapotranspiration)? Surface water diverters downstream of Parcel A might complain that the change in place of use was interfering with their rights to use the 1,000 acre-feet of tailwater. Other overlying users near Parcel A might complain about the localized effects loss of the 1,000 acre-feet of recharge.

As for the potential complaints of overlying owners to the drop in well water level, California case law has not addressed in any detail the rights of one overlying owner to complain about the drop in well water levels caused by another overlying owner's pumping of a correlative share. See Hutchins, *supra* note 111, at 484 (concluding "it is difficult to see why there should be priority in the means of diversion, which is essentially a means of effectuating use of the water"). Ultimately, the reasonable "method of use" provisions of Article X of the California Constitution probably provide a standard for determining the correlative rights of overlying owners to maintenance of a static well water level. See *id.* at 485. Other states have addressed well water levels in great detail statutorily. See generally D. Grant, *Reasonable Groundwater Pumping Levels Under the Appropriation Doctrine: The Law and Underlying Economic Goals*, 21 Nat. Res. J. 1 (1981); *Effectiveness & Equity*, *supra* note 96, at 5-10, 24-30.

As for the potential challenge of the downstream appropriator to the 1,000 acre-feet of tail water, again, the California cases do not address the relative legal rights. Between appropriators to surface water, a junior appropriator has at least a limited right to insist that a senior maintain the conditions extant at the time the junior began appropriating. See Hutchins, *supra* note 111, at 157. For two reasons, however, this rule should not apply to an appropriator's right to take tail water added to a surface stream by an overlying owner. First, such a rule would force a pumper to keep pumping perpetually. In contrast, in the case of junior and senior appropriators to a surface watercourse, if the senior wishes to stop diverting, it makes more water available to the junior. Second, the water added to the stream system—at least at the point where the tail water discharges into the stream—is functionally equivalent to "foreign water." As noted below, *infra* note 169, an importer of water into a watershed has absolute right to recapture that water and change its use or place of use. Unless the 1,000 acre-feet of tail water would have discharged naturally from the aquifer into the surface stream above the junior appropriator's point of diversion, that water is in effect water that would otherwise never have been available for appropriation.

Commentators have also noted that even were the "consumptive use" limit to apply, that standard "does not internalize all third-party effects. Effects not internalized include those resulting from changes in timing of use, in water quality, and in patterns of use." G. Gould, *Transfer of Water Rights*, 29 NAT. RES. J. 457, 467 (1989) [hereinafter *Transfer of Water Rights*]; see also J. Emel, *Groundwater Rights: Definition and Transfer*, 27 Nat. Res. J. 653, 666-67 (1987) [hereinafter *Definition & Transfer*].

Similar challenges might occur to changes in place of extraction. If localized differences make it more economical for our hypothetical irrigator to stop pumping on Parcel A and pump instead from Parcel B, this change may lower water levels in wells adjoining Parcel B.



land," however, would appear to prohibit transfers *under overlying rights* in the second situation.¹⁶¹

The second category of changes relevant to this article involves an overlying user who wishes to sell all or part of its previous extractions for a nonoverlying use. As noted above, an overlying owner's rights are analogous in many instances to riparian rights of surface water users.¹⁶² Riparian owners are limited to using their water on judicially defined riparian lands; generally they have no ability to transfer water to nonriparian lands.¹⁶³ Thus, a riparian owner who wished use water on nonriparian lands would have to initiate a new appropriation. By analogy, an overlying user who wished to sell water for use on nonoverlying lands would need to initiate a groundwater appropriation. As such, the legal parameters of that right would appear to be governed by groundwater appropriation law.¹⁶⁴

The third category of cases involves an appropriator who wishes to change the place of use from one nonoverlying site to another nonoverlying site. Groundwater law places uncertain limits, if any, on that change. An appropriative *surface* water rights holder may not change the place of use if such a change would harm other legal users.¹⁶⁵ Older

Finally, additional uncertainty attends the ability of persons other than water rights holders to challenge the effects. Although unlikely, in a basin as big as the Sacramento Valley, a change in place of use or extraction might impact local agricultural economies or the local environment. *See infra* notes 170-75 and accompanying text.

A complete analysis of all of these matters is beyond the scope of this article.

161. If "surplus" groundwater existed, such a transfer could probably qualify as a new appropriation. Such an appropriation would have the most junior priority date in the event the basin became overdrafted.

If the actual pumper were extracting no more than enough water to meet the combined correlative rights of both overlying owners, little justification exists for restricting either overlying owner's rights to find the most economical way to extract the water. The only possible concerns might be the localized effects of the actual pumper increasing its extractions from that necessary to satisfy its own correlative rights to that necessary to satisfy both overlying owners' rights. For example, since the pumper would have to run its pumps longer, or install more powerful pumps, water levels in wells on nearby parcels might drop or stay lower longer. These potential concerns, however, would evaporate entirely if the overlying pumper were simply selling the water it had used. Such a sale, however, would raise the issues involved in a change of place of use. *See supra* note 160.

162. *See supra* note 121.

163. *Lee, supra* note 155, at 23-26. A riparian can sell to an appropriator a promise not to divert. *Lee, supra* note 155, at 23-26.

164. Such a result, while compelled by groundwater law, does nothing to further the state's expressed policy of encouraging voluntary water transfers. *See, e.g.,* Cal. Water Code §§ 109, 1244 (West Supp. 1993).

165. *See, e.g.,* Cal. Water Code §§ 1702, 1706 (West 1971) (addressing respectively, post 1914 appropriations and pre-1914 appropriations). These provisions codified prior case law. *See, e.g.,* Hutchins, *supra* note 111, at 175-78. Appropriative rights permittees or licensees must get permission of the State Water Resources Control Board prior to changing the point



cases involving changes in the point of *extraction* analogized to the law governing changes in points of surface water *diversion*.¹⁶⁶ By analogy, then, changes in place of groundwater use would be permissible provided no other legal water rights holders are injured.¹⁶⁷

If the groundwater appropriator had always taken the pumped water completely out of the watershed from which it was pumped, then no water rights holders would have standing to complain about any new place of use.¹⁶⁸ California law gives the importer of water to a basin the absolute right to recover and use that water as the importer sees fit.¹⁶⁹ As such, the only possible claims might be by third parties economically or environmentally impacted by the appropriator's change in place of use.

The ability of persons other than water rights holders to raise economic or environmental concerns in any proposed change in place of groundwater use or extraction is almost completely unaddressed by California law.¹⁷⁰ The ability of third parties to raise such concerns over proposed *surface* water transfers has received a lot of attention in recent years.¹⁷¹ Indeed, recent legislation has broadened the factors the State Water Resources Control Board considers when reviewing such surface water transfer proposals.¹⁷² These statutes, however, have not been

of diversion, place of use, or purpose of use. Cal. Water Code § 1702 (West 1972). The Water Code details separate provisions for temporary and long term transfers of rights under state appropriative permits or licenses. *Id.* §§ 1725 to 1737.

166. See, e.g., *City of San Bernardino v. City of Riverside*, 198 P. 784, 793 (Cal. 1921); see generally, Hutchins, *supra* note 111, at 475-76.

167. Cf. *San Bernardino v. Riverside*, 198 P. at 793. In dicta the court notes, "neither the particular place of use, the character of the use, nor the place of taking is a necessary factor" in acquiring an appropriative right. *Id.* (emphasis added).

168. Arguably, the same result should apply with an appropriator who returned tail water to the watershed from which it was extracted, but at a place above where the tail water would have discharged naturally. See *supra* note 160. Thus, a change in place of use of an appropriative groundwater right that still returned water above its place of natural discharge should be allowed over the objections of a surface water appropriator. Where a groundwater appropriator sought to change the place of use and thus remove water entirely out of a watershed, or below its point of natural discharge, then downstream appropriators would have standing to challenge the change. Resolution of such a challenge, of course, might place great practical difficulties on the party with the burden of proof.

169. See, e.g., Hutchins, *supra* note 111, at 69-70 (discussing "foreign waters").

170. See B. Gray, *A Primer on California Water Transfer Law*, 31 *Ariz. L. Rev.* 745 (1989).

171. See, e.g., G. Gould, *Water Rights Transfers and Third Party Effects*, 23 *Land & Water L. Rev.* 1, 27-35 (1988); *Transfer of Water Rights*, *supra* note 170, at 473-75; D. Grant, *Public Interest Review of Water Right Allocation and Transfer in the West: Recognition of Public Values*, 19 *ARIZ. ST. L. J.* 681 (1988); Gray, *supra* note 170, at 749-54.

172. In recent years, the Legislature has added provisions that protect the public's interest, particularly in beneficial instream uses for fish and wildlife, from the effects of a water transfer. See, e.g., Cal. Water Code §§ 1435(b), 1727(a), 1736 (West Supp. 1993)



applied to evaluate proposed groundwater transfers. Moreover, with rare exception, the State Water Resources Control Board has not asserted jurisdiction over proposed groundwater transfers.¹⁷³

Protection of third parties from the effects of proposed groundwater transfers has begun to receive attention from commentators.¹⁷⁴ In addition, the Department of Water Resources has begun to look at the environmental and economic consequences of proposed conjunctive use transfers of surface water that irrigators replace with groundwater.¹⁷⁵ Nevertheless, there remains little law governing groundwater transfers, and little assurance that third party effects, both to water rights holders, and to the environment or local economies, will be reviewed efficiently and coherently by the State Board.

B. Legislative Regulation of Private Rights to Groundwater Extraction and Use

Unlike the extensive statutory provisions governing private rights to surface water, no comprehensive state legislation addresses private rights to groundwater in California.¹⁷⁶ The state Constitution's prohibitions against unreasonable or wasteful water use apply to groundwater.¹⁷⁷ Similarly, the Water Code's general policy statement about the state's "paramount interest in the use of all the water of the State" also expressly extends to "underground" waters.¹⁷⁸ Only a handful of statutes, however, address groundwater extraction.¹⁷⁹ In none of these

(addressing respectively, temporary urgent changes, temporary changes, and long term transfers).

173. The rare exception to date has been the proposed transfer in 1977 from Yolo County farmers to Kern County farmers via the State Water Project facilities. *See supra* note 26; *cf. Lee, supra* note 155, at 67-70 (concluding that the decision increases the uncertainty attendant to interbasin groundwater exports).

174. *See, e.g., Gregory, supra* note 15, at 237-39; *see also Definition & Transfer, supra* note 160 (focusing on clarification of property rights in groundwater pumping levels).

175. *See Draft EIR, supra* note 29, at 35-39, 68-69, 110-16, 136-37, 143-44, 172-75.

176. Final Report, *supra* note 6, at 145. Groundwater pumpers who extract more than 25 acre-feet annually from aquifers in four Southern California counties must file an annual "notice of extraction and diversion of water" with the State Water Resources Control Board. Cal. Water Code §§ 4999-5008 (West 1971 & Supp. 1993).

177. This provision applies to groundwater extractions. *See Peabody v. City of Vallejo*, 40 P.2d 486 (Cal. 1935) (construing Cal. Const. art. X, § 2, repealed and replaced by Cal. Const. art. 10, § 2).

178. Cal. Water Code § 104 (West 1972).

179. While the legislature has not adopted uniform groundwater appropriation, use, or transfer legislation, it has addressed statewide concerns with groundwater quality, basin conditions, and recharge projects in four types of statutes. Three sets of water quality statutes address groundwater. These include: a) the Porter-Cologne Water Quality Control Act, addressing water quality planning, *see, e.g., Cal. Water Code* §§ 13050(e), (j), 13142(a)



has the legislature created a uniform scheme for establishing and transferring rights to extract and use groundwater. Instead of regulating groundwater rights comprehensively at the state level, the legislature's few efforts to regulate private rights to groundwater uses have generally taken one of three paths. First, some statutes have created specific classes of agencies, subject to local formation, with power to manage groundwater.¹⁸⁰ Second, the legislature has created special groundwater management districts.¹⁸¹ Finally, three statutes enacted over the last nine years generically allow some local groundwater regulation by existing local entities.

In 1984, the legislature enacted sweeping "area of origin" protections for over a dozen identified Northern California stream systems.¹⁸² The legislation bars groundwater pumping for export "from within the combined Sacramento and Delta-Central Sierra Basins . . . unless the pumping is in compliance with a groundwater management plan that is adopted by [county] ordinance"¹⁸³ It expressly announces: "[n]oth-

(West, 1971 & Supp. 1993); b) the statewide water well drilling standards legislation, *id.* §§ 13700-13806; and c) the State Water Resources Control Board's authority to initiate a groundwater basin adjudication to preserve water quality; *see id.* §§ 2100-2102. The Porter-Dolwig Groundwater Basin Protection Law announces the State's concern with overdraft. *See id.* §§ 12920-12924. The Porter-Dolwig law allows the Department of Water Resources to review local groundwater management "projects," but funding provisions have been eliminated. *Id.* § 12923; *see also* 1961 Cal. Stat. 3315 (repealed by 1967 Cal. Stat. 969, 970). The Porter-Dolwig act's principal contribution was the preparation of a report issued in 1980 addressing groundwater problems. Bulletin 118-80, *supra* note 12; *see* Calif. Water Code § 12924 (mandating report). Other state legislation has included studies of groundwater conditions and use. *See, e.g.,* Cal. Water Code §§ 10825-26 (West 1992) (a survey of groundwater resources and uses is required as part of mandatory agricultural water management plans). And, the legislature has authorized funding for certain groundwater recharge projects. *See, e.g., id.* §§ 12925 to 12928.6.

180. Three examples of general legislation establishing classes of agencies with groundwater management include: 1) Groundwater replenishment districts. Cal. Water Code §§ 60000-60449 (West 1966 & Supp. 1993). Such districts have express authority to commence "actions and proceedings" to, *inter alia*, "prevent unlawful exportation of water from the district." *Id.* § 60230(g) (West Supp. 1993). The statutes do not address the circumstances constituting "unlawful exportation." 2) Water conservation districts. *Id.* §§ 74000 to 76501. These statutes authorize groundwater replenishment funded by groundwater management charges, *id.* at §§ 75500-75523, but the enabling statutes do not expressly mention groundwater export restrictions. 3) Metropolitan water districts. *Id.* §§ 71000 to 73001. These districts also have power to replenish groundwater and assess charges for groundwater pumping, *id.* §§ 71682 to 71689.6, but the enabling legislation does not directly address groundwater exportation.

181. For a discussion of one of these acts, the Sierra Valley Groundwater District Act, and its progeny, *see infra* notes 431-70 and accompanying text.

182. Cal. Water Code §§ 1215 to 1222 (West Supp. 1993).

183. Cal. Water Code § 1220 (a) (West Supp. 1993). The section defines "Sacramento and Delta-Central Sierra Basins" by reference to California Dep't of Water Resources, The



withstanding any other provision of law, a county board of supervisors whose county contains part of the combined Sacramento and Delta-Central Sierra Basins may adopt groundwater management plans to implement the purposes of this section."¹⁸⁴ The statute says nothing, however, about the elements of such a plan.¹⁸⁵

California Water Plan Outlook, Bulletin 160-74 (1974) [hereinafter Bulletin 160-74]. Bulletin 160-74, however, does not "define" these two basins; rather, it indicates on a map the general location of two "hydrologic study areas" bearing the same names. Bulletin 160-74, *supra*, at 3-4, 6. Thus, as the Department of Water Resources noted prior to the statute's enactment, "the bill technically applies to nothing." N. Waters, California Dep't Of Water Res., *Enrolled Bill Report A.B. 178 1* (1978) [hereinafter *Enrolled Bill Report*]; see also N. Waters, California Dep't Of Water Resources, *Bill Analysis A.B. 178 3* (1974) [hereinafter *Enrolled Bill Analysis*].

These technical flaws, and the host of unanswered questions raised below about the statute's scope, demonstrate that the counties have no monopoly on poor statutory drafting. They also temper hopes that the state legislature is more likely to produce a coherent groundwater plan than the sum total of efforts by individual counties. At the very least, even a poorly drafted state scheme would allow for greater consistency throughout the state, at least after judicial interpretation.

184. Cal. Water Code § 1220(b) (West Supp. 1993). It precludes the exercise of such powers, however, "within the boundaries of another local agency supplying water to that area without the prior agreement of the governing body of that other local agency." *Id.* § 1220(c).

Section 1220 imposes two additional requirements that greatly confuse the groundwater management planning process. Subsection (a) requires the appropriate county board of supervisors to consult with "affected water districts" before adopting a groundwater management plan. *Id.* § 1220(a). The same subsection also requires approval of such a plan by "a vote in the counties or portions of counties that overlie the groundwater basin." *Id.* These two provisions raise a host of unanswered questions, and might combine to make enactment of any groundwater management plan impossible.

The "consultation" requirement neither defines "district" nor indicates the statute's geographic reach. As to the definition of "district," does it apply only to local public agencies that supply water? As noted above, subsection (c) allows other local agencies who supply water to veto the enforcement of any such plan within the water supplier's service area. This veto power would seem to adequately protect these public agency water suppliers. Arguably, the consultation requirement should extend to any agency concerned with water management activities, such as flood control. Even if such other agencies lack a veto power under subsection (c), they may still be "affected" by the plan, and deserve consultation. As to the statute's geographic scope, does a county who wishes to manage groundwater under section 1220(b) have to consult only with those "affected districts" within the county itself? Arguably, a district in a different county that nevertheless overlies a different portion of the same aquifer might also be "affected" by a proposed groundwater management plan. Indeed, the consultation requirement's reach might extend even further, to any water district within the state that proposed to import groundwater, or surface water replaced by groundwater. To date, no court has addressed any of these requirements.

The "voting" requirement further confuses the statutory scheme. Assume that County A wishes to use its powers under section 1220(b). Further assume that Counties B through X also overlie a portion of the combined basins identified by section 1220(a). Who votes to approve the ordinance adopting the groundwater management plan? The statute seems to imply a public referendum. Do all registered voters in County A vote, or only landowners in County A? or only those voters (or landowners) who live in the portion of



Several circumstances may limit the otherwise broad reach of this statute. First, it does not apply to exports by either the federal Bureau of Reclamation or the state Department of Water Resources.¹⁸⁶ Second, the

the county that overlies the designated basins? Section 1220(a) refers to a vote "in the counties or portions of counties that overlie the groundwater basin." *Id.* § 1220(a) (emphasis added). Does that mean that citizens of the other 23 counties (*i.e.*, Counties B through X) also get to vote on County A's ordinance? To approve the plan, must a majority of eligible voters in *each* eligible county vote to approve it? If so, that would give any one county veto power over all the other counties' plans. Alternatively, will the ordinance pass if a majority of all voters (from all counties combined) vote to approve it? That would give the more populated counties the power to control the outcome.

During the legislative process, the Department of Water Resources noted some ambiguity in the voting requirement. Its report to the governor states: "[Section 1220] also requires the plan to be approved by one county board of supervisors, but there is no way of determining which one. This establishes a condition that cannot be met. These problems were called to the attention of the author's staff during the session." *See Enrolled Bill Report, supra* note 183, at 1.

These latter two points demonstrate the practical absurdity of allowing a vote on County A's groundwater management plan outside of County A. Indeed, in a letter urging the governor to sign the bill, the statute's principal author suggested that "*the county*" that proposed the ordinance would be the county that voted on it. Letter from Norman S. Waters, California Assemblyman, to George Deukmejian, Governor, California 1 (Sept. 5, 1984). "A local groundwater management plan adopted by ordinance by *the county* board of supervisors . . . and subsequently approved by a vote in *the county*." *Id.* (emphasis added). If this view were to prevail, the "portions of counties that overlie the groundwater basin" might simply mean that if a county overlies only part of the basin, it, too, may manage groundwater in that portion of the county that overlies the basin. *See* Cal. Water Code § 1220(c) (West Supp. 1993). If such a county only overlay a portion of the basin, under this narrower interpretation of the voting requirement, only those citizens who lived in the portion overlying the designated basins would be able to vote.

A glance at Bulletin 160-74 demonstrates that only ten counties entirely overlie the "combined Sacramento and Delta-Central Sierra Basins:" Shasta, Tehama, Butte, Plumas, Colusa, Sutter, Yuba, Yolo, Sacramento and Amador. Seventeen counties overlie a portion of the combined basins, but also overlie other "basins" (*i.e.*, "hydrologic study areas"): Modoc, Siskiyou, Glenn, Lassen, Sierra, Nevada, Alpine, Placer, El Dorado, Calaveras, San Joaquin, Stanislaus, Lake, Napa, Solano, Contra Costa, and Alameda.

185. *See* Cal. Water Code § 10753.7 (West Supp. 1993) (A.B. 3030 groundwater management plan legislation may include any of twelve specified elements).

186. Section 1215 exempts appropriations that are "subject to [Water Code] Section 11460." *Id.* § 1215. Section 11460 is part of the "Watershed Protection Act." *Id.* §§ 11460-11465 (West 1992). Section 11128 makes section 11460 apply to "any agency of the State or Federal Government which shall undertake the construction or operation of the [Central Valley Project]." *Id.* at § 11128. While the "Central Valley Project" often refers to only that portion of the massive dam and aqueduct empire constructed and operated by the Bureau of Reclamation, sections 11200-11295 demonstrate that "Central Valley Project" includes all the elements associated with both the Bureau's "CVP" facilities and the Department of Water Resources' "State Water Project" (SWP) facilities. *See id.* §§ 11200 to 11295.

Two possible interpretations of the interplay of this exemption and the other area of origin exemptions exist. First, in enacting sections 1215-1222, the legislature may have concluded that the state and federal projects were burdened enough by section 11460 to



legislation applies only "to a *water supplier* exporting or intending to export water for use outside a protected area pursuant to . . . groundwater appropriations initiated after January 1, 1985."¹⁸⁷ On its face, then, the statute apparently does not limit, or authorize limitation of, the transfers of groundwater out of the county of extraction for use in another county on land that is also within the same protected area.¹⁸⁸ Similarly, on its face, the legislation does not apply to "groundwater appropriations" that had been initiated before 1985. The undefined reference to "appropriations" creates confusion. If, on the one hand, the legislature used it

make undesirable additional restrictions. Alternatively, the legislature may have concluded that the restrictions of sections 1215-1222 duplicated the restrictions of section 11460, and thus *made unnecessary* the additional restrictions. Under this latter interpretation, section 11460 already prohibits groundwater export by the Bureau and Department. Under the former interpretation, no export bar exists directly, so long as the two projects do not deprive the watersheds of origin of the water they otherwise need.

An additional question arises from DWR's operation of the Drought Water Bank. To the extent the Water Bank transactions do not involve the use of SWP or CVP facilities to store or wheel water, then, arguably, sections 1215-1222 might apply and restrict the export of groundwater. For example, purchases from the Yuba County Water Agency could be sold to the City of San Francisco without use of SWP or CVP facilities. *See* Draft EIR, *supra* note 29, at xxv-xxvi. Two quick answers to this problem appear. First, so far, little actual groundwater has been pumped for the Drought Water Bank. *See supra* note 29. Second, all the Water Bank purchases collectively could be considered to create a unified pool of water inevitably stored or transported in part in some SWP or CVP facility.

187. Cal. Water Code § 1215 (West Supp. 1993) (emphasis added). The "protected areas" are those stream systems specifically identified in section 1215.5. *See id.* § 1215.5.

188. Thus, the statute would not bar the proposed transfer of water by the Colusa County farmers, *supra* note 30, from their Tehama County property to their Colusa County property as both parcels are within the same protected area.

Arguably, the statute also might not prohibit a transfer from within one protected area for use on land in *another* protected area. Section 1215 limits the legislation to export for use "outside a protected area." Cal. Water Code § 1215 (West Supp. 1993) (emphasis added). In this context, "a" protected area" is ambiguous. On the one hand, removal of groundwater from any one listed protected area involves use outside of *that* protected area. As such, the prohibitions would apply. On the other hand, however, groundwater transported from one protected area for use in *another* protected area is not being used outside of "a" protected area. Rather, the groundwater is simply being used outside of the original protected area. Under this interpretation, the export restrictions might not apply.

References to "a" protected area pepper the statutes. *See, e.g., id.* §§ 1215.6, 1216, 1218, 1219 and 1219.5. In section 1217(a), however, the legislature gives water users in "a protected area" the right to purchase from a water supplier who is intending to export water from "the" protected area. *Id.* § 1217(a) (emphasis added). Similarly, subsection (b) allows water users from "a" protected area to require a potential water exporter from "the" protected area to meet and negotiate a potential water supply contract. *Id.* § 1217(b) (emphasis added). Arguably, the legislature's use of "the" demonstrates that it knew how to specify a protected area when it so intended. Section 1217(d), however, blunts this conclusion. In that section, the legislature allows the proposed exporter from "a" protected area and the water users of "a" protected area to set up their negotiations as they choose. *Id.* § 1217(d). Thus, the legislature itself is inconsistent in its use of "a" and "the."



generically to refer to any groundwater *extractions*, the statute would exempt *all* pre-1985 extractions from the export restrictions.¹⁸⁹ On the other hand, the legislature might have used "appropriations" in a traditional legal sense to distinguish overlying from nonoverlying uses. Under such an interpretation, a pre-1985 nonoverlying use would appear exempt from the export restrictions. Post-January 1, 1985, conversions to non-overlying use of pre-existing extractions made under overlying rights would appear to be within the export restrictions.¹⁹⁰ Finally, the statute does not define "water supplier." On the one hand, this might apply to any one who diverts or extracts groundwater. On the other hand, it might apply only to an organization or entity proposing to *sell* water.¹⁹¹

An additional aspect of the legislation's scope also requires clarification. As noted above, section 1220 requires the relevant groundwater export pumping to be "in compliance with [an adopted] groundwater management plan."¹⁹² The legislation does not directly address the effect on potential exports of a county's failure to adopt a groundwater management plan. On the one hand, if no such management plan exists, exports are not *not in compliance*. If there is no such plan, then there is nothing with which to comply. Such an interpretation would appear to allow exports until such time as a county enacts an applicable management plan.¹⁹³ On the other hand, the statute arguably bans all export

189. Of course, common law may otherwise limit an overlying owner's ability to sell groundwater for use off basin. See *supra* notes 155-64 and accompanying text.

190. The legislative history sheds no light on the meaning of "appropriations."

191. Under this narrower interpretation, the statute would not bar export from land owned by one owner for use outside the protected area on land also owned by that same overlying owner. Support for this narrower reading comes from the subsequent definition of "water user or users." Section 1215.6 states: "For the purposes of this article, 'water user or users' within a protected area means an appropriator or appropriators, a riparian user or users, or a groundwater user or users of water on land owned or controlled by them within a protected area." Cal. Water Code § 1215.6 (West Supp. 1993). By separately defining "water user" without reference to "water suppliers," arguably the legislature intended the two terms to have different meanings.

In its "Bill Analysis," DWR concluded that "[t]he only likely agencies that would be brought under the law are the East Bay Municipal Utility District, City of San Francisco and Los Angeles Department of Water and Power when they seek new permits." *Enrolled Bill Analysis*, *supra* note 183, at 2.

192. Cal. Water Code § 1220(a) (West Supp. 1993).

193. More precisely, such an interpretation would mean that section 1220 does not itself independently restrict groundwater exports. Several counties have argued that their inherent police powers support groundwater export restrictions. See, e.g., Rossmann & Steel, *supra* note 18, at 933-50 (arguing that the Inyo County groundwater management ordinance, restricting exports without permits, is within the county's police power). To date, while no California appellate court has addressed the matter, the three state trial courts that have considered the matter have not upheld these claims. See *supra* note 42 (noting decisions on exporting in Inyo, Nevada, and Tehama counties).



pumping *until* authorized by an appropriate management plan. Only after such a plan's enactment would export pumping "comply."¹⁹⁴

In 1991 and 1992, the legislature expanded its generic authorization of groundwater management plans beyond the local agencies permitted to act by section 1220. In 1991, it enacted A.B. 255.¹⁹⁵ That statute allowed specified "local agencies" in the 11 basins identified as "critically overdrafted" to adopt "programs for the management of groundwater resources" within their service areas.¹⁹⁶

In 1992, with A.B. 3030, the legislature repealed A.B. 255.¹⁹⁷ In its place, the legislature extended the authorization to enact "groundwater management programs"¹⁹⁸ to specified local agencies in *all* major groundwater basins within the state.¹⁹⁹ The statute applies to those

194. A review of the statute's legislative history supports this latter interpretation. For example, a bill analysis prepared by the staff of the Assembly Water, Parks, and Wildlife Committee stated: "This bill would prohibit the extraction and export of Sacramento Valley groundwater unless there is a groundwater management plan adopted by the Board of Supervisors." Assembly Water, Parks & Wildlife Committee, *Staff Report: A.B. 178 1* (1984); *see also id.* at 2 (uncertain whether measure will encourage local planning). Cf. *Enrolled Bill Analysis, supra* note 183, at 1-2; Letter from Jim Nielsen, State Senator, to Norm Waters 1-2 (Mar. 26, 1984) 1-2 (inability to obtain agreement among overlying counties will preclude all groundwater export).

195. Cal. Water Code §§ 10750-10767 (repealed 1992).

196. Cal. Water Code §§ 10750-10752 (repealed 1992). The statute provided absolutely no legislative guidance about the features of such "programs."

197. Law of Sep. 26, 1992, ch. 947, § 1 [hereinafter A.B. 3030]. Portions of A.B. 3030 allow continuation of plans initiated under A.B. 255. A.B. 3030, *supra* (adding § 10750.9 to the California Water Code).

198. A.B. 3030 defines a "groundwater management program" as: "a coordinated and ongoing activity undertaken for the benefit of a groundwater basin, or a portion of a groundwater basin, pursuant to a groundwater management plan adopted pursuant to this part." Cal. Water Code § 10752(e) (West Supp. 1993). It defines a "groundwater management plan" as "a document that describes the activities intended to be included in a groundwater management program." Cal. Water Code § 10752(d) (West Supp. 1993).

199. A.B. 3030, *supra* note 197 (adding Cal. Water Code § 10753). The legislation excludes two types of basins and one type of well. First, it excludes any portion of any basin "that is subject to groundwater management by a local agency or a watermaster pursuant to other provisions of law . . . unless the local agency or watermaster agrees...[to be subject to a new plan]." Cal. Water Code § 10750.2(b) (West Supp. 1993). Second, it exempts any basin "in which the average well yield is less than 100 gallons per minute." *Id.* Finally, except in critically overdrafted basins, it excludes groundwater extraction facilities that are "used to provide water for domestic purposes to a single-unit residence (and any additional authorized attached dwellings)." Cal. Water Code § 10755.4 (West Supp. 1992).

The statute specifies two classes of "local agencies" authorized to undertake "groundwater management programs." First, it expressly defines "local agencies" as: "any local public agency that provides water service to all or a portion of its service area." *Id.* § 10752(g). Second, it also allows other "local public agencies" that do not meet the criteria of section 10752 (g) also to undertake such programs if: a) "water service is not provided by a local agency", and b) "[t]he local public agency provides flood control, groundwater



"groundwater basins" as defined by the Department of Water Resources in Bulletin 118-75.²⁰⁰ Like A.B. 255 "programs," A.B. 3030 programs have no mandatory requirements.²⁰¹ Rather, the statute specifies twelve provisions that such a program *may* contain.²⁰²

quality management, or groundwater replenishment." *Id.* § 10753(b)1-2.

These definitions would thus not authorize a *county* to manage groundwater unless that county either provided water service itself, or, in some circumstances, provided flood control, groundwater quality management, or groundwater replenishment. The statute only authorizes county management in the latter instances if no other local public agency supplies water service within the groundwater basin.

The statute addresses some of the problems of overlapping jurisdictions. In critically overdrafted groundwater basins, "a local agency may not manage groundwater [under A.B. 3030] within the service area of another local agency without the agreement of that other entity." *Id.* § 10750.8. In basins that are not critically overdrafted, a local agency that seeks to regulate groundwater must get the approval not only of any other local agency, but also of any "water corporation regulated by the Public Utilities Commission, or a mutual water company." *Id.* § 10750.7.

In addition, it promotes "coordinated" basin planning where multiple empowered agencies have jurisdiction over a portion of the basin. *See id.* §§ 10750, 10752(e), 10755.2(a), 10755.3 (noting respectively, interagency cooperation encouraged, "program" defined as a "coordinated . . . activity", a coordinated plan intended, and empowered agencies with jurisdiction meet annually).

200. By limiting the management powers to *DWR identified* groundwater basins, the statute does not authorize regulation of groundwater resources not formally identified as "basins." For example, some fractured rock groundwater in mountain regions would escape regulation.

201. For a time during the 1992 session, the legislature was considering a bill that would have created the "California Groundwater Management Act." *See* S.B. 867 (1992) (as amended Jul. 29, 1992). This bill would have established general duties and responsibilities of groundwater management districts. *See* Assembly Committee on Local Government, Digest-S.B. 867, 1 (1992). These powers would have included, *inter alia*: 1) imposition of well spacing requirements and well operation regulations; 2) export restrictions, including a permit; 3) well registration requirements; 4) and extraction fees. *Id.* at 1-3. Ultimately, the legislature removed the sweeping, state wide provisions, and passed the bill as special legislation creating the Glenn County Groundwater Management District. S.B. 867 (1992) (version enacted). Governor Wilson, however, vetoed both that bill and S.B. 207, a substantially identical, subsequently enacted bill that removed a provision that had earlier offended the Governor. *See* Governor Pete Wilson to the California Senate Members, letter of Oct. 26, 1992, vetoing S.B. 207; *see also infra* note 469; *see also* A.B. 3030, *supra* note 197 (as amended in Assembly April 20, 1992, requiring four components of all groundwater management plans).

202. Cal. Water Code § 10753.7 (West Supp. 1993). The express list includes: 1) saltwater intrusion control; 2) wellhead protection and recharge area management; 3) contaminated groundwater migration control; 4) well abandonment and destruction management; 5) overdraft mitigation; 6) groundwater replenishment; 7) groundwater levels and storage monitoring; 8) conjunctive use facilitation; 9) well construction policy identification; 10) authorization of projects for groundwater contamination cleanup, recharge, storage, conservation, water recycling and extraction; 11) development of relationships with state and federal agencies; and 12) land use planning coordination. *Id.*



On its face, A.B. 3030 does not directly authorize groundwater export controls. Arguably, such provisions are a component of a groundwater management programs.²⁰³ Section 10753.7 (k) authorizes the appropriate local agencies to "mitigate conditions of overdraft."²⁰⁴ "Mitigation" can mean "to lessen in severity or burden."²⁰⁵ Reduction of export pumping could be one component of an effort "to lessen [the] severity or burden" of overdraft.²⁰⁶ Moreover, section 10753.8 implicitly allows an authorized agency to "limit or suspend extractions" when that agency "has determined through study and investigation that groundwater replenishment programs or other alternative sources of water supply have proved insufficient or unfeasible to lessen the demand for groundwater."²⁰⁷ Finally, section 10754 extends the powers of water replenish-

203. Some authority, however, implicitly supports a conclusion that A.B. 3030 districts have no export restriction authority. In the few special district acts that have expressly created local regulatory bodies with authority over groundwater export, the legislature has placed groundwater export provisions and groundwater management provisions in separate sections. *See infra* notes 434-60 and accompanying text (discussing Sierra Valley Groundwater Basin Act); Cal. Water Code-App. §§ 119-706 to 119-709.7, 119-702 (West Supp. 1993) (addressing export management and general management powers). The close proximity of these sections only weakly supports a distinction between export and management authorities. Equally plausible is an interpretation that has export restrictions merely one instance, albeit one described in detail, of management powers. Supporting this conclusion is the district's name: the Sierra Valley Groundwater Management District. The export restrictions are thus simply one of this groundwater *management* district's *management* powers.

204. Cal. Water Code § 10753.7(e) (West Supp. 1993).

205. Ballentine's Law Dictionary 808 (1969). *Cf.* Cal. Code Regs. tit. 14 § 15370 (1990) (CEQA guidelines definition of "mitigation").

206. If groundwater export controls are proper components of overdraft mitigation exports, an additional question arises. Can the appropriate local public agencies enact a groundwater management program that *only* contained an export ban? Section 10753.7 does not mandate any particular component or set of components that such a plan must contain. Similarly, even if such an export ban were a "plan," A.B. 3030 does not appear to validate retroactively groundwater export ordinances that counties passed prior to the statute's enactment. *See* Cal. Water Code §§ 10750.9, 10753.2 to 10753.6 (West Supp. 1993).

207. Cal. Water Code § 10753.8(c) (West Supp. 1993). The authorization is only implicit since the section begins: "[n]othing in this part shall be construed as authorizing the local agency to limit or suspend extractions *unless* [the agency makes the two required determinations]." *Id.* (emphasis added).

Section 10753.8 (b) states that A.B. 3030 does *not* authorize a local agency "to make a binding determination of the water rights of any person or entity." *Id.* § 10753.8 (b) (emphasis added). Superficially, an appropriator whose export use was curtailed under a groundwater management scheme might seek some solace under this provision. Most likely, however, it provides little comfort. A.B. 3030 authorizes local regulation of rights otherwise created under state law. Section 10753.8 (b) merely negates any suggestion that A.B. 3030 bestows *adjudicative* powers over the scope and acquisition of state created rights. The entire scheme, however, expressly grants *legislative* powers to the identified local agencies. It is in the exercise of such legislative powers that the local agencies can restrict the state created



ment districts to public agencies who adopt groundwater management plans under A.B. 3030.²⁰⁸ "For the purposes of replenishing the groundwater supplies within the district, a [water replenishment] district . . . [may] conserve water within or outside of the district."²⁰⁹ Arguably, such "conservation" powers authorize an export ban. Moreover, as noted above, water replenishment districts also may "commence, maintain, intervene in, defend and compromise . . . any and all actions and proceedings . . . to prevent the unlawful exportation of water from the district."²¹⁰

The 1992 legislative session saw one additional law addressing groundwater export and local groundwater management plans. In A.B. 2897, the legislature addressed water users who replaced transferred surface waters with groundwater.²¹¹ In adding section 1745.10 to the

rights. A consideration of the constitutionality of such a grant of power, or the compensability under the takings clause of any appropriative rights curtailed as a result of the exercise of such power, is beyond the scope of this article.

208. Cal. Water Code § 10754 (West Supp. 1993).

209. *Id.* § 60230(f).

210. *Id.* § 60230(g). As previously noted, nothing in the water replenishment district act defines "unlawful exportation of water." *See supra* note 180.

211. *See* Cal. Water Code §§ 1745 to 1745.11 (West Supp. 1993). As noted above, many of the environmental effects of such replacement pumping are identical to the effects of outright pumping for export. *See supra* note 29. Since groundwater is pumped from the basin, overdraft related problems may well be exacerbated. Some differences in the scope and type of harms from such replacement pumping may reduce somewhat the magnitude of problems when compared with the potential from literal pumping for export. First, some return flows will percolate back to the aquifer from the replacement pumping, whereas no such return flows will percolate back from an outright export. By itself, this distinction goes only to the question of the quantification of the right to transfer groundwater out of a basin.

A second difference has also been raised by some, such as the noted Sacramento attorney George Basye. Mr. Basye argues that replacement water users are limited in the amount of water they will pump from the basin by the overlying uses to which they will apply the water. Remarks of George Basye, CLE International, California Water Law Conference, San Francisco, California (March 18, 1993). For example, a farmer who transfers entitlements to 1,000 acre-feet of surface water that would normally irrigate a 250 acre parcel is only going to pump 1,000 acre-feet from the basin to irrigate that same parcel. In contrast, he argues, no such practical limitations restrict the pumper for export. Only the capacity of the literal export pumper's wells would limit its ability to remove groundwater out of the basin.

This second distinction seems only a matter of degree, and not of true difference. If the replacement water use is long enough and widespread enough, it seems perfectly able to have the same long-term environmental consequences as true export pumping. The main difference between pure export pumping and replacement pumping seems to lie not in the ability of the two schemes to overdraft a basin, but in the local economic consequences of such depletion. Replacement pumping does keep local agro-economies operating. Pure export pumping does not necessarily guarantee the economies at the water source that locally circulating dollars will replace the waters overdrafted from the basin. The concerns about local third party effects of water transfers demand attention. The attention, however,



Water Code, the legislature prohibited such replacements "unless the groundwater use is either (a) Consistent with a groundwater management plan adopted pursuant to state law for the affected area. (b) [or, if no such plan exists, the replacement is] [a]pproved by the water supplier from whose area the water is to be transferred."²¹² In the latter instance, the water supplier must determine that the "transfer will not create, or contribute to, conditions of long-term overdraft in the affected groundwater basin."²¹³ By its own terms, A.B. 2897 does not authorize groundwater management authority; rather, it refers only to plans adopted pursuant to other, unspecified "state laws."²¹⁴

IV. COUNTY ORDINANCES: A SURVEY

Given the lack of state attention to groundwater regulation, much of the development of the law in this area has occurred as a result of local legislative efforts. A survey of these efforts serves at least two purposes.²¹⁵ First, as noted above, the legislature has recently and increasingly granted express authority for counties and other local bodies to regulate groundwater. The extent crop of ordinances, even if preempted completely or partially, nevertheless will likely serve as the models for the new ordinances likely to be budding under A.B. 3030 and its progeny. Several important lessons in legislative drafting can be learned from the current ordinances. Second, the survey leads to some

should be as part of a coherent state plan to use resources wisely, and not to balkanize or erect underground Berlin walls against the possibility of *any* groundwater export.

212. Cal. Water Code § 1745.10 (West Supp. 1993).

213. *Id.*

214. It is unclear whether A.B. 2897, like Water Code § 1220, is a disincentive to enacting a groundwater management plan in an area that is opposed to groundwater exports. As noted above, Water Code § 1220 purports to ban groundwater exports until a water plan exist. *See supra* note 183 and accompanying text. Thus, if an area of origin is opposed to any exports, section 1220 gives such an area an incentive not to enact a plan. Similarly, the first subsection of section 1745.10 gives an area of origin a similar disincentive to enact a plan that would authorize such replacement pumping. The second subsection, however, tempers this disincentive by allowing the surface water supplier to authorize replacement pumping even without going to the trouble (and potential controversy) of enacting a groundwater management plan.

The interaction of A.B. 2897 and A.B. 3030 is not addressed directly by either statute. Presumably, in most instances, the "water supplier" addressed in A.B. 2897 will also be a "local public agency" within the meaning of A.B. 3030.

215. To obtain the materials discussed in this section, the author surveyed the county counsels for all 58 California Counties. The survey asked whether a given county has had, now had, or is considering a groundwater export ordinance or policy statement. Of the 58 counties, 43 responded. The author appreciates the survey respondents' efforts in bringing several useful matters to his attention.



conclusions about the overall coherence and wisdom of the state's slow motion progress towards groundwater management.

The counties surveyed represent three distinct regions: five predominantly lie in the groundwater rich Sacramento Valley,²¹⁶ two lie in the Eastern Sierra,²¹⁷ and the last lies in the southern desert.²¹⁸ Of these eight counties, six still have ordinances on the books: Butte, Glenn, Imperial, Modoc, Sacramento and Tehama.²¹⁹ The two remaining counties, Nevada and Inyo, have ordinances that are no longer enforced as a result of settlements of litigation.²²⁰ For convenience, the article discusses the ordinances in the approximate order of their enactment.

A. Imperial County: The Original Groundwater Export Ordinance

As part of a long and tortuous effort to restrict groundwater exports from Imperial County to Mexico,²²¹ in 1972, Imperial County enacted the first county ordinance restricting groundwater export.²²² Over twenty years later, the ordinance remains on the books, although its

216. These five counties include Butte, Glenn, Modoc, Sacramento, and Tehama. See Bulletin 160-74, *supra* note 183, at 6 (dividing state into 11 Hydrologic Study Areas).

217. These two include Nevada and Inyo Counties. See Bulletin 160-74, *supra* note 183, at 6.

218. The desert county is Imperial County. See Bulletin 160-74, *supra* note 183, at 6.

219. Butte County, Cal., Code ch. 33 (Supp. 1978); Glenn County, Cal., Code ch. 20.04 (1991); Imperial County, Cal., Code §§ 56300-56315 (1978); Modoc County, Cal., Code ch. 13.08 (1978); Sacramento County, Cal., Code § 15.08.095 (1980); Tehama County, Cal., Code title 9, ch. 9.40 (1992). The Tehama County ordinance was recently invalidated in *Myers v. County of Tehama*, No. 18498 (Tehama County Super. Ct. Aug. 8, 1993). See also *infra* note 223 (Imperial County seeking special district legislation).

220. Inyo County, Cal., Code ch. 7.01 (1980) (added by Referendum Measure A); Nevada County, Cal. Land Use And Development Code, ch. X, art. 6 (1988). After the trial court struck down the Nevada County ordinance, the Nevada County Board of Supervisors, sitting in their capacity as head of the Nevada County Water Agency, enacted a virtually identical ordinance. See *infra* note 380.

221. See *County of Imperial v. McDougal*, 564 P.2d 14, 16, *application denied*, 434 U.S. 899, *appeal dismissed*, 434 U.S. 944 (1977) (for want of substantial federal question); *Munoz v. County of Imperial*, 604 F.2d 1174, 1175 (9th Cir. 1979), *cert. granted*, 445 U.S. 903, *judgment vacated*, 449 U.S. 54 (1980), *on remand*, 636 F.2d 1189 (9th Cir.), *on remand*, 510 F. Supp. 879 (S.D. Cal. 1981), *aff'd*, 667 F.2d 811 (9th Cir.), *cert. denied*, 459 U.S. 825 (1982).

222. Imperial County, Cal., Ordinance No. 432 (Nov. 21, 1972). Section 2 of Ordinance No. 432 added Chapter 2 ("Ground Water Appropriations") to Division 6, Title 5 of the Codified Ordinances of Imperial County. *Id.* § 2. In 1978, Imperial County renumbered the chapter to Chapter 3. Imperial County, Cal., Ordinance No. 669, § 2 (Nov. 21, 1978).

Ordinance No. 432 replaced a similarly titled chapter that had been added by Ordinance No. 420 only four months before Ordinance No. 432's enactment. Imperial County, Cal., Ordinance No. 420 (July 18, 1972). Because the scheme set up under Ordinance No. 420 was so short lived, and largely incorporated into the scheme set up under Ordinance No. 432, the article focuses solely on Ordinance No. 432.



immediate future looks dim.²²³ Like the later ordinances from other counties that also address groundwater export, the Imperial ordinance makes findings,²²⁴ defines terms,²²⁵ and establishes a permit process affecting some water exporters.²²⁶

1. Findings and Definitions

The ordinance's initial section first notes the importance of groundwater to portions of arid Imperial County.²²⁷ It then announces its principal concern: protection of the local water supply from "overdrafts."²²⁸ It concludes strongly: "[t]he Board intends that the right to appropriate water should be denied or limited where there is substantial evidence of overdraft."²²⁹

After announcing its concern with overdraft, the Imperial ordinance then defines ten terms.²³⁰ Five of these terms are crucial to understanding the ordinance's substantive provisions. First, it defines the ordinance's central concern, "overdraft," as "any draft of water from the groundwater basin in excess of the safe yield of the basin."²³¹ It then defines two components of "overdraft:" "groundwater basin" and "safe yield."

223. Imperial County is currently reviewing possible state legislation that would create an Imperial County Groundwater Management District. Letter from Joanne L. Yeager, Assistant County Counsel, County of Imperial, to Brad Epstein, Legal Research Assistant (Oct. 8, 1992). The district's boundaries would be coextensive with the county's boundaries. *Id.*; see Imperial County Groundwater Management Act § 102 (Feb. 20, 1992) (draft). The possible legislation draws extensively from the Sierra Valley Groundwater Management District Act, Cal. Water Code-App. §§ 119-101 to -1301 (West Supp. 1992), and the Mono County Tri-Valley Groundwater Management District Act, Cal. Water Code-App. §§ 128-1 to -901 (West Supp. 1992). See *infra* notes 434-60 and accompanying text.

224. Imperial County, Cal., Codified Ordinances § 56200 (1972) (amended 1978). See *infra* notes 227-29 and accompanying text.

225. Imperial County, Cal., Codified Ordinances § 56201 (1972) (amended 1978). See *infra* notes 230-53 and accompanying text.

226. Imperial County, Cal., Codified Ordinances §§ 56202-56212 (1972) (amended 1978). See *infra* notes 254-59 and accompanying text.

227. *Id.* § 56200.

228. *Id.* Section 56200 also announces an intent to "gather and analyze data so as to understand the effects of water appropriations on particular water basins and surrounding areas." *Id.*

229. *Id.*

230. *Id.* § 56201.

231. *Id.* § 56201(0). The ordinance does not separately define "draft."



The ordinance defines "groundwater basin" as: "a water aquifer or series of interrelated aquifers located in the County of Imperial."²³² It defines "safe yield" in detail:

the amount of groundwater which can be withdrawn from a basin or series of interconnected basins annually without producing harmful effects on the supply in the basin. Specifically, safe yield is the amount of water which can be withdrawn without either:

- (1) Exceeding in any calendar year the long-term mean annual water supply of the basin (considering all sources of recharge and withdrawal);
- (2) Lowering water levels so as to make further drilling of water wells for local beneficial purposes uneconomical;
- (3) Causing water pumped from the basin to deteriorate below drinking water standards;
- (4) Violating water rights or restrictions in pumpage in the groundwater basin as established by court adjudication or applicable state or federal law.²³³

In several ways, the Imperial definition of "overdraft," as clarified by "groundwater basin" and "safe yield," leaves much less confusion than later versions adopted in other counties.²³⁴ As noted above, "safe yield" is a hydrologically mushy and legally vague term that invites subjective interpretations.²³⁵ The Imperial definition restricts the range of subjectivity in several ways. Most importantly, it specifies four categories of "adverse effects" that indicate that "safe yield" has been exceeded. In addition, the first of the four alternative "safe yield" criteria both provides an explicit time period in which to compare extractions and recharge, and quantifies the standard to be applied during the comparison.²³⁶ In addition, the second "safe yield" criterion qualitatively equates "overdraft" with an inability to drill wells *economically* for "local beneficial uses."²³⁷

232. *Id.* § 56201(a). Unlike most of the subsequent ordinances, the Imperial ordinance does not separately define "aquifer" or "interrelated aquifers." In Bulletin 118-75, the California Department of Water Resources identifies 16 "groundwater basins" located entirely or partially in Imperial County. Bulletin 118-75, *supra* note 1, at 95. Of these, ten cross county boundaries. See Bulletin 118-75, *supra* note 1, at 85.

233. Imperial County, Cal., Codified Ordinances § 56201(E) (1972) (amended 1978).

234. See, e.g., *infra* notes 271 & 407, and accompanying text.

235. See *supra* notes 89-109 and accompanying text.

236. The "time period" for "extractions" is a "calendar year;" the time period for "recharge" is also "annual," but as quantified by the "long-term mean annual water supply." Imperial County, Cal., Codified Ordinances § 56201(e) (1972) (amended 1978).

237. *Id.* In contrast, the Butte, Glenn, and Tehama ordinances' vaguer "safe yield" criteria speak only of long term declines in water levels leading to depletion. See *infra* notes 271, 325, 407, and accompanying text.



Of course, these definition are not entirely precise. For example, the ordinance does not further indicate the length of the "long-term" used for computing the "long-term mean annual water supply."²³⁸ Similarly, the ordinance does not further define "uneconomical." Perhaps most importantly, the "groundwater basin" definition does not precisely address the problem of multiple county groundwater basins. The ordinance applies to "a water aquifer . . . located in the County of Imperial."²³⁹ Ten aquifers, however, underlie both Imperial and some other county.²⁴⁰ For these ten aquifers, the ordinance does not determine whether the "overdraft" definition looks only to the Imperial County portion of the extraction and replenishment figures, or includes *all* sources of extraction and replenishment in the aquifer, both within and without Imperial County.

The biggest uncertainty created by the "safe yield" definition comes from the second alternative's reference to "local beneficial purposes." By itself, this term raises uncertainty about the scope of "local."²⁴¹ More significantly, however, is its apparent allusion to the separately defined "beneficial local use."²⁴² That definition, in turn, opens the door to the largest area of confusion created by the Imperial scheme.

The ordinance defines "beneficial local use" as: "the use of water pumped or flowing from any water well *within a defined 'area of influence.'*"²⁴³ Fortunately, the ordinance separately defines "area of influence" as: "that area within Imperial County in which either the production, diversion, or use of water *affects or is affected by, the natural available supply* of said area."²⁴⁴ Unfortunately, the ordinance gives little hint about what the italicized portion of the definition means.²⁴⁵ Even

238. Ultimately, the length of the period for which water supply records existed would likely provide the broadest measure of "long-term mean annual water supply." If suspected inaccuracies, data gaps, or other record anomalies existed, a shorter period might properly be used.

239. Imperial County, Cal., Codified Ordinances § 56201(a) (1972) (amended 1978).

240. See *supra* note 232.

241. It appears also to incorporate the "beneficial use" limitation of water appropriation law. To perfect and maintain an appropriation, water must be put to "a beneficial use." See, e.g., Hutchins, *supra* note 111, at 135. While not entirely free from imprecision itself, the "beneficial use" limitation is well established in case law. *Id.* It is generally applied very broadly, to refer to a non-wasteful use of water. The requirement is also restated in the 1928 amendment to the state Constitution. Cal. Const., art. X, § 2.

242. Imperial County, Cal., Codified Ordinances § 56201(i) (1972) (amended 1978). Literally, "safe yield" refers only to "local beneficial purposes," *not* to "beneficial local uses." As no meaningful distinction between these two phrases readily appears, they seem synonymous.

243. *Id.* § 56201(i) (emphasis added).

244. *Id.* § 56201(b) (emphasis added).

245. The county apparently borrowed the term from the "Stipulation for Judgment" filed August 11, 1970. See *Stipulation for Judgment, Mojave Water Agency v. Abbey*, Civil Nos. 130759 & 152413 (Cal. Super. Ct. San Bernardino County June 7, 1976) [hereinafter, *Stipulated*



more unfortunately, understanding the "area of influence" definition is critical to understanding the definition of "appropriation."²⁴⁶ The ordinance defines "appropriation" as: "causing or permitting of [sic] water pumped or flowing from a water well to be used or sold for uses *outside of a defined 'area of influence.'*"²⁴⁷ Since only an "appropriation" triggers the need for a permit, the entire permit scheme turns on the meaning of "area of influence."²⁴⁸

The elusive definition identifies six different circumstances that might define "area of influence." The definition first distinguishes "affects . . . the natural available water supply" from "is affected by the natural available supply." Either of these two circumstances, in turn, may be caused by three factors: "production, diversion or use of water." In combination, six permutations result.

Assuming that groundwater pumping is water "production," how might such pumping "affect" the water supply in a given area? At the very least, by removing water from the aquifer, the water removed is no longer available in that aquifer as a supply to others.²⁴⁹ Thus considered broadly, the "area of influence" would be the entire aquifer. Under such a definition, someone who wished to use the water outside of the land overlying the aquifer would be an appropriator who required a permit.

If this were the only plausible interpretation, the "appropriation" definition would merely codify the common law distinction between overlying and nonoverlying users. If that were what were intended, it would have been much cleaner to simply use those terms.²⁵⁰ The failure

Judgment]. See A. Schneider, *supra* note 59, at 26-27. Exhibit 1 to that Stipulated Judgment defines "area of influence" as: "that area within the Mojave Water Agency which is contiguous to the Mojave River and in which either the production, diversion or use of water affects or is affected by the natural available supply of the Mojave River system." *Stipulated Judgment, supra*, at 4, (quoted in A. Schneider, *supra* note 59, at 27 n.110). Unlike the Imperial ordinance, however, the *Stipulated Judgment* grounded its definition with two additional exhibits, one map and one 50 page legal description of the precise area constituting the "area of influence" of the Mojave River. *Stipulated Judgment, supra*, at 6. Thus, the complete definition of "area of influence" in the *Stipulated Judgment* begins "the area shown on Exhibit A and described in Exhibit B." *Stipulated Judgment, supra*, at 6. Unfortunately, the Imperial County ordinance does not also contain a map or legal descriptions of the "area of influence" addressed therein.

246. Imperial County, Cal., Codified Ordinances § 56201(g) (1972) (amended 1978).

247. *Id.* § 56201(g) (emphasis added).

248. Section 56202 prohibits appropriation from a water well without a permit. *Id.* § 56202.

249. To be more precise, the portion of the pumped water that is consumed or evaporated, and does not recirculate to the aquifer, is removed from the supply.

250. Other counties have also struggled with imprecise geographic distinctions between classes of groundwater extractors. See Nevada County, Cal., Land Use And Development Code § L-X 6.2(D) (1988) ("export of groundwater."); see also Cal. Water Code Append. § 119-709.7 (West Supp. 1993) (distinguishing between overlying users, nonoverlying but in district users, and exporters in Sierra Valley Groundwater Management District).



to use "overlying" and "nonoverlying" within the ordinance suggests alternative definitions. For example, an "area of influence" narrower than the entire aquifer might be only that portion of the aquifer where pumping produces immediately perceptible effects. The land surface above a well's "cone of depression"²⁵¹ might circumscribe the "area of influence" immediately impacted by water extraction. Under such a narrow definition of "area of influence," any one who pumped water for use beyond the cone of depression would need a permit. Alternatively, a definition broader than "land overlying an aquifer" could be supported by the reference in the findings to the county's desire "to understand the effects of water appropriations on particular water basins *and surrounding areas*."²⁵²

Full analysis of the range of interpretations between "cone of depression" and "land overlying the aquifer," or beyond, is beyond the scope of this article. "Area of influence," as defined so vaguely by the Imperial Ordinance, exemplifies an extremely imprecise standard that has no basis in law or hydrology.²⁵³

2. Substantive Provisions

As noted already, the Imperial ordinance requires "appropriators," as defined in the ordinance, to get a permit.²⁵⁴ The applicant must provide, at its own cost, specified extraction data.²⁵⁵ In reaching its permit decision, the county Public Works Director must consider three matters: 1) the basin's geology and hydrology; 2) the effects of past and current appropriations; and 3) zoning and land use regulations.²⁵⁶ The ordinance allows for inspection.²⁵⁷ It also allows residents or property owners within the "area of influence" to appear and object to the permit application.²⁵⁸ Finally, the ordinance exempts "political subdivisions,

251. For a discussion of "cone of depression," see *supra* notes 82-85 and accompanying text.

252. Imperial County, Cal., Codified Ordinances § 56200 (1972) (amended 1978) (emphasis added).

253. Portions of the ordinance imply that the County Board of Supervisors might determine "area of influence" by resolution. Cf. *id.* §§ 56201(g), (i) (noting "defined area of influence") (emphasis added). See *id.* § 56214 (Board resolutions to determine chapter's applicability). This suggestion begs the question: what criteria will the Board use in making that determination?

254. The ordinance exempts then existing and otherwise lawful appropriators. *Id.* § 56202.

255. Section 56203 requires the applicant to furnish, inter alia, proposed well location, extraction amounts, extraction purposes, places of use, and required hydrological data. *Id.* § 56203.

256. Imperial County, Cal., Codified Ordinances § 56204 (1972) (amended 1978).

257. *Id.* § 56205. Inspection includes the right to make water level tests and chemical analyses. *Id.*

258. *Id.* § 56210.



public entities [and] agencies formed pursuant to the provisions of the State Water Code."²⁵⁹

B. Butte, Glenn & Modoc Counties: Three Sacramento Basin Counties Respond to the 1976-77 Drought

The next three counties to pass groundwater export ordinances were all primarily located in the groundwater rich, largely rural, Sacramento Valley. In the summer of 1977, and within just two weeks of each other, both Butte and Glenn Counties responded to the 1976-77 drought with substantially similar groundwater export ordinances.²⁶⁰ Just six months later, in early 1978, Modoc County enacted its ordinance.²⁶¹ All three ordinances remain on the books, although Modoc and Glenn have recently amended their ordinances.²⁶² In addition, Glenn County recently sought express state legislation to create its own groundwater management district.²⁶³ The Butte, Glenn and Modoc ordinances have influenced both the recent Tehama County ordinance and a draft ordinance Sutter County circulated in 1992.²⁶⁴ Both the Butte and the Glenn ordinances, however, have substantial flaws that make them ill equipped as models for future legislation. In contrast, the less ambitious Modoc ordinance avoids some of the problems plaguing Butte and Glenn.

1. Butte County

The structure of the Butte County ordinance typifies the Sacramento Basin counties' ordinances.²⁶⁵ Like most of its counterparts, the Butte County ordinance contains: 1) legislative findings; 2) definitions; 3) prohibitions on groundwater mining; and 4) a permit requirement.

As its legislative findings, the ordinance notes that groundwater raises both general "health, welfare and safety" concerns and specific

259. *Id.* § 56212.

260. Butte County, Cal, Ordinance No. 1859 (Aug. 23, 1977) (codified at Butte County, Cal., Code, §§ 13.08010-0.70 (1991)); Glenn County, Cal., Ordinance No. 672 (Sept. 6, 1977) (codified at Glen County, Cal., Code §§ 20.04010-.0460 (1991)).

261. Modoc County, Cal., Ordinance No. 255 (Mar. 6, 1978).

262. Modoc County, Cal., Ordinance No. 255-A, § 1 (1987); Glenn County, Cal., Ordinance No. 971 (1990).

263. Cal. S.B. 207 (1992) (vetoed October 26, 1992). *See infra* note 469.

264. *See infra* notes 403-29 and accompanying text (Tehama County); *see also infra* note 430 (draft Sutter County ordinance).

265. Only the short Sacramento County ordinance adopts a different structure. *See infra* notes 346-52 and accompanying text.



economic concerns.²⁶⁶ The ordinance then lists a series of 26 definitions ranging alphabetically from "aquifer" to "zone of saturation."²⁶⁷ Within that series, the ordinance defines "mining" as: "[p]umping from groundwater bodies greatly in excess of replenishment."²⁶⁸ It then prohibits mining "when the water is transported from the basin."²⁶⁹ Finally, the ordinance establishes a permit system to license groundwater pumping where the pumper intends "to use it or sell it outside the area in which said pumping affects the natural available water supply."²⁷⁰ The county board of supervisors can only grant a permit if it concludes that "the permit will not bring about an overdraft, will not bring about saltwater intrusion, will not adversely affect transmissivity within the aquifer, and will not adversely affect the water table."²⁷¹ The ordinance requires the

266. Butte County, Cal., Code § 33-1 (Supp. 1978) (groundwater "of critical importance to the economy of this county").

267. *Id.* §§ 33-2.1 to 33-2.26.

268. *Id.* § 33-2.12. *See also supra* notes 88-109 and accompanying text ("mining" as hydrological term).

269. *Id.* § 33-3. More fully, section 33-3 states:

It shall be unlawful to conduct any mining for water within this county, or for the owner of real property to allow groundwater of any nature, or connate water, to be mined *where the water pumped is transported from the basin.*

Id. § 33-3 (emphasis added). The ordinance does not expressly define "basin." Section 33-2.1 defines "aquifer" as: "A geologic formation that stores, transmits and yields significant quantities of water to wells and springs." *Id.* § 33-2.1.

270. Section 33-4 states:

It shall be unlawful to pump groundwater of any nature or description, or for a property owner to allow such pumping on his land, in order to *use it or sell it outside the area in which said pumping affects the natural available water supply* without first obtaining a permit as provided in this chapter.

Id. § 33-4 (emphasis added). Under section 33-5, the Butte County Health Department receives permit applications. The county environmental director begins an environmental review. The Health Department consults with county departments and state agencies. Ultimately, the Health Department reports to the county board of supervisors (Board). *Id.* § 33-5.

Under section 33-6, the Board holds a hearing. In that hearing, the Board considers evidence of "all effects the proposed permit would have, on the affected groundwater, and the affected aquifer or aquifers, including, but not limited to, the hydraulic gradient, hydrology, percolation, permeability, piezometric surface, porosity, recharge, safe yield, saltwater intrusion, specific capacity, spreading water, transmissivity, usable storage capacity, water table and zone of saturation." *Id.* § 33-6; *see generally id.* at §§ 33-2.9 to 33-2.26 (defining these terms). *See also infra* notes 320-21 (respectively addressing permits issuance, annual review, amendments, and appeals).

271. Butte County, Cal., Code 33-7 (Supp. 1978). Section 33-2.13 defines "overdraft" as: "[t]he condition of a groundwater basin where the amount of water withdrawn by pumping exceeds the amount of water replenishing the basin over a period of time. Also as the point at which extractions from the basin exceed its safe yield plus any temporary surplus." *Id.* § 33-2.13. Section 33-2.19, in turn, defines "safe yield" as: "[t]he maximum quantity of water



board of supervisors to "impose such conditions upon the permit so as to prohibit overdraft"272

The mining prohibition and permit requirements thus provide two separate limitations on a groundwater pumper's potential ability to export groundwater beyond the county boundaries. The poorly drafted provisions make difficult any attempt to determine their theoretical impacts on groundwater exports.²⁷³ Nevertheless, the two provisions appear to set up a two level regulatory scheme. First, the ordinance purports to ban entirely any pumping at rates "greatly in excess of replenishment," at least where "the water pumped is transported from the basin." The ordinance makes no provision for waivers of the basin export ban, or mitigation in lieu of a ban. Second, where basin export pumping may not reach the levels necessary to trigger the absolute mining ban, the permit process allows only those exports that will not cause overdraft or harm the aquifer's capacity to store groundwater of suitable quality.

a. Mining Prohibited

The mining ban provision raises five principal questions about its impact on groundwater exports. First, does it apply even to those exports from the county where the water will be used on land overlying the same groundwater basin, but in another county? Second, over what time frame must extractions from a basin greatly exceed replenishment? Third, what is the "groundwater body" relevant to the comparison of extraction and replenishment rates? Fourth, who is a "miner" under the act? Finally, does

which can be withdrawn annually from a groundwater supply under a given set of conditions *without causing an undesirable result*. The phrase 'undesirable result' is understood to refer to a gradual lowering of the groundwater levels resulting eventually in depletion of the supply." *Id.* at § 33-2.19. See also *id.* at §§ 33-2.20, 33-2.23, 33-2.25 (discussing, respectively, "saltwater intrusion", "transmissivity", and "water table").

272. *Id.* 33-7.

273. Vance Severin, Program Manager, Division of Environmental Health, Department of Public Health, Butte County, informed the author that, at least since 1979, when he began working at the office, he was "not aware that any permit applications have been received, or permit issued under the provisions of Chapter 33." Letter of Vance Severin, Butte County Dep't of Public Health, to Gregory Weber (Oct. 26, 1992). Four possibilities exist to explain the lack of interest in obtaining export permits. First, there simply may have been no demand for such exports. Second, potential exporters may have concluded that their exports were either outright banned by the ordinance or that a permit would not issue. Third, potential exporters may have concluded that the transaction costs added by the permit process made a potential export uneconomical. Finally, potential exporters may have concluded that the ordinance created such uncertainty as to make even the calculation of transaction costs too difficult to estimate, thereby leaving the costs of a potential export too difficult to estimate.



it does it ban all mining, or only mining where the water is transported from the basin?²⁷⁴

First, on its face, the mining ordinance applies only to exports where the water is transported "out of the basin." As previously noted, the ordinance does not expressly define "basin."²⁷⁵ The unfortunate use of "groundwater basin" unduly muddies the ordinance's meaning. As noted above, an enormous range of choices exists for the definition of a "groundwater basin."²⁷⁶ This range highlights the uncertainty inherent in the ordinance's mining ban. A full treatment of the legal impacts on water exports of the adoption of any one of these choices is beyond this article's scope. Instead, the article will consider the impact on exports of two lateral boundaries with increasingly narrow geographic range.

The broadest possible definition of "groundwater basin" applicable to Butte County would be the adoption of the state Department of Water Resources' (DWR) survey results. According to the DWR, only two "groundwater basins" underlie Butte County: the Sacramento Valley groundwater basin and the Sacramento Valley Eastside Tuscan Formation Highlands.²⁷⁷ Both of these basins underlie multiple counties in the Sacramento Valley.²⁷⁸ If the DWR definitions were used to identify the groundwater basins relevant to the mining ban, the ban would not prevent exports from Butte County if the water would be used on lands

274. The Butte County Code publishers have resolved this ambiguity in favor of the latter interpretation. They captioned this code provision: "[Mining prohibited where water transported.]" Butte County, Cal. Code § 33-3 (Supp. 1978). These headnotes are added by an editor "for stylistic reasons," i.e., "to keep the code's sections consistent with one another." See Memo from Brad Epstein to Gregory Weber (Oct. 29, 1992), reporting on telephone conversation with code editor Lori Story (Oct. 26, 1992).

The weight to be attached to this publisher added heading is uncertain. Where a portion of a code expressly states that chapter headings and titles have no interpretive force, courts will ignore them. See, e.g., *People v. Moore*, 40 Cal. Rptr. 121, 124-25 (Cal.App. 1964). Absent such a disclaimer, courts state: "[a] code's title and chapter headings will properly be resorted to in doubtful cases for determination of the legislative intent." *People v. Weltsch*, 149 Cal. Rptr. 112, 115 (Cal. App. 1978). It seems inappropriate to ascribe legislative intent to the interpretations of a publisher, at least not where the headings are added after enactment, and the legislature has not affirmatively ratified such headings by later amendments to such code sections or chapters.

275. See *supra* note 269. But cf. Imperial County, Cal., Code § 56301 (1972) (amended 1978) (defining groundwater "basin").

276. See *supra* notes 66-80 and accompanying text.

277. Bulletin 118-75, *supra* note 1, at 95. Despite an extensive glossary of groundwater terms, Bulletin 118-75 does not itself attempt to define "groundwater basin." *Id.* at 4-5. In Bulletin 118-80, issued in response to Water Code section 12924, DWR redefined several basins after "consideration of political boundary lines." Bulletin 118-80, *supra* note 12, at 8.

278. See Bulletin 118-75, *supra* note 1, at 57.



in other Sacramento Valley counties that underlie the same aquifer from which the water was pumped in Butte County.²⁷⁹

Adoption of the Butte County borders to define the relevant portion of the DWR identified groundwater basins would greatly narrow the ordinance's definition of "groundwater basin."²⁸⁰ Such a narrower definition of "groundwater basin" would correspondingly broaden greatly the mining ban's sweep. Under such a definition, any transportation of water across the Butte County borders would be subject to the mining ban.²⁸¹

Second, regardless of the definition of "groundwater basin," the mining ban only applies if "[p]umping from groundwater bodies [is] greatly in excess of replenishment."²⁸² This definition does not specify the time frame over which to compare extraction and replenishment. In addition, it does not establish relative criteria for the comparison: how great a discrepancy is "greatly in excess"? If a court were to engraft some sort of "reasonable" time frame for comparing extraction with replenishment, the mining ban would not necessarily restrict all out of basin exports.²⁸³

279. Compare Tehama County, Cal., Code § 9.40.020 (1992) (mining banned where water transported from the county); see *infra*, notes 413-21 & accompanying text; see also Inyo County, Cal., Code § 7.01.020(g) (1980) (defining groundwater basin partially, along county lines).

280. See Schneider, *supra* note 59, at 101 ("county" line a possible basin limit).

281. Under either definition, the mining ban seems to apply to those *intra* county water transports that might pump water from the county portions of the two DWR identified basins up the foothills above the valley floor.

282. Butte County, Cal., Code § 33-2.12 (Supp. 1978).

283. This particular incidence of vagueness implicates two different principles of statutory interpretation. On the one hand, where statutes fail to specify a time frame for notice or compliance with a statutory requirement, courts may imply a "reasonable" time. See, e.g., *Dougery v. Bettencourt*, 6 P.2d 499, 503 (Cal. 1931) (reasonable time to record a certificate of sale). On the other hand, a statute may be so vague as to be void. See, e.g., *Cranston v. City of Richmond*, 710 P.2d 845, 849-859 (Cal. 1985).

As noted elsewhere, the Butte ordinance gives alternative definitions of "overdraft." Butte County, Cal., Code § 33-2.13; see also *supra* note 271; *infra* notes 312-20 and accompanying text. Initially, it defines it as a condition where "the amount of water withdrawn by pumping exceeds the amount of water replenishing the basin *over a period of time*." Butte County, Cal., Code § 33-2.13 (1978). By itself, this portion of the overdraft definition merely begs the time period question. It does, however, suggest that "mining" and "overdraft" present questions of degree. Under this portion of the definition, "overdraft" could occur whenever pumping exceeds replenishment (within the appropriate time period) *however slightly*. In contrast, mining requires pumping to exceed replenishment *greatly*.

The alternative "overdraft" definition compresses the open ended "period of time." It defines "overdraft" as: "the point at which extractions from the basin exceed its safe yield plus any temporary surplus." *Id.* Section 33-2.19 then defines "safe yield" as:

[t]he maximum amount of water which can be withdrawn *annually* from a groundwater supply under a given set of conditions without causing an



Third, the definition of "mining" fails to identify the "groundwater bodies" relevant to the comparison of extraction and replenishment rates. The ordinance does not itself define "groundwater bodies." It does separately define several types of groundwater bodies, such as aquifer,²⁸⁴ connate water,²⁸⁵ and groundwater.²⁸⁶

If the relevant "groundwater body" under the "mining" definition is the entire groundwater "basin" from which water is pumped, then "mining" only occurs if the "[basin wide] pumping is greatly in excess of [basin-wide] replenishment." Such an interpretation would both greatly complicate proof of "mining" and greatly restrict the circumstances under which "mining" could be found. Alternatively, an interpretation of the relevant "groundwater body" under the "mining" definition as a specific sub-portion of a groundwater basin would ease proof of "mining." For example, under such a narrower "groundwater body" definition, "mining" might occur whenever pumping from a particular source of confined groundwater were "greatly in excess of replenishment" of that particular source. Indeed, the best textual support for this narrower interpretation comes from the definition of "confined groundwater" itself. Section 33-2.7 defines "confined groundwater" as "[a] body of groundwater."²⁸⁷ Because "confined" groundwater implicitly contrasts with the separately defined "free" or "unconfined" groundwater, an identifiable source or stratum of free groundwater likely is also a "groundwater body" under the "mining" definition.

Fourth, the mining ban does not link "mining" with the acts of any specific pumpers. Assume that pumping from a groundwater body by pumpers who use water within the basin already greatly exceeds replenishment. Does that make any out of basin exporter automatically a "miner," even if that individual has prescriptive rights and that individual's pumping rate is not "greatly in excess of replenishment"?²⁸⁸

undesirable result. The phrase, "undesirable result" is understood to refer to a gradual lowering of the groundwater levels resulting eventually in depletion of the supply.

Id. §§ 33-2.19. Ultimately, "mining" and "overdraft" may produce the same result: depletion of the groundwater supply. In context, mining appears to be rapid overdraft.

284. Butte County, Cal., Code § 33-2.1 (Supp. 1978). That section defines "aquifer" as: "[a] geologic formation that stores, transmits and yields significant quantities of water to wells and springs." *Id.* This is a standard definition. See *supra* notes 66-80 and accompanying text.

285. Butte County, Cal., Code § 33-2.4 (Supp. 1978).

286. *Id.* § 33-2.6. That section defines "groundwater" as: "[w]ater in the zone of saturation. Groundwater is presumed to be percolating, although it does occur in known and definite channels." *Id.* The ordinance separately defines "free" and "confined" groundwater. See *id.* §§ 33-2.8, -2.7 (respectively addressing free and confined groundwater types).

287. *Id.* § 33-2.7 (emphasis added).

288. As noted above, traditional groundwater rights law allocates pumping rights in overdrafted basins to pumpers who use the water on land overlying the basin; since, in an



The ordinance does not directly answer this matter. To the extent the ordinance merely purports to prevent appropriators who have not established a prescriptive right to take from an overdrafted basin, it duplicates state decisional law. If, however, the ordinance attempts to also bar prescriptive users from exports, it completely eliminates a class of rights recognized by state decisional law.

The last major question about the impact of Section 33-3 on exports arises from ambiguous punctuation. The section states: "[i]t shall be unlawful to conduct any mining for water within this county, *or* for the owner of real property to allow groundwater of any nature, or connate water, to be mined *where the water pumped is transported from the basin.*"²⁸⁹ The ambiguity involves the application of the "where . . . basin" clause. Does it qualify *both* "any mining . . . this county" *and* "or for the owner . . . to be mined," *or* only the latter clause? If it qualifies both clauses, then an in-basin pumper can "mine" with impunity, while an out-of-basin exporter may not mine at all. If, however, it qualifies only the latter clause, then no pumper can mine. For convenience, the latter interpretation shall be called the "broad," or complete ban; the former interpretation, the "narrow," or geographically limited ban.

Support for the broad interpretation of section 33-3 comes from a literal reading of its text, a comparison of its punctuation with the punctuation of section 33-4, and from the legislative findings in section 33-1. First, arguably, the lack of a comma between "to be mined" and "where . . . basin" creates two separate restrictions within section 33-3: the clause before the section's first "or" makes an actual pumper liable, while the clause after the first "or" also makes liable an owner who permits a pumper to mine. Under this interpretation, the first clause bans *all* mining within the County; the second clause, however, only penalizes those non-pumping owners who allow mining for transport beyond the basin.

Second, additional, indirect support for this broad interpretation also comes from a comparison with the permit requirement's wording.²⁹⁰ Section 33-4 states:

overdrafted basin, there is no "surplus" for appropriation, offbasin users can only obtain appropriative rights. *See supra* notes 114-50 and accompanying text. The Butte ordinance would appear to prevent off-basin exports by prescriptive rights holders.

For an outline of prescriptive rights, *see supra* notes 115, 133.

289. Butte County, Cal., Code § 33-3 (Supp. 1978) (emphasis added).

290. Courts interpret statutes by reference to the entire legislative scheme of which each individual statute is a component. *See, e.g.,* *People v. American Bankers Ins. Co. of Florida*, 284 Cal. Rptr. 617, 621-22 (Cal. App. 1991).



"It shall be unlawful to pump groundwater of any nature or description, or for a property owner to allow such pumping on his land, in order to use it or sell it outside the area in which said pumping affects the natural available water supply without first obtaining a permit as provided in this chapter."²⁹¹

Like the mining ban, the permit requirement addresses both actual pumpers and non-pumping owners who allow pumping to occur. Unlike the mining ban provision, however, the permit ban inserts a comma between the non-pumping owner provision and the qualifying phrase "*in order to use or sell it outside the area.*"²⁹² The punctuation of section 33-4 thus does not purport to make *all* pumpers or owners get a permit; rather, it limits the permit requirement to only those pumpers or property owners who meet the geographical "sale or use" condition. To be consistent grammatically with the permit provision, the mining provision should have had a comma between the phrase "to be mined" and "where the water pumped is transported from the basin."²⁹³

Third, the legislative findings in section 33-1 provide the final support for this broad reading. That section declares that "the protection of groundwater *within the county* is of major concern to [county residents]."²⁹⁴ Groundwater mining should fit within this concern whether or not the water is "transported from the basin."

Despite this declaration and the inconsistencies with section 33-4, an interpretation of the mining provision that penalized *all* actual miners, but only penalized those non-pumping owners who allowed miners to transport groundwater from the basin, makes little sense for four reasons. First, little justification appears for banning all mining, but then penalizing only those non-pumping owners who allow the actual miners to transport the water out of the basin. Second, the ordinance should be interpreted in light of the circumstances that lead to its passage. The county apparently enacted the ordinance in response to fears that exporters would take county groundwater during the 1976-77 drought. Since the problem the county sought to address was the impact of large scale water exports, the mining ban appears to be an effort to conserve supplies for local residents, without in itself forcing local pumpers to change their own behavior.²⁹⁵ Third, as noted above, unless the "transported from the basin" restriction applied to all mining, the ordinance

291. Butte County, Cal., Code § 33-4 (Supp. 1978).

292. *Id.* (emphasis added).

293. *See supra* note 268 ("mining" defined). Faced with inconsistent punctuation, courts have not found themselves always bound to give different meanings to differently punctuated statutes. *See People ex. rel. Busch v. Projection Room Theater*, 550 P.2d 600, 650 n.2, (Cal.) (Tobriner, J., dissenting), *cert. denied*, 429 U.S. 922 (1976).

294. Butte County, Cal., Code § 33-1 (Supp. 1978) (emphasis added).

295. The ordinance's findings, however, do not limit themselves to concerns about exports. *See id.* § 33-1.

would present substantial enforcement problems determining "who" is the "miner."²⁹⁶ Finally, as discussed below, the permit requirement provision's unambiguous geographical "sale or use" limitation demonstrates that the county did not intend all pumpers, or non-pumping owners, to have to comply with a potentially onerous and politically unpopular permit procedure.²⁹⁷ In this light, enforcement of a complete ban on "mining" could have potentially given the county the power to reduce pumping by all pumpers. Without a clearer evidence of intent to allow the county to limit all pumping, the likely enormous political opposition to such a sweeping ordinance makes it very difficult to believe that the county intended to regulate all pumpers indirectly when it failed to impose permit requirements directly on all pumpers.

b. Permit Requirement

The permit requirement adds additional uncertainty over the legality of potential exports. As noted above, section 33-4 only requires a permit if the water pumped will be used or sold "outside the area in which said pumping affects the natural available water supply."²⁹⁸ This phrase echoes the Imperial ordinance's "area of influence" provision.²⁹⁹ Like the Imperial ordinance, however, the Butte ordinance does not define the italicized phrase.³⁰⁰ In particular, it addresses neither the geographical nor the temporal scope of the "affected area."

Pumping might "affect the natural available water supply" in an "area" in several ways.³⁰¹ In the broadest sense, pumping reduces the supply in the groundwater basin.³⁰² Thus construed broadly, only pumping for sale or use outside of the groundwater basin would require a permit. Such a broad interpretation of "affected area" would parallel the mining prohibition. As noted above, most likely the ordinance only bans mining where the water is "transported from the basin."³⁰³ Similarly, a broad interpretation of "affected area" would only require a permit if the water were used or sold outside the groundwater basin.

296. See *supra* text accompanying note 288.

297. See *supra* note 19 (agricultural interests oppose groundwater management).

298. Butte County, Cal., Code § 33-4 (Supp. 1978) (emphasis added).

299. See *supra* notes 241-45 and accompanying text.

300. Imperial County, Cal., Code § 56301(b) (1978).

301. Pumping might "affect" both the quantity and quality of the water constituting the "natural available water supply." For example, in a coastal county, pumping might accelerate salt water intrusion. See, e.g., Schneider, *supra* note 59, at 104. Inland, pumping across otherwise water impermeable geologic strata may lead to mingling of water of different qualities. See, e.g., Bulletin 118-75, *supra* note 1, at 121-23. The following discussion focuses solely on the local impacts on water levels in the area affected by a particular pump.

302. This reduction occurs at least until replenishment.

303. See *supra* notes 274-97 and accompanying text.



In most instances, however, an individual pumper will have almost no *perceptible* effect on a large groundwater basin. For example, DWR estimates that the Sacramento Valley groundwater basin (which partially underlies Butte County) has 113,650,000 acre-feet of storage capacity in its 5,000 square mile area.³⁰⁴ Maximum well production rates are 4,000 gallons per minute.³⁰⁵ Given the slow rate at which water will rearrange itself within a large basin after pumping, it may take years for even a large pumper in Butte County, near the north end of the basin, to have an impact on the groundwater level in the south end of the basin.³⁰⁶ Meanwhile, a large pumper will almost certainly have very pronounced *local* impacts on the aquifer.³⁰⁷ These local impacts likely provide alternatives to a basin wide definition of "affected area."

The most pronounced local aquifer impact from pumping is the "cone of depression."³⁰⁸ As discussed above, this cone represents a temporary depletion in the groundwater surround the well as pumping occurs. The land surface from the center of the well to the edge of the cone of depression describes the local area most demonstrably "affected" by pumping.³⁰⁹ For convenience, this discussion adopts a Tehama County convention and describes this local area as a well's "radius of influence."

Adoption of such a "radius of influence" to define "affected area" for purposes of the permit requirement would force virtually all exporters to apply for a permit.³¹⁰ Before the county board of supervisors (board) will issue a permit, however, the applicant must establish that the permit: 1) will not bring about overdraft; 2) will not bring about saltwater

304. Bulletin 118-75, *supra* note 1, at 60. The aquifer's usable storage capacity is 22 million acre-feet. *Id.*

305. *Id.* At 325,851 gallons per acre-foot, four thousand gallons per minute equals about 6,500 acre-feet per year.

306. *See, e.g.*, Bulletin 118-75, *supra* note 1, at 17.

307. *See supra* notes 82-85 and accompanying text (discussing the "cone of depression").

308. *Id.*

309. Tehama County defines the surface area overlying the "cone of depression" as the "radius of influence" of a well. Tehama County, Cal., Code § 9.40.010.16 (1992).

310. The only exception would be a pumper who owned or used contiguous pieces of property on both sides of the Butte County line. If the radius of influence of the well on the Butte County parcel extended beyond the Butte County parcel to the contiguous parcel in the adjoining county, such an exporter would not require a permit.

Adoption of the "radius of influence" as the "affected area" for the permit provision would have potentially broad application to purely *intra*-county pumping. Indeed, taken literally, any pumper who used water on portions of the well-site parcel that extended beyond the radius of influence would require a permit. By the same token, use of the water beyond the radius of influence on a contiguous parcel would also require a permit. The ordinance does not, however, make any exception for such uses. Tehama County, Cal., Code §§ 9.40.030, .040 (1992); *see infra* notes 426-29 and accompanying text.



intrusion; 3) will not adversely affect transmissivity within the aquifer; and 4) will not adversely affect the water table.³¹¹ Of these requirements, the overdraft prohibition presents the principal to a potential groundwater exporter.

The definition of "overdraft" poses an interpretive problem identical to one posed by the mining ban.³¹² As it did with the mining ban, the ordinance defines "overdraft" in terms of a "groundwater basin."³¹³ As noted above, however, the ordinance does not define "groundwater basin."³¹⁴ Were "groundwater basin" interpreted to mean a DWR identified "groundwater basin," then overdraft would need to be measured across that entire basin. This poses practical proof difficulties when dealing with a 7,000 square mile aquifer, such as the Sacramento Valley groundwater basin. If, however, "groundwater basin" referred to a smaller segment of a multiple county, DWR identified basin, then "overdraft" would be established by the pumping and replenishment patterns in just that smaller segment. Such a smaller segment might include only the portion of a multiple county DWR identified basin that underlies Butte County. A narrower definition of "groundwater basin" magnifies the relative impact of any one well on a basin's water storage. It also increases the likelihood that an exporter would have to get a permit.

Slight and indirect support for an interpretation of "groundwater basin" narrower than a DWR identified basin comes from the alternative definition of "overdraft."³¹⁵ Drawing from the California Supreme Court's opinion in *Los Angeles v. San Fernando*,³¹⁶ the ordinance defines "overdraft" in part as: "the point at which extractions from the basin exceed its safe yield plus any temporary surplus."³¹⁷ This definition, too, refers to the otherwise undefined "basin." Nevertheless, its inclusion of the vague "safe yield" reference allows incorporation of a concern with localized pumping effects.³¹⁸

Under the ordinance, a "groundwater supply's" "safe yield" is exceeded when pumping exceeds the maximum annual rate that can be withdrawn without causing a "gradual lowering of the groundwater levels resulting eventually in depletion of the supply."³¹⁹ Large pumps

311. Butte County, Cal., Code § 33-7 (Supp. 1978); see also *infra* note 320.

312. See *supra* notes 274-97 and accompanying text.

313. Butte County, Cal., Code § 33-2.13 (Supp. 1978); see *supra* note 271.

314. See *supra* notes 275-81 and accompanying text.

315. See *supra* note 271 ("overdraft" contains alternative definitions).

316. 537 P.2d 1250, 1309 (1975); see *supra* notes 141-50 and accompanying text.

317. Butte County, Cal., Code § 33-2.13 (Supp. 1978).

318. See *supra* note 271.

319. Butte County, Cal., Code § 33-2.19 (Supp. 1978).



within Butte County could reduce the groundwater levels locally without pushing the entire 7,000 square mile Sacramento Valley groundwater basin into overdraft. Nevertheless, the gradual local reduction of the groundwater levels effectively depletes the *locally usable* portion of the overall basin supply.³²⁰ Such local depletion would arguably be an "undesirable effect" within the meaning of the "safe yield" definition. Narrowing the definition of "groundwater basin" to include the portion of a basin locally affected by large scale pumping correspondingly broadens the potential sweep of the permit requirement.

No easy interpretive solution appears to resolving the question of the scope of the permit requirement. The failure to identify the groundwater bodies involved, and the use of the vague categories of "safe yield," and "overdraft" make difficult any reconciliation of the competing interpretive possibilities.

The permit requirement places a final restriction on potential exports. The county retains the right to review the permit annually.³²¹ The county health department has the right to reduce pumping under the permit if overdraft later occurs.³²² Thus, a permit holder retains no automatic priority if, for example, pumpers not required to obtain a permit later increase their extractions and cause overdraft.³²³

In summary, a pumper who wished to export groundwater from Butte County faces substantial uncertainty when attempting to determine the scope of the county export restrictions. The ordinance's failure to define "groundwater basin" or "affected area" makes it nearly impossible to determine when an exporter might need, or be able to obtain, a permit. Under even the broadest sense of those terms, however, a pumper who sought to transport water entirely out of the Sacramento Valley groundwater basin (or the Sacramento Valley Eastside Tuscan Formation Highlands groundwater basin) as defined by the DWR, will undoubtedly need a permit. The weaknesses in the "mining" prohibition make it

320. Section 33-7 raises an additional interpretive problem. Under that section, the board must determine that a permit "will not *bring about* an overdraft." Butte County, Cal., Code § 33-7 (Supp. 1978) (emphasis added). Arguably, if a basin is already overdrafted at the time of the permit application, then a new permit applicant's pumping will not "bring about" a condition that already exists. The final sentence of section 33-7, however, states: "[t]he board shall impose such conditions upon the permit *so as to prohibit overdraft.*" *Id.* This provision should apply equally to applicants who either "bring about" or "exacerbate" overdraft.

321. Butte County, Cal., Code § 33-8 (Supp. 1978).

322. *Id.*

323. If the only pumpers who need a permit are "appropriators" within the meaning of the common law, then the renewal process merely restricts the possibility that prescriptive rights will accrue should overdraft occur. If, however, the permit process extends to overlying users or prescriptive rights holders, then the scheme restricts rights otherwise established by judicial decision.



impossible to determine the limits of the county board of supervisor's discretion to approve a permit.

2. Glenn County

a. Findings and Definitions

As originally enacted in 1977, the Glenn County groundwater ordinance was virtually identical to the Butte County ordinance. Except for one minor difference in phrasing, the legislative findings are identical.³²⁴ Its definitions of "mining," "overdraft," and "safe yield" are identical.³²⁵ Except for one minor variance, the Glenn County permit requirement mirrored the Butte County requirement.³²⁶ The permit application process and necessary findings were also identical.³²⁷

b. Substantive Provisions

The original Glenn County ordinance's only major difference from its Butte County counterpart involved the last phrase of the mining ban.³²⁸ As noted above, Butte County limits at least some of its mining ban's geographic impact with the phrase, "transported from the basin."³²⁹ Glenn County, however, originally concluded its mining ban provision with the phrase, "transported from the immediate area of its natural groundwater basin."³³⁰

The precise meaning of the italicized portion of this provision remains unclear. It raises problems similar to those created by the

324. Compare Glenn County, Cal., Code § 20.04.010 (1991) with Butte County, Cal., Code § 33-1 (Supp. 1978) (both noting virtually identical findings).

325. See Glenn County, Cal., Code §§ 20.04.140, .150, .210 (1977) (discussing respectively, mining, overdraft, and safe yield).

326. Glenn County's code states "[i]t is unlawful to pump . . ." and Butte County's code states "[i]t shall be unlawful to pump . . ." Compare Glenn County, Cal., Code § 20.04.410 (1977) (emphasis added) with Butte County, Cal., Code § 33-4 (Supp. 1978) (emphasis added).

327. Compare Glenn County, Cal., Code §§ 20.04.420 to 20.04.450 (1977) with Butte County, Cal., Code §§ 33-5 to 33-8 (Supp. 1978).

328. With the exception of the last phrase, and Glenn County's elimination of commas offsetting "or connate water," the two counties' mining ban provisions are otherwise virtually identical. The Glenn County punctuation does not solve the problem noted above caused by the lack of a comma between "mined" and "where." See *supra* notes 268, 289-97 and accompanying text.

329. Butte County, Cal., Code § 33-3 (Supp. 1978); see *supra* notes 275-81 and accompanying text.

330. Glenn County, Cal., § 20.04.400 (1977) (emphasis added).



Imperial ordinance's "area of influence."³³¹ The ordinance defines neither "immediate area" nor "natural." Whatever its precise meaning, compared to the Butte County provision, this last phrase of the Glenn County provision connotes a much narrower geographic area in which "mining" might be permissible.

The 1990 amendments to section 20.04.400 ended the confusion created by the final phrase.³³² Section 20.04.400 now ends: "where the water pumped is transported *outside of the county except as provided in this chapter.*"³³³ The substitution of "outside of the county" for the "immediate area" eliminates the predecessor's geographical confusion. Some additional confusion, however, creeps back in with the new phrase's final tag, "except as provided in this chapter." On its face, nothing within the chapter directly purports to allow mining under any circumstances.

The 1990 amendments also eliminated much of the confusion created by the original permit requirement's "area in which said pumping affects the natural available water supply."³³⁴ The current ordinance simply substitutes "county" for the vague predecessor. Under the 1990 amendments, any exporter will have to obtain a permit.

Compared both to the original Glenn County ordinance, and its Butte County counterpart, the current Glenn County ordinance raises several fewer questions about its scope. Still, while any potential exporter knows that it will have to apply for a permit, the above noted problems with the definition of "overdraft" and "groundwater basin" leave ample uncertainty over any potential permit approval.³³⁵ Similarly, the failure to define "groundwater basin," and the other problems with the definition of "mining," leaves uncertain the ultimate scope of the mining ban as a limitation on the board of supervisor's power to grant a permit.

3. Modoc County

a. Findings and Definitions

The Modoc County ordinance sets forth purposes identical to those announced by the Butte and Glenn provisions.³³⁶ The ordinance,

331. See *supra* notes 241-45 and accompanying text.

332. Glenn County, Cal., Ordinance No. 971, § 1 (1990).

333. *Id.* (codified at Glenn County, Cal., Code § 20.04.400 (1991)).

334. Glenn County, Cal., Code § 20.04.410 (1977) (amended at § 20.04.410 (1990)).

335. As with the Butte County ordinance, no one has yet applied for a permit to export water from Glenn County. Letter from John Benoit, Planning Director, Planning Department, Glenn County, to Brad Epstein, Research Assistant (Oct. 22, 1992).

336. Modoc County, Cal., Code § 13.08.010 (1991).



however, is much more compact than its cousins. For example, its definitions section eliminates sixteen provisions found in the Butte and Glenn versions, including a definition of "mining."³³⁷ Similarly, and again unlike the Butte and Glenn versions, the Modoc permit requirement does not direct the issuing authority to consider any of those sixteen provisions.³³⁸

With one exception, the definitions contained in the Modoc ordinance are identical to those contained in its Butte and Glenn cousins.³³⁹ The sole major exception is the definition for "groundwater basin area."³⁴⁰ Modoc defines it as: "an area overlying a geologic formation or interconnected series of geologic formations which store, transmit and yield significant quantities of water to wells and springs."³⁴¹ By itself, this initial portion of the definition provides little guidance for determining where one basin begins and another ends. The ordinance, however, partially clarifies the definition by specifying: "the groundwater basin areas in the county shall be deemed to be coextensive with [five specific basins and watersheds]."³⁴²

b. Permit Requirements

The Modoc County permit provisions solves the punctuation problems plaguing the Butte ordinance.³⁴³ It also avoids unnecessary uncertainty.³⁴⁴ The requirement applies only for an extraction that will be conveyed "outside the groundwater basin area in which it is

337. Unlike Butte and Glenn counties, Modoc County does not define "artesian well," "conjunctive use," "connate water," "culture (land use)," "groundwater," "groundwater, confined," "groundwater, free (unconfined)," "hydraulic gradient," "hydrology," "imported water," "mining," "percolation," "permeability," "piezometric surface," "porosity," or "salt water intrusion." *See id.*

338. Modoc County, Cal., Code § 13.08.050 (1991).

339. The identical definitions include the following terms: aquifer, overdraft, recharge, safe yield, specific capacity, spreading water, transmissivity, usable storage capacity, water table, and zone of saturation. *See* Modoc County, Cal., Code §§ 13.08.020(A), (C)-(K) (1991).

340. Modoc County, Cal., Code § 13.08.020(b) (1991) (emphasis added).

341. *Id.*

342. *Id.* These five areas are: 1) "the Surprise Valley watershed;" 2) "the Goose Lake watershed;" 3) "the Tulelake Basin;" 4) "the upper Pit River watershed to the Canby Bridge;" and 5) "the lower Pit River watershed to the southern end of Big Valley." *Id.*

343. The ordinance states: "In Modoc County, it is unlawful to pump groundwater of any nature or description, or for a property owner to allow such pumping on his land, in order to convey it *outside the groundwater basin area in which it is pumped* without first obtaining a permit." Modoc County, Cal., Code § 13.08.030 (1991) (emphasis added).

344. Of course, it is fraught with the uncertainties inherent in the use of "overdraft" and "safe yield."



pumped.³⁴⁵ Since the ordinance generally defines "groundwater basin area" in terms of watershed, any one who intends to pump water out of the watershed needs a permit.

C. 1980 Sees Two Very Different Approaches: Sacramento and Inyo Counties

1. Sacramento: Is Concise Nice?

In February 1980, Sacramento County enacted its water export ordinance.³⁴⁶ Unlike any of the other counties, it also applies to surface water.³⁴⁷ The ordinance simply states: "Ground or surface water shall not be transported in any manner from Sacramento County to any point outside the county, except pursuant to a permit . . ."³⁴⁸ The ordinance eschews any attempt at hydrological precision. Rather, it leaves the entire decision in the discretion of the county engineer. That discretion is limited in three broad ways. First, the export must be "in conformance with county water planning policies."³⁴⁹ Second, the export may not "impose liability on the county or the [Sacramento County] water agency."³⁵⁰ Third, the export may not "cause adverse impacts on the source, the area of use, or the environment."³⁵¹

The Sacramento County ordinance avoids all of the drafting pitfalls that plague the rest of the ordinances. It represents the opposite extreme from the attempts to ground ordinances in hydrology. Rather than attempting to define "overdraft," "safe yield," or "mining," words fraught with pseudoscience, it simply uses "adverse impacts." Such an

345. Modoc County, Cal., Code § 13.08.030 (1991).

346. Sacramento County, Cal., Ordinance No. 410, § 2 (Feb. 26, 1980) (adding § 15.08.095 to the Sacramento County, Cal., Code).

347. *Id.*

348. *Id.* The last clause of the ordinance exempts water purveyors who provide water service in two or more counties within a defined surface area. *Id.*

349. Sacramento County, Cal., Code § 15.08.095(2) (1989). The policies include those of the County Board of Supervisors per se, and the County Water Agency, a separate agency empowered with water management authority. *See* Cal. Water Code-App. §§ 66-1 to 66-55 (West 1968 & Supp. 1993).

350. Sacramento County, Cal., Code § 15.08.095(2) (1989); *see supra* note 349 (water agency empowered).

351. Sacramento County, Cal., Code § 15.08.095(2) (1989). Subsection (2) does not itself expressly prohibit the engineer from approving a permit that raised planning conflicts, created liability, or adversely impacted any area or the environment. Subsection (3), however, specifically prohibits the engineer from issuing a permit that "is inconsistent with the general plan of the county of Sacramento, the water plan of the Sacramento County water agency, or a specific plan of the county or water agency which may be affected." *Id.* § 15.08.095(3).



approach would certainly be superficially more intelligible to an attorney or judge called to enforce its terms. At the same time, the undefined appeal to "adverse impacts" loses any sense of predictability.³⁵² Does it include a de minimis threshold? Or does any lowering of the water table mean that an existing in-county pumper, or even a future in-county pumper, can complain of the greater and more expensive pumping lift? To what extent does it authorize the engineer to consider third party impacts, such as on potentially displaced agricultural workers? Is depriving the County of water that it might need some day "an adverse effect"? Nowhere is the line drawn.

2. *Inyo County: True Basin Management?*

Later in 1980, Inyo County became the next county to address groundwater exports.³⁵³ Unlike all of the other ordinances, the Inyo ordinance does more than merely restrict exports. Rather, the ordinance authorized a groundwater management scheme that, at least incidentally, imposed some requirements on all pumpers within the identified basin. The impetus for the ordinance, and the principal focus of its restrictions, were the extractions by the City of Los Angeles from the Owens Valley groundwater basin.

Los Angeles' extractions from the Owens Valley for export to the City are legendary in California water lore.³⁵⁴ After Los Angeles sought to increase groundwater exports from Owens Valley in the early 1970s, Inyo County began a series of lawsuits against the City claiming that its increased pumping required compliance with the then-newly enacted California Environmental Quality Act (CEQA).³⁵⁵ The County realized that eventually the City would be able to meet CEQA's procedural requirements.³⁵⁶ Faced with the legislature's inability to pass state wide

352. Like Butte and Glenn Counties, Sacramento County reports: "[it has] not been able to discover any circumstance . . . where either an export permit application has been submitted, or where the County has sought to enforce this ordinance." Letter from Steven P. Rudolph, Deputy County Counsel, Sacramento County to Gregory S. Weber (Nov. 13, 1992). Mr. Rudolph continued: "It is also relevant to note that the County has no knowledge of groundwater having been or being exported from the County." *Id.*

353. Inyo County, Cal., Owens Valley Groundwater Management Referendum Measure A (Nov. 4, 1980) (enacted).

354. *See, e.g.*, Marc Reisner, *Cadillac Desert* 54-107 (1986).

355. CEQA requires review of a project's environmental impacts, along with a discussion of alternatives and attempts to mitigate the identified impacts. *See* Cal. Pub. Res. Code §§ 21000-21177 (West 1986 & Supp. 1992). The lawsuits led to a series of published decisions generally upholding Inyo County's position. *See generally* Rossmann & Steel, *supra* note 18, at 916-25 (discussing decisions).

356. Rossmann & Steel, *supra* note 18, at 924.



groundwater management legislation,³⁵⁷ on November 4, 1980, Inyo County voters enacted Referendum Measure A: the "Owens Valley Groundwater Management" ordinance.³⁵⁸

a. Findings and Definitions

Unlike the short findings provisions of the Imperial, Butte, Glenn and Modoc ordinances, and the nonexistent findings from the Sacramento ordinance, the Inyo ordinance contains seven paragraphs of findings and declarations.³⁵⁹ Compared to most of the other ordinances, however, the portion of its definitions section addressing export is much terser.³⁶⁰ After a standard "groundwater" definition,³⁶¹ the ordinance clarifies that it applies only to the portion of the Owens Valley groundwater basin within Inyo County.³⁶² It does not separately define "overdraft," "export," "safe yield" or "mining."³⁶³ Its only other definition of note is "groundwater extraction;" this it defines as: "removal of groundwater by artificial means from the groundwater basin, or reduction by artificial means of natural recharge from surface water into the groundwater basin."³⁶⁴

357. During the 1976-77 drought, Governor Edmund Brown, Jr., created the Commission to Review California Water Rights Law. Cal. Executive Order No. B-26-77 (May 11, 1977); see Rossmann & Steel, *supra* note 18, at 926. The Commission ultimately recommended enactment of sweeping, state legislation to regulate groundwater. See Final Report, *supra* note 6, at 135-254. To date, those reforms have not been enacted.

358. Rossmann & Steel, *supra* note 18, at 929-30. Rossmann and Steel set out the full text of the initiative ordinance as Appendix A to their article. Rossmann & Steel, *supra* note 18, at 951-57.

359. Inyo County, Cal., Code § 7.01.010 (1980). These include: 1) the historical importance of the Owens Valley groundwater basin to the county; 2) the importance of the basin to the state; 3) the need to mitigate and remove adverse environmental effects caused by groundwater extraction; 4) the environmental and economic effects of lack of basin management; 5) the county's "paramount right and duty to govern the management and extraction of resources within its jurisdiction;" 6) the need to adopt a comprehensive regulation that "consider[s] environmental and economic factors in the area of origin and the are of use," conjunctive use of surface and groundwater supplies, and water conservation measures; and 7) the need to create a management plan to implement the other findings. *Id.*

360. The exception is Sacramento's ordinance, which lacks any definition section.

361. Inyo County, Cal., Code § 7.01.020(g) (1980) (stating "all water contained within the zone of saturation").

362. Inyo County, Cal., Code § 7.01.020(g) (1980). Bulletin 118-75 identifies this basin as underlying both Inyo and Mono Counties. Bulletin 118-75, *supra* note 1, at 73. The ordinance thus limits some of the confusion resulting from multiple basin counties, since it focuses the permit requirements on the intracounty basin conditions.

363. The ordinance's permit provisions do not use any of these terms. Inyo County, Cal., Code §§ 7.01.030-7.01.041 (1980); see *infra* notes 365-79 and accompanying text.

364. Inyo County, Cal., Code § 7.01.020(h) (1980) (emphasis added). The list's terseness might be explained partially by the ordinance's contemplation that the county undertake a



b. Water Management Plan

The groundwater management plan forms the heart of the Inyo ordinance. The initiative ordinance directed the county to prepare a plan that incorporated 12 specific points.³⁶⁵ The required elements focus on local environmental and economic concerns.³⁶⁶ The plan must include "surface and groundwater . . . to the extent that they are interchangeable in terms of their use."³⁶⁷ It requires identification and quantification of the groundwater basin's water resources.³⁶⁸ Finally, the water management programs developed should be "consistent . . . to the extent feasible, with the County's land use plans and the needs of the parties holding water rights."³⁶⁹

c. Permit Program

At first glance, the Inyo ordinance appears to establish comprehensive groundwater extraction controls applicable to all pumpers within the Owens Valley groundwater basin. Section 7.01.040 states: "[n]o person, farm, corporation, or governmental agency . . . shall within the Owens Valley Groundwater Basin extract water from that basin by any

"Water Management Plan." *Id.* § 7.01.030. The plan's drafters might have defined additional terms relevant to the plan's details.

365. *Id.* § 7.01.030.

366. Nine of the twelve factors address local conditions. The initial factor summarizes them all: "[t]he paramount protection of Inyo County's citizens, environment and economy." *Id.* § 7.01.030(a). The other seven detail this general concern: "[c]orrection or mitigation of observed significant environmental damage"; "[m]aintenance of the groundwater table at a depth that will support natural vegetation and wildlife, minimize air pollution and enable natural springs to flow"; "[m]aintenance of the groundwater table at a depth that will not cause excessive drilling or pumping costs for other groundwater uses"; "[p]reservation of groundwater quality"; "[i]mposition, whenever feasible, of measures to avoid or mitigate anticipated adverse environmental effects"; "[s]atisfaction to the extent feasible of the needs of the agricultural sector of the Owens Valley through the distribution of water for local irrigation and to increase the acreage devoted to agriculture other than open range"; "[r]eduction in the extent to which ground levels sink as a consequence of groundwater extraction"; and "[r]esults and adequacy of the extractor's environmental monitoring program." *Id.* § 7.01.030.

The remaining three factors include: "[s]atisfaction of the needs of the extractor, taking into consideration the extractor's alternative sources of supply and its conservation policies and practices"; "consideration of the needs and practices of all water users in the state, and the status of the state's entire water resources"; and "[c]onsideration of guidance received from governmental agencies other than the applicant." *Id.*

367. Inyo County, Cal., Code § 7.01.030 (1980).

368. *Id.*

369. *Id.*



artificial means without first obtaining a written permit."³⁷⁰ Unlike the other ordinances considered so far, this one establishes seven detailed permit application requirements.³⁷¹ It greatly broadens the list of other governmental bodies whose comments the Inyo County Water Director will solicit.³⁷² The permit may only be issued if "consistent with the groundwater management plan."³⁷³ Unlike the other ordinances examined so far, the Inyo ordinance does not detail extensive hydrological factors for the decision makers. Rather, it simply directs the director to base the permit decision "upon a review of hydrologic, environmental, and economic consequences of the proposed groundwater pumping."³⁷⁴ In addition, it requires detailed monthly extraction reports³⁷⁵ and imposes fees to pay for the program's administration.³⁷⁶

Despite the apparently broad sweep of the permit program, the exemptions may have shielded the numerical majority of pumpers from the permit requirement.³⁷⁷ The ordinance exempts all small, local

370. *Id.* § 7.01.040. The section exempts "an agency of the United States government to the extent federal law preempts this ordinance." *Id.*

371. *Id.* § 7.01.041. The ordinance requires seven categories of information: 1) detailed technical well information, including monthly extraction rates; 2) estimated time periods for pumping; 3) description of adverse environmental effects; 4) possible changes in surface water uses, including those that might mitigate identified environmental harms; 5) beneficial uses of the ground and surface water available to the applicant; 6) identification of ultimate end uses of the water; and 7) alternatives to the export. *Id.*

372. It requires consultation with thirteen different local, state, and federal agencies. *Id.* § 7.01.043.

373. *Id.* § 7.01.043(d).

374. *Id.* § 7.01.043(d). The above mentioned requirement that the permit be consistent with the water management plan incorporates the detailed "hydrologic, environmental, and economic" factors germane to that plan. *See supra* note 366. Thus, while on the surface, the Inyo ordinance permit requirements seems to be only slightly more detailed than the Sacramento ordinance, *supra* note 348, in combination, sections 7.01.030 and 7.01.043(d) make Inyo's the most detailed of all the ordinances in the range of factors considered. At the same time, the Inyo ordinance avoids the pseudo hydrological "overdraft," "safe yield," and "mining" central to most of the other schemes. In its place, section 7.01.030 details many of the types of concerns with water levels that other ordinances seek to include within their "overdraft," "safe yield," and "mining" definitions. While the Inyo versions require some interpretation, *see, e.g.,* Inyo County, Cal. Code § 7.01.030(d) (1980) ("excessive drilling or pumping costs" not further defined), they generally avoid the interpretive baggage that accompanies "overdraft," "safe yield," and "mining."

375. Inyo County, Cal., Code §§ 7.01.045, 7.01.046 (1980).

376. *Id.* § 7.01.060. The fees are imposed according to the "number of acre feet of pumped groundwater applied for." *Id.*

377. This was what the City of Los Angeles alleged in its litigation successfully challenging the ordinance. *See Judgment On The Pleadings, City of Los Angeles v. County of Inyo*, No. 12908 (Cal. Super. Ct. Inyo County July 13, 1983) (allegations listed in papers supporting motion decided by this judgment). The exemptions apply only to the permit requirement. All pumpers, however, must comply with the well registration and reporting requirements. *See Rossmann & Steele, supra* note 18, at 944.



pumpers who do not sell or exchange water.³⁷⁸ The exemptions shift the program's focus to control of the exports by the basin's biggest pumper: the City of Los Angeles.³⁷⁹

D. Nevada County: Inyo Model Directly Applied to Exports

Enacted in 1986, the Nevada County ordinance follows the same general format of findings, definitions, prohibitions, and permit procedures. In key areas, it borrows most heavily from Inyo. Both in some of its definitions and in the extensive development of the permit procedures, however, the Nevada County ordinance substantially departed from the then current models available from Butte, Glenn, Imperial, Inyo and Sacramento Counties. Although no longer enforced as a *county* ordinance, it has been repealed and reenacted as an ordinance of the state created Nevada County Water Agency.³⁸⁰ It continues to serve as a model.³⁸¹

378. The ordinance creates two classes of such pumpers. The first class includes pumpers who extract less than 5 acre feet per year for overlying uses. Inyo County, Cal., Code § 7.01.070 (a) (1980). The second class includes those irrigators who extract 100 acre feet or less water per year on less than 20 total acres of overlying land. *Id.* § 7.01.070(b). The ordinance authorized the Water Department Director to recommend removal of an exemption for cumulative negative environmental effects. *Id.* § 7.07.071.

379. Shortly after the ordinance's enactment, the City filed two lawsuits to block its enforcement. In *City of Los Angeles v. County of Inyo*, Civ. No. 12908 (Cal. Super. Ct. Inyo County July 13, 1983) (case decided on motion for summary judgment), the trial court upheld the City's claim that the ordinance was preempted under state law. *Id.* The County appealed, and ultimately, the parties settled the dispute. Stipulation and Order for Judgment, *City of Los Angeles v. County of Inyo*, Civ. No. 12908 (Oct. 18, 1991). In the 60 page settlement, the County agreed not to enforce the ordinance against the City. *Id.* at 58-59. In turn, the City agreed to participate in a joint long term groundwater management plan. *Id.* at 5-58.

The plan addresses "groundwater mining:" "The goal is to avoid long term groundwater mining from aquifers of Inyo County." *Id.* It then implicitly defines "mining" by limiting "annual groundwater pumping so that the total pumping from any well field area over a 20 year period (the then current year plus the 19 previous years) does not exceed the total recharge to the same well field area over the same 20 year period." *Id.* In limited circumstances, such as after the initiation of a groundwater recharge program, or if appropriate "for other relevant reasons that are consistent with [the management plan's] goals and principles," pumping may exceed this rate. *Id.*

380. In *Truckee-Donner Pub. Util. Dist. v. County of Nevada*, No. 35920 (Cal. Super. Ct. Nevada County Dec. 8, 1988) (decided on motion for summary judgment), the trial court ruled that the ordinance was preempted under Cal. Const. art. XI, § 7. Order Granting Plaintiff's Motion For Summary Judgment And Denying Defendant's Motion For Partial Summary Judgment at 3, *Truckee Donner Pub. Util. Dist. v. County of Nevada*, No. 35920 (Cal. Super. Ct. Dec. 8, 1988). Following the trial court's ruling, the county repealed the ordinance. See *Minute Order Ruling On Motion To Dismiss at 1, Truckee-Donner Pub. Util. Dist. v. County of Nevada*, No. 35920 (Cal. Super. Ct. Apr. 18, 1988). In addition, the county decided not to appeal. See letter of Melanie K. Wellner, Deputy Counsel, Nevada County,

Indeed, it has directly inspired several portions of the proposed Sutter County ordinance. Despite its improvements over the then available models, however, it suffers from some of the same definition problems.

1. Findings and Definitions

The Nevada County findings apparently borrowed their first two provisions from the Butte and Glenn models.³⁸² A third provision, preventing the ordinance's application to overlying users, had no direct predecessor.³⁸³ An additional provision reinforces the ordinance's limitation to water pumped from "state-identified groundwater aquifers."³⁸⁴ The only Nevada County aquifer identified by the California Department of Water Resources in Bulletin 118-75 is the Martis Valley (Truckee Valley) aquifer.³⁸⁵

to Gregory S. Weber (Oct. 29, 1992). Instead, sitting as board of supervisors of the Nevada County Water Agency, the county board of supervisors reenacted the county's groundwater export ordinance as the water agency's ordinance. *Id.* The Nevada County Water Agency "has some broad powers to manage groundwater." *Id.* These powers included the power to commence an "action or proceeding . . . to declare rights in the natural flow of any . . . subterranean supply of waters . . . or to prevent unlawful exportation of water from . . . [the] . . . agency." Cal. Water Code-App. § 90-13 (West 1968); *see generally* Cal. Water Code § 60230(g) (West 1966 & Supp. 1993) (water replenishment districts have same, uncertain powers); *supra* note 180. The Nevada County Water Agency ordinance also exempted the Truckee Donner Public Utility District from the export control ordinance. Letter from Wellner, *supra*.

381. Many of the Nevada provisions found their way into the draft Sutter County groundwater export ordinance circulated for comment in the summer of 1992. *See, e.g.*, Proposed Sutter County, Cal., Code § 1540-020(b) (1992) (discussion draft circulated Aug. 1992) (defining "export of groundwater" identically as in Nevada County, Cal., Land Use And Development Code § L-X 6.2(D) (1986)); Proposed Sutter County, Cal., Code § 1540-020(i) (1992) (discussion draft circulated Aug. 1992) (defining "overdraft" identically as in Nevada County, Cal., Land Use And Development Code § L-X 6.2(N) (1986)).

382. The first two sentences of the findings mirror the Butte and Glenn models. Nevada County, Cal., Land Use And Development Code § L-X 6.1 (1986).

383. The third sentence of the findings states: "It is not the intent of this ordinance to affect the withdrawal of use of groundwater by an overlying landowner or occupier which withdrawal is for domestic use or irrigation on the overlying parcel." Nevada County, Cal., Land Use And Development Code § L-X 6.1 (1986).

384. Nevada County, Cal., Land Use And Development Code § L-X 6.1 (1986) concludes: "It is also not the intent of this ordinance to regulate groundwater except that groundwater contained in state-identified aquifers." Originally, the ordinance addressed only "identified" aquifers. *See* Nevada County, Cal., Land Use And Development Code §§ L-X 6.1, L-X 6.2(K) (1986) (adding the term "identified aquifers"). Just two months after its enactment, the Nevada County Board of Supervisors amended the ordinance to clarify that the only "identified" aquifers were those identified by the state in Bulletin 118-75. Nevada County, Cal., Land Use And Development Code § L-X 6.1, L-X 6.2(K)(2) (1986) (amended by Nevada County, Cal., Ordinance No. 1370 (March 24, 1986)).

385. Bulletin 118-75, *supra* note 1, at 97. The Nevada County ordinance does not itself



The explicit limitation of the ordinance to specified "state-identified" aquifers eliminates much of the definitional confusion plaguing the Butte and Glenn provisions.³⁸⁶ In addition, the Nevada ordinance makes three major definition changes. First, it eliminates any definition or discussion of "mining." Second, it simplifies the definition of "overdraft."³⁸⁷ Third, it adds a new definition for "export of groundwater."³⁸⁸ While the elimination of the "mining" provision greatly eliminates much of the confusion plaguing the Butte and Glenn ordinances, the "overdraft" and "export" changes add their own interpretive wrinkles.

The ordinance's simple "overdraft" definition eliminates the second, alternative definition contained in the Butte and Glenn models. It simply defines "overdraft" as: "[t]he condition of a groundwater basin where the amount of water withdrawn by pumping exceeds the amount of replenishment."³⁸⁹ In so simplifying the definition, Nevada County loses the explicit definitional link between "overdraft" and "safe yield."³⁹⁰ Since "safe yield," as defined identically in the Butte and Glenn provisions, presents its own interpretive problems, the loss of the explicit linkage with "overdraft" may avoid some definitional confusion.³⁹¹ Nevertheless, the simplification makes even more glaring the definition's lack of a time frame for comparing extractions and replenishment.³⁹²

mention Bulletin 118-75. To avoid any confusion about what the ordinance means by a "state-identified" aquifer, the ordinance expressly states that "Martis Valley (Truckee Valley)" is the only state identified aquifer. Nevada County, Cal., Land Use And Development Code § L-X 6.2(K) (1986).

386. See, e.g., *supra* notes 275-81 and accompanying text.

387. Nevada County, Cal., Land Use And Development Code § L-X 6.2(N) (1986); see *infra* text accompanying note 389.

388. Nevada County, Cal., Land Use And Development Code § L-X 6.2(D) (1988).

389. Nevada County, Cal., Land Use And Development Code § L-X 6.2(N) (1988). As such, the "overdraft" definition follows the Bulletin 118-75 formulation. See Bulletin 118-75, *supra* note 1, at 4. The provision eliminated came from the Supreme Court's gloss on "overdraft" in *Los Angeles v. San Fernando*. See *supra* notes 141-50 and accompanying text.

390. Nevada County's "safe yield" definition is identical to the Butte and Glenn models. Compare Nevada County, Cal., Land Use And Development Code § L-X 6.2(V) (1988) with Butte County, Cal., Code § 33-2.19 (Supp. 1978) and Glenn County, Cal., Code § 20.04.210 (1977). Although the Nevada County ordinance does not explicitly link "safe yield" and "overdraft," the ordinance directs the Planning Director both to consider a proposed export use's impact on "safe yield" and to "specify the safe yield per year for export water for each permit holder." Nevada County, Cal., Land Use And Development Code §§ L-X 6.6, 6.7 (1986).

391. See *supra* notes 312-20 and accompanying text.

392. The loss of express linkage between "overdraft" and "safe yield" reduces the potential for clarification of "overdraft" that might occur after any resolution of the "safe yield" conundrums. While those conundrums are substantial, as noted above, the "safe yield" definition does provide some factors relevant to the determination of an appropriate time



The major definitional uncertainty added by the Nevada County ordinance comes from its "export of groundwater" definition. The ordinance defines that term in pertinent part as: "[r]emoval of water from a state-identified groundwater aquifer by any means to anyplace *outside the immediate groundwater basin*."³⁹³ The ordinance, however, neither defines nor otherwise explains "immediate groundwater basin."

The ordinance's "groundwater basin" definition provides the only clue to the meaning of "immediate." It defines "groundwater basin" as: "[t]he geographic area underlain by a state-identified groundwater aquifer, *including recharge and discharge areas*."³⁹⁴ An "immediate" groundwater basin could thus simply be the state identified groundwater aquifer without the recharge and discharge areas.

Any other interpretation necessarily involves finding some nonarbitrary line with which to separate "immediate" and "non-immediate" areas of a groundwater basin. The findings' provision addressed to overlying owners offers a vague suggestion. As noted above, the findings announce that the ordinance has no effect on "the withdrawal or use of groundwater by an overlying landowner or occupier which withdrawal is for the domestic use or irrigation on *the* overlying parcel."³⁹⁵ The italicized "the" is ambiguous when applied to a pumper who withdraws water from the aquifer from a well on one parcel for use on a different parcel that also overlies the aquifer. Arguably, such a use might be beyond the "immediate" area from which the water was extracted.³⁹⁶

frame for comparing extractions and replenishment. *See supra* notes 312-20 and accompanying text.

In addition to leaving the time frame matters unaddressed, the "overdraft" simplification does nothing to address the problem of determining who is causing overdraft. *See supra* note 288 and accompanying text.

393. Nevada County, Cal., Land Use And Development Code § L-X 6.2(D) (1986) (emphasis added). The definition adds: "[e]xportation includes pumping of groundwater for (1) direct discharge into a surface water system which conveys water out of the groundwater basin or (2) resale to a customer or user who will convey the water out of the groundwater basin." *Id.*

394. Nevada County, Cal., Land Use And Development Code § L-X 6.2(G) (1988) (emphasis added).

395. Nevada County, Cal., Land Use And Development Code § L-X 6.1 (1988) (emphasis added).

396. As noted above, the law has not entirely determined whether such a use is within the overlying right. *See supra* note 115. On the one hand, if such a use were *not* an "overlying" use, then the Nevada ordinance "immediate" area limitation might be unnecessary. On the other hand, even if state decisional law does not recognize such an overlying right, the Nevada "immediate area" limitation might be attempting to regulate extractions that are otherwise within the "overlying rights" recognized by decisional law.

The ordinance's "permit conditions" provision indirectly and ambiguously addresses the distinction between immediate and non-immediate use in the groundwater basin. Section L-X 6.7 states: "The Planning Commission shall place no conditions upon or



2. Substantive Provisions

Unlike Butte and Glenn counties, Nevada County does not expressly address groundwater "mining." Rather, its regulatory scheme focuses exclusively on groundwater "export." Nevada County requires a permit to export groundwater, as defined above, or to "install any groundwater transport facility to convey water from a state-identified groundwater aquifer."³⁹⁷

The Nevada County ordinance departs from its Sacramento Valley counterparts in several ways. It draws its principal inspiration from the Inyo ordinance.³⁹⁸ The Nevada ordinance does vary from the Inyo model in several ways. First, it expressly makes the California Environmental Quality Act applicable.³⁹⁹ Second, it partially clarifies

set allocations for water withdrawn from the groundwater basin *which will be actually used or consumed within the groundwater basin.*" Nevada County, Cal., Land Use And Development Code § L-X 6.7 (1988) (emphasis added).

By itself, this provision does not resolve the applicability of the export definition to overlying, but non-immediate users. If such an overlying but non-immediate user is not an "exporter," then section L-X 6.7 serves one of two functions. First, it simply reiterates the general inapplicability of the ordinance to any overlying users. Second, to the extent that a single extractor is pumping for both an overlying and a non-overlying use, the section clarifies that the Planning Director can only condition the portion of the extraction used for export.

Alternatively, if an overlying but non-immediate user *is* an "exporter," then such an exporter has to follow the permit process, even if ultimately the Planning Commission has no authority to condition the non-immediate but overlying uses. On the one hand, such an application appears to be an empty and expensive requirement. In such a light, it would counsel rejection of the export definition to an overlying but not immediate user. On the other hand, if such an extraction had environmental or economic consequences different from "pure" overlying uses, then the application process would at least force the pumper to identify and confront these consequences. The required reports might give the County helpful information, even if ultimately the Planning Commission could not impose conditions upon the pumping.

Another possible interpretation of "immediate groundwater basin" might involve the cone of depression. This possible limitation echoes the discussion above of the Imperial and Butte ordinances. *See supra* notes 241-45, 275-81 and accompanying text. Use of "cone of depression" or the equivalent to distinguish between "immediate" and "non-immediate" groundwater basin would undoubtedly trigger permit requirements of some otherwise overlying users. As noted immediately above, the Nevada County ordinance somewhat ambiguously tries to avoid its application to overlying users.

397. Nevada County, Cal., Land Use And Development Code § L-X 6.3 (1988).

398. *Compare, e.g.,* Nevada County, Cal., Land Use And Development Code § L-X 6.4 (1988) *with* Inyo County, Cal., Code § 7.01.041 (1988) (former having eight information categories required from permit applicant and the latter having seven of eight identical to Nevada County requirements); *compare also* Inyo County, Cal., Code § 7.01.030(b)-(i) (1988) and *supra* note 366 *with* Nevada County, Cal., Land Use And Development Code § L-X 6.7(B)-(I) (identical findings required).

399. Nevada County, Cal., Land Use And Development Code § L-X 6.5 (1988).



the overdraft analysis by requiring a determination that "the quantity of water sought to be exported will not result in overdraft"⁴⁰⁰ and specifying the "safe yield per year for export water" that will protect the groundwater supply.⁴⁰¹ Finally, since the Nevada ordinance was directed solely at exporters, it had no need for the Inyo exemptions for small, in basin users. Rather, the Nevada ordinance exempted exporters who were continuously exporting water during any six month period of the year preceding the ordinance's enactment.⁴⁰²

E. Tehama County: The 1986-92 Drought Prompts Another Export Control Ordinance

1. Findings and Definitions

The Tehama County "aquifer protection" ordinance substantially resembles in both structure and content the Butte and Glenn ordinances.⁴⁰³ Like its two older cousins, the Tehama County ordinance contains findings, definitions, mining prohibitions, and permit requirements. Nevertheless, Tehama County's ordinance substantially restricts pumping for export by changing the mining definition, adding a "radius of influence" restriction, and greatly expanding the permit requirement.

A major difference in tone between the Tehama County ordinance and its cousins readily appears in the ordinance's initial findings. As noted above, both Butte and Glenn counties began their ordinances with a section containing a single short paragraph extolling the importance of groundwater to the health, welfare, safety, and economy of their respective counties.⁴⁰⁴ In contrast, Tehama County prefaced its "aquifer protection" provisions with 15 paragraphs of findings and declarations.⁴⁰⁵ Like their Butte and Glenn counterparts, these provisions attempt to link aquifer management with concerns over the county's economy and environment. Unlike Butte and Glenn counties, however, Tehama elaborates the linkages in great detail.⁴⁰⁶

400. Nevada County, Cal., Land Use And Development Code § L-X 6.7 (1988) (emphasis added). With the exception of Sacramento County, the Sacramento Valley counties' ordinances all inelegantly caution their boards to prevent the "permit" from "result[ing] in overdraft." See, e.g., *supra* note 320.

401. Nevada County, Cal., Land Use And Development Code § L-X 6.7 (1988) (emphasis added).

402. Nevada County, Cal., Land Use And Development Code § L-X 6.10 (1988).

403. Tehama County, Cal., Code Ch. 9.40 (1992) ("Aquifer Protection").

404. See *supra* note 323 and accompanying text.

405. Tehama County, Cal., Ordinance No. 1552 (1992). These findings, however, will not be within the codified version of the ordinance.

406. See *id.* paras. 3, 9. The Tehama ordinance foresees fuller development of the county's



Most of the definitions set forth in the Tehama County ordinance are identical to the comparable Butte and Glenn provisions.⁴⁰⁷ In three critical ways, however, the definition lists differ. First, the Tehama County ordinance adds a definition of "domestic water well."⁴⁰⁸ This provision sets up several exceptions to the ordinance's pumping limitations.⁴⁰⁹ Second, the Tehama County code adds a definition of "radius of influence."⁴¹⁰ This provision sets up a major new pumping limitation.⁴¹¹ Finally, the Tehama County ordinance's "mining" definition differs substantially from its Butte and Glenn cousins.⁴¹²

Tehama County defines "mining" as:

Extraction of groundwater by any means, including pumping and the use of artesian wells, from any aquifer within the county of Tehama which in contemplation of pre-existing extractions of ground water [sic] used beneficially upon lands overlying the aquifer within the County and the reasonably foreseeable beneficial uses to which the groundwater from the aquifer could be made to lands overlying the aquifer within the County which [sic] exceeds the reasonably foreseeable replenishment potential of the watersheds' native water together with such imported water as may be available to be applied to the recharge the [sic] aquifer.⁴¹³

By defining the relevant "groundwater bodies" as "any aquifer within the county of Tehama," this definition solves the initial problem created by

agricultural economy "for a host of reasons, including the presence of an aquifer or aquifers that have not yet been damaged by imprudent water production practices." *Id.* para. 3. The ordinance also identifies numerous harms that mining or overdrafting from new wells might cause, even when the water will be used "upon overlying and immediately adjacent lands within the County." *Id.* para. 9.

407. Compare Tehama County, Cal., Code §§ 9.40.010(11), (18) (1992) with Butte County, Cal., Code §§ 33-2.13, -2.19 (Supp. 1978) and Glenn County, Cal., Code §§ 20.04.150, .210 (1977) (identical overdraft and safe yield provisions in all three codes).

408. Tehama County, Cal., Code § 9.40.010(3) (1992) (well used for residential and yard uses "within the curtilage of a dwelling" on the well site parcel or a contiguous parcel).

409. Tehama County, Cal., Code §§ 9.40.030, .040 (1992); see *infra* note 427.

410. "The radial distance from the center of a well bore to the point where there is no lowering of the water table or potentiometric surface (the edge of the well's cone of depression)." Tehama County, Cal., Code § 9.40.010(16) (1992).

411. Tehama County, Cal., Code § 9.40.040 (1992) (radius of influence restrictions); see *infra* notes 426-29 and accompanying text.

412. Compare Tehama County, Cal., Code § 9.40.010 (10) (1992) with Butte County, Cal., Code § 33-2.12 (Supp. 1978) and Glenn County, Cal., Code § 20.04.140 (1991) (differing mining definitions); see also *supra* notes 268, 274-97, 325 and accompanying text.

413. Tehama County, Cal., Code § 9.40.010(10) (1992).



Butte and Glenn counties' undefined reference to "groundwater bodies."⁴¹⁴ Nevertheless, while solving this problem, the Tehama County provision proceeds to pose several interpretive challenges of its own.

The first problem requires reconstruction of the 93 word sentence to clarify the relationship between the multiple clauses and phrases. Much of the confusion comes from the lack of punctuation and the inclusion of an apparently superfluous "which" preceding "exceeds" in the definition's latter portion.⁴¹⁵ If the second "which" is ignored, and clarifying changes added, the definition appears to read:

Extraction of groundwater . . . from any aquifer within the county of Tehama which[,] in contemplation of [both:]

[1] pre-existing extractions of [groundwater] used beneficially upon lands overlying the aquifer within the county[,] and
 [2] the reasonably foreseeable beneficial uses to which groundwater from the aquifer could be made to lands overlying the aquifer within the County[,]
 . . . exceeds the reasonably foreseeable replenishment potential of the watersheds' native water together with such imported water as may be available to be applied to the recharge [of] the aquifer.

This reconstruction, however, raises its own problems.

As noted above, both the Butte and the Tehama County ordinances define "mining" by setting up a simple equation: "*mining*" = "*pumping*" > "*replenishment*."⁴¹⁶ Similarly, the initial and final portions of the Tehama County ordinance appear to set up a similar equation: "*mining*" = "*extraction*" > ((*native water replenishment*) + (*water imported for recharge*)). This equation, however, leaves out the definition's two phrases that qualify "extraction": "pre-existing extractions for overlying use within the county" and "reasonably foreseeable future in county overlying uses." The question remains: how does "contemplation" of "present" and "future" in-county uses affect the definition of "mining" itself?

None of the other definitions addresses either the meaning of these two phrases, or their role in the "mining" equation. Several possible interpretations exist. First, the phrases might carve out from the "mining"

414. See, e.g., *supra* notes 282-87 and accompanying text.

415. The problem stems from the "which" that precedes "in contemplation of" in the ordinance's initial portion. The second "which" simply makes no sense.

416. See *supra* notes 268, 325. Both these ordinances require pumping to be "greatly in excess of replenishment." *Id.*

The preceding discussion noted a problem with these simple "mining" definitions that applies to the Tehama County ordinance, too. All three definitions fail to identify a time frame for comparing the rates of extraction and replenishment. See *supra* notes 282-83 and accompanying text.



definition an exemption for in-county uses. Under this interpretation, pumping that exceeded replenishment would not be "mining" if the water were "used beneficially" in-county on lands overlying the aquifer. Such an interpretation, however, does not follow easily from the vague text of the mining definition. Moreover, it adds little to the overall groundwater control ordinance. It simply follows the mining restriction itself. The Tehama county ordinance only bans "mining" if the extracted water "is transported . . . from the [county.]"⁴¹⁷ Under this interpretation, an in-county pumper faces no potential liability for "mining." The "mining" equation would read: "*mining*" = "*extraction (for out-of-county uses)*" > ((*native water replenishment*) + (*water imported for recharge*)).

Second, the "present" and "future" in-county use phrases might simply purport to reserve water for any future in-county uses. Under such a reading, "mining" occurs when a proposed export project will take water away from future in county uses, *even if* the combined rates of then-present pumping for in-county uses and export pumping is otherwise less than the combined rate of natural and artificial replenishment. Under this reading, the "mining" equation would read: "*mining*" = ((*present pumping for in-county uses*) + (*export pumping*)) > ((*native water replenishment*) + (*water imported for recharge*)).

Finally, at the opposite extreme from the first interpretation, the "present" and "future" in-county use phrases might simply reinforce the basic equation that "*mining*" = "*extraction (for any purpose)*" > ((*native water replenishment*) + (*water imported for recharge*)). Little textual support exists within the definition itself for this interpretation.⁴¹⁸ Nevertheless, the ordinance's broad legislative findings demonstrate the board's concern over the effects of increased pumping even for in-county, overlying uses.⁴¹⁹

Although the board thus expressed its concern over potential mining for overlying uses, it ultimately limited the mining ban to out-of-county extractions.⁴²⁰ Thus, even if the mining definition itself arguably might have limited *in-county* extractions for in county uses, such a definition would have little impact on a potential exporter's ability to pump for uses outside of the county.⁴²¹

417. Tehama County, Cal., Code § 9.40.020 (1992).

418. Indeed, such a reading would reduce the overall equation to "*mining*" = "*pumping*" > "*replenishment*." This would make the lengthy Tehama County provision into a virtual twin of its far shorter Butte and Glenn county cousins.

419. See Tehama County, Cal., Ordinance No. 1552, paras. 9, 12 (1992). Specific concerns noted are drought induced increased well drilling for intracounty uses which alarms county supervisors and a fear of intracounty exports. *Id.*

420. See Tehama County, Cal., Code § 9.40.040 (1992).

421. The only impact on an exporter readily imaginable from such a broad definition would be the county wide level at which mining occurred. If "mining" can occur when ((*present + future*) *in-county pumping*) > ((*native water replenishment*) + (*water imported for recharge*)), then there will be no water available for export pumping.



2. Substantive Provisions

In addition to these definition changes, the Tehama County ordinance makes three major substantive changes from its Butte and Glenn county counterparts. First, like the current Glenn County ordinance, the Tehama County ordinance's punctuation leaves no doubt that the mining ban applies only to water that is "transported . . . from the County of Tehama."⁴²²

Second, the Tehama County ordinance greatly broadens the permit requirement. Unlike the vague Butte County provision,⁴²³ and the generally narrower Glenn County provision,⁴²⁴ the Tehama County provision requires a permit from any one who pumps for use (or sale for use) "on other than the parcel of land upon which the extraction occurs, or contiguous parcels of land under the same ownership as the parcel from which the extraction occurs."⁴²⁵ This provision requires a permit from any exporter who wished to take water out of the county for use on any parcel other than one immediately across the Tehama County line from the Tehama County parcel upon which the pumping occurred.

Third, the Tehama County ordinance adds an entirely new pumping restriction. Section 9.40.040 makes it unlawful to operate (or allow another to operate) a well "in such a manner that the radius of influence of such well extends beyond the boundaries of the parcel of land upon which the well is located, or alternatively, beyond the boundaries of contiguous parcels of land under the same ownership as that parcel upon which the well is located."⁴²⁶ As originally enacted, this provision applied with almost equal force to both in-county users and exporters.⁴²⁷ Almost immediately, the county amended the ordinance by exempting wells "actually in operation in calendar year 1991 or any prior year."⁴²⁸

422. Tehama County, Cal., Code § 9.40.020 (1992); *see also supra* notes 274-97, 333 and accompanying text.

423. *See supra* note 270.

424. *See supra* note 326. In one instance, Glenn County's permit requirement is broader than the Tehama County provision. Glenn County requires all out of county pumpers to obtain a permit. Glenn County, Cal. Code § 20.04.410 (1991). In contrast, if a Tehama County pumper owned a contiguous parcel of land across the Tehama County line, pumping from the Tehama County parcel for use on the adjoining, non-Tehama County parcel, would not appear to require a permit. Tehama County, Cal., Code § 9.40.030 (1992).

425. Tehama County, Cal., Code § 9.40.030 (1992) (also exempting defined drinking water purveyors serving Tehama County residents).

426. *Id.* § 9.40.040. For the definition of "radius of influence," *see supra* note 410.

427. The provision exempts both defined "domestic wells" and the same suppliers of Tehama County public water system exempted from the permit requirement. Tehama County, Cal., Code § 9.40.040 (1992); *see generally supra* note 408.

428. Tehama County, Cal., Ordinance No. 1553 (Feb. 18, 1992).



This pumping restriction places an additional substantive limitation upon some potential exporters. For those exporters who draw or purchase water from a well grandfathered in under the amendment, the radius of influence restriction will have little impact.⁴²⁹ If the grandfather clause does not apply to water from a particular well, then the radius of influence restriction may greatly reduce the availability of sites for potential export pumping—even if there is no demonstrated "mining," "overdraft," or other long term negative impacts associated with a particular well. Export pumpers will have to buy larger parcels, or parcels more remote from neighboring wells.⁴³⁰

V. EXPORT REGULATION BY STATE CREATED GROUNDWATER AUTHORITIES

The major legislative alternative to locally enacted groundwater export controls is state creation of a groundwater management agency. In 1953, the legislature added sweeping groundwater management powers to the Orange County Water District (OCWD).⁴³¹ The 1953 amendments to its charter authorized the OCWD to limit overall district groundwater pumping and equalize the relative costs of surface and groundwater supplies through a "basin equity assessment."⁴³² The OCWD Act, does not, however, directly address groundwater export issues in its statutory scheme.⁴³³

429. Arguably, enlargement or deepening of a well under some circumstances might trigger the radius of influence restrictions. *See* Tehama County, Cal., Code § 9.40.040 (1992).

430. In addition to Tehama County's 1992 enactment of a groundwater export ordinance, 1992 also saw Sutter County draft a groundwater export ordinance. Sutter County, Cal., Proposed Ordinance, An Ordinance of the County of Sutter Amending the Sutter County Ordinance Code by Adding Chapter 1540 Relating to the Mining of Water (1992). *See* Letter from James Scanlon, Deputy County Counsel, Sutter County, to Sutter County Water Districts (Aug. 27, 1992) (containing draft of "Proposed Sutter County Ordinance Regarding Groundwater Management"). At the time of this writing, the County has not proceeded on this proposal.

431. 1953 Calif. Stats. 2035, 2060-67; *see generally* Schneider, *supra* note 59, at 43-49.

432. *See* Calif. Water Code-App. § 40-31.5 (West Supp. 1993); *see generally* Schneider, *supra* note 59, at 47-49.

433. Although the current version of the OCWD Act does not detail export restrictions, it does, however, expressly authorize the district to initiate "actions and proceedings . . . to prevent *unlawful* exportation of water from the district." Cal. Water Code-App. § 40-2(9) (West Supp. 1993) (emphasis added). It does not, however, otherwise directly address the legality of exports. The Water Code Appendix is peppered with similar language in special district legislation. *See, e.g., supra* note 380 (Nevada County Water Agency has such undefined powers). The reference to "actions and proceedings" in these acts appears to limit the special districts' powers to that of being able to sue, or to appear as a party before an agency, to establish an unlawful export. Without more, it does not appear to authorize the special district to legislate on these matters. *Cf.* Cal. Water Code § 275 (West 1971) (granting



A. Sierra Valley Groundwater Basin Act

The first special district legislation to address groundwater export directly was the Sierra Valley Groundwater Basin Act (Sierra Valley Act, or Act).⁴³⁴ Added in 1980, the legislation authorized Plumas and Sierra counties to create a joint powers agency⁴³⁵ known as the "Sierra Valley Groundwater Management District."⁴³⁶ The Department of Water Resources had identified "special problems" with that basin.⁴³⁷ The reduction of artesian head resulting from increased well drilling threatened winter valley cattle watering.⁴³⁸

1. Findings and Definitions

Unlike many of the more recent special acts, the Sierra Valley Act contains no express legislative findings. It does extensively define relevant terms.⁴³⁹ Six definitions help avoid much of the confusion inherent in many of the ordinances considered above.

First, the Act defines "groundwater basin" as: "the groundwater basin within the boundaries of the district and any sub-basins located therein."⁴⁴⁰ As a special act directed towards solving a particular basin's problems, the legislation by nature eliminates much of the confusion plaguing the county ordinances considered above. The "groundwater basin" definition removes any residual confusion by including "sub-basins" within the overall basin definition.

State Water Resources Control Board the power to take "all appropriate proceedings or actions before executive, legislative, or judicial agencies to prevent . . . [waste] of water").

The following section of the article focuses on those special districts expressly empowered to limit groundwater exportation pursuant to groundwater management authority.

434. Cal. Water Code-App. § 119-101 (West Supp. 1993).

435. A "joint powers agency" is an agreement by two or more public agencies to exercise jointly any of the powers they could each exercise separately. *See* Cal. Gov't Code §§ 6500-6599 (West 1980 & Supp. 1993).

436. Cal. Water Code-App. § 119-102 (West Supp. 1993). An additional section of the 1980 legislation also authorized Lassen and Sierra Counties to enter into a management agreement with Nevada, or Washoe County, Nevada, governing the bi-county, interstate Long Valley groundwater basin. Cal. Water Code-App. § 119-1301 (West Supp. 1993). It also allows the two California counties to manage jointly the California portion of the Long Valley basin with the same powers otherwise granted to the Sierra Valley Groundwater Management District. *Id.*

437. Bulletin 118-80, *supra* note 12, at 35, 38.

438. *Id.* at 38.

439. Cal. Water Code-App. §§ 119-301 to 119-322 (West Supp. 1993).

440. *Id.* § 119-311.



Second and third, the Act distinguishes two classes of extractors who have appropriative rights. It defines "export" as those extractions that will be used outside of the district boundaries.⁴⁴¹ Thus, nonoverlying users who appropriate groundwater for use outside of district are "exporters." In contrast, the Act creates a new class of appropriators: "district off-basin users."⁴⁴² These appropriators extract "groundwater for use on land within the district which does not overlie the groundwater basin."⁴⁴³ The distinction becomes critical to the substantive rights created by the Act.⁴⁴⁴

Fourth, the Act provides a basic definition of "overdraft." It defines "overdraft" as: "the condition of the groundwater basin where the average annual amount of water extracted exceeds the average annual supply of water to the basin, plus any temporary surplus."⁴⁴⁵ While not as specific as the Imperial ordinance, it does specify "average annual amount" as the relevant measures of time and quantity for comparing extractions and replenishment.

Fifth, the Act adds a definition not found in any of the ordinances. It defines "available supply" in part as:

the quantity of groundwater which can be withdrawn annually from the groundwater basin without resulting in or aggravating conditions of overdraft, subsidence, or groundwater quality degradation. Available supply of the groundwater basin includes the average annual natural water supply, imported water or other water which has been spread to the basin or otherwise added to the basin, and return flows to the basin attributable to these sources reaching the groundwater basin in the course of use.⁴⁴⁶

Finally, the Act defines "well interference" as: "a substantial water level decline in a short time period in a localized area caused by pumping from extraction facilities."⁴⁴⁷ Of course, this provision is no

441. *Id.* § 119-307.

442. *Id.* § 119-306.

443. *Id.*

444. Cal. Water Code-App. § 119-709.7 (West Supp. 1993); *see infra* notes 453-56 and accompanying text.

445. *Id.* § 119-314. Unlike the ordinances considered above, the Act expressly defines "temporary surplus" as: "the amount of water that can be extracted from the groundwater basin, without adversely affecting the available supply of the groundwater basin, to provide storage space for natural recharge that would be lost during wet years if it could not be stored in the groundwater basin." *Id.* § 119-319. This definition follows directly from *Los Angeles v. San Fernando*. *Supra* note 130; *see also supra* note 87.

446. Cal. Water Code-App. § 119-302 (West Supp. 1993).

447. *Id.* § 119-321.



model of precision. For example, it does not limit "localized area" as specifically as the Tehama ordinance's definition of "radius of influence."⁴⁴⁸ Nevertheless, it does at least provide three relative concepts: 1) "substantial" versus "insubstantial" water level decline; 2) "short" versus "long" time period; and 3) "localized" versus "regional" or "widespread" area.

2. Substantive Provisions

The Sierra Valley Act authorizes, but does not require, extensive groundwater management provisions. For example, it allows the District to require well registration and extraction statements.⁴⁴⁹ In addition, it may regulate well spacing or operation to minimize well interference.⁴⁵⁰ This power includes the right to adjudicate whether well interference from an extraction infringes another extractor's legal rights.⁴⁵¹ In general, if the District "determines that groundwater management activities may be necessary," the District may exercise any of several identified powers.⁴⁵²

The Act extensively details the district's export regulation authority. Central to the export regulation scheme is a legislative prioritization of appropriate groundwater rights. Section 119-709.7 grants a priority to both overlying groundwater users and to "district off-basin groundwater users" over exporters.⁴⁵³ In some circumstances, this provision can reprioritize existing uses; the in-district use priority applies "irrespective of the time such export uses are commenced."⁴⁵⁴ In addition, the Act authorizes the district to grant some off-basin district users a priority over overlying users, based on a need for "equitable distribution of the groundwater resource."⁴⁵⁵

The Sierra Valley Act thus provides a rare and limited state legislated scheme for acquiring private rights to groundwater. In place of

448. See *supra* notes 410, 426-29, and accompanying text.

449. Cal. Water Code-App. §§ 119-601 to 119-607 (West Supp. 1993).

450. *Id.* §§ 119-703 to 119-704.

451. *Id.* § 119-705. This contrasts with the powers of local public agencies under A.B. 3030. As noted above, that bill expressly precludes a local public agency from determining extractor's legal rights. See *supra* note 207.

452. Cal. Water Code-App. § 119-702 (West Supp. 1993) (authorizing, *inter alia*, water purchase, storage, conservation, and exchange); see also *id.* §§ 119-801 to 119-1206 (groundwater extraction and management charges, water development projects, judicial enforcement). These powers are fairly typical of powers granted to those state created local water agencies authorized to manage groundwater. See, e.g., *supra* note 180 (water replenishment districts).

453. Cal. Water Code-App. § 119-709.7(a) (West Supp. 1993).

454. *Id.*

455. *Id.* § 119-709.7(b).



the traditional, two tier scheme of water rights rules governing groundwater extraction, the legislature has created a three tier scheme. Even more significantly, the legislature granted the district the power to adjust the automatic priority otherwise granted to overlying users by common law, in favor of local (i.e., in-district) appropriative uses.⁴⁵⁶

These legislative changes to water rights law strongly support the district's export management authority. The Act requires an exporter to obtain a permit specifying the amount of water it can export.⁴⁵⁷ Permit applicants must demonstrate "an available supply . . . in excess of the amount currently required for reasonable and beneficial uses within the district."⁴⁵⁸ The applicant must also demonstrate that the export, "if permitted, would not adversely affect the rights of groundwater users within the district."⁴⁵⁹ If the district later determines that overdraft exists, it can suspend previously authorized exports.⁴⁶⁰

B. Other Districts Follow the Sierra Valley Model

In 1989, the legislature extended export control powers to two other specially created local public agencies in Eastern California.⁴⁶¹ The legislation that created the Mono County Tri-Valley Groundwater Management District contains critical definitions, groundwater management provisions, and export restrictions virtually identical to the

456. The constitutionality, under the state and federal "takings" clauses, of such a reprioritization of an existing right is beyond the scope of this article.

In the event that any pumper petitions a court to adjudicate a groundwater basin, the legislature has directed the court how to apportion the groundwater. In general, the court must allocate groundwater similarly to the district's allocation of basin waters in times of overdraft. *Compare* Cal. Water Code-App. § 119-712 (West Supp. 1993) *with id.* § 119-709.5; *see also infra* note 460.

457. Cal. Water Code-App. § 119-706(a) (West Supp. 1993).

458. *Id.* § 119-706(b).

459. *Id.*

460. *Id.* § 119-707. If export restrictions alone will not "eliminate existing or threatened conditions of overdraft, the district may limit or suspend extractions by district users." *Id.* § 119-709. Under such circumstances, the district primarily allocates water "on the basis of the number of acres overlying the basin or subbasin that a user owns or leases in proportion to the total number of acres overlying the basin or subbasin." *Id.* § 119-709.5. The district can, however, adjust "any figure . . . up or down for any of the following factors: (1) [t]he number of acres actually irrigated compared to the number of acres owned or leased; (2) [c]rop type; (3) [w]asteful of inefficient use; (4) [r]easonable use; (5) [a]ny other factors that the district reasonably feels it should consider in order to reach an equitable distribution within the entire district." *Id.*

461. Cal. Water Code-App. §§ 128-1 to 128-906 (West Supp. 1993) (Mono County Tri-Valley Groundwater Management District Act); *id.* §§ 129-1 to 129-1301 (Honey Lake Valley Groundwater Management District).



Sierra Valley Act.⁴⁶² The legislation that created the Honey Lake Valley Groundwater Management District, in Lassen County, mirrors the Sierra Valley Act for the most part.⁴⁶³ The Honey Lake Valley Act, however, does not contain the Sierra Valley Act's legislative distinctions between in-district and out-of-district appropriators.

In 1991, the Legislature again modeled special district legislation upon the Sierra Valley Act. The Ojai Basin Groundwater Management Agency Act creates an agency in Ventura County with power to regulate groundwater and restrict its export.⁴⁶⁴ Like the Honey Lake Valley Act, however, the Ojai Basin Act does not expressly prioritize water among different types of appropriators.⁴⁶⁵

The Sierra Valley Act and its progeny continue to serve as models for special district legislation.⁴⁶⁶ Indeed, in 1992, two counties that had enacted groundwater export ordinances moved forward with proposals for state legislation to create special county-wide groundwater management districts with groundwater management and export control authority. In 1992, Glenn County unsuccessfully sought legislation that

462. Compare Cal. Water Code-App. §§ 119-302 to 119-322 (West Supp. 1993) with *id.* §§ 128-302.5 to 128-322.

463. Compare Cal. Water Code-App. §§ 119-302 to 119-322 (West Supp. 1993) with *id.* §§ 129-302 to 129-322.

464. Cal. Water Code-App. §§ 131-101 to 131-1201 (West Supp. 1993). Again, many of the Ojai Basin Act's principal definitions and substantive provisions are substantially similar to the Sierra Valley Act's provisions. Compare *id.* §§ 131-302 to 131-327 with *id.* §§ 119-302 to 119-322.

The Sierra Valley Act, the Mono County Act, and the Honey Lake Valley Act all prohibit exports unless the applicant demonstrates that "there is an *available supply* . . . in excess of the amount currently required for reasonable and beneficial uses within the district." Cal. Water Code-App. § 119-706 (West Supp. 1993) (Sierra Valley Act); *id.* § 128-706 (Mono County Act); *id.* § 129-706 (West Supp. 1993) (Honey Lake Valley Act) (emphasis added). The Ojai Basin Act, however, prohibits exports "unless the applicant has established that the *temporary surplus* is in excess of the amount currently required for reasonable and beneficial uses within the agency." Cal. Water Code-App. § 131-708(b) (West Supp. 1993) (emphasis added). The Sierra Valley Act, the Mono County Act, and the Honey Lake Valley Act define "temporary surplus" as: "the amount of water that can be extracted from the groundwater basin, without adversely affecting the available supply of the groundwater basin, to provide storage space for natural recharge that would be lost during wet years if it could not be stored in the groundwater basin." Cal. Water Code-App. § 119-319 (West Supp. 1993) (Sierra Valley Act); *id.* § 128-319 (Mono County Act); *id.* § 129-319 (Honey Lake Valley Act) (emphasis added). In contrast, the Ojai Basin Act expands the definition: "the amount of water that can be extracted from the basin without permanently adversely affecting the available supply or the ability of the basin to provide storage space for natural or artificial recharge that would be lost during wet years if it could not be stored in the basin." Cal. Water Code-App. § 131-325 (West Supp. 1993) (emphasis added).

465. Cal. Water Code-App. § 131-403 (West Supp. 1993).

466. Cf. Calif. Water Code-App. §§ 121-102 to 121-1105 (West Supp. 1993) (Fox Canyon Groundwater Management Act).



would have created a Glenn County Groundwater Management District.⁴⁶⁷ Twice passed by the legislature, it was twice vetoed by Governor Wilson.⁴⁶⁸ While the proposed Glenn County Act varied substantially from the Sierra Valley Act, nevertheless, the Sierra Valley Act's influence remains apparent.⁴⁶⁹ Similarly, in 1992 and 1993, Imperial County was continuing to draft special district legislation modeled after the Sierra Valley Act and its progeny.⁴⁷⁰

VII. CONCLUSIONS

The extended tour through the maze of ordinances and special district legislation⁴⁷¹ leads to two sets of conclusions about local control of groundwater transfers. First, authorized counties or other local public agencies who undertake groundwater transfer control need to pay much greater attention to the details of their local legislative schemes. Second, the balkanization of groundwater basin management, particularly in multi-county basins such as the Sacramento Valley groundwater basin, argues strongly for greater state legislative guidance over important water allocation decisions with statewide import. At the very least, state legislation could add some greater uniformity to provisions adopted by those localities who are both authorized and who choose to regulate groundwater extractions. More importantly, state law could ensure that groundwater export controls that do not involve true basin management do not benefit local economies at the expense of the state economy as a whole.

467. See *supra* note 201.

468. See *supra* note 201.

469. For example, the proposed Glenn County Act contains many of the same definitions and substantive provisions as the Sierra Valley Act. Compare S.B. 207 §§ 202, 209, 212, 501, 502 (1992) (unenacted) with Cal. Water Code-App. §§ 119-302, -311, -314, -701, -702 (West Supp. 1993) (same definitions of terms and substantive provisions). The vetoed Glenn County Act, however, departed from the Sierra Valley Act in quite a few ways. Some of the differences relevant to export regulation include both different definitions and different permit requirements. Compare S.B. 207 §§ 205(a), 507(b) (1992) (unenacted) with Cal. Water Code-App. §§ 119-307, -706 (West Supp. 1993) (note differences in definition of "export" and permit restrictions on water exports).

470. Letter of Joanne Yeager, Deputy County Counsel, Imperial County, to Gregory Weber (Feb. 20, 1992). The County received a "final draft" bill from its special counsel on February 26, 1993.

471. *Supra* notes 215-470 and accompanying text.



A. Greater Care Needed in Drafting Locally Initiated Groundwater Transfer Regulations

Regardless of the ultimate outcome of the debate over the degree of state control over groundwater transfer matters, the crafters of groundwater transfer regulations need to pay much greater attention to the details of their legislative schemes. Over the past 20 years, a "common law" of local legislative efforts to control groundwater exports has arisen. The law is "common" not in the legal sense of a judicially created body of law; rather, it is common in the sense that the various counties have borrowed substantial portions of previous local legislative efforts in developing their own particular solutions to the transfer problems. At the same time, they have departed from their models at times. This ability to borrow from the best current solutions and innovate where the best is not appropriate is one of the strong points in favor of local control over groundwater issues. Unfortunately, the borrowing patterns have not always reflected a coherent and precise tailoring of legislative expression to local circumstances.

The reasons for the pattern of borrowing and innovation are likely as much a result of accident as conscious design. Lacking a central depository for the local ordinances, it is difficult to assemble a complete set of these ordinances. Sudden concerns over groundwater transfers, particularly in times of drought, may lead to hasty, imprecise drafting. In addition, complicated or poorly understood local hydrology does not lend itself easily to simple legislative solutions.⁴⁷²

While progress in eliminating unnecessary legislative confusion has not been uniform, there have been major steps forward over the past decade. For those counties that have been able to convince the legislature to enact special district legislation, the Sierra Valley Act has become a true model.⁴⁷³ That Act and its progeny generally define precisely the affected area, the meaning of export, and the requirement for an export permit. Moreover, the export control schemes are accompanied by general

472. Of course, as noted earlier, see *supra* notes 182-91 and accompanying text, local public agencies have no monopoly on poor drafting. As also noted, however, at least with a poorly drafted state statute, the provisions will be uniform, once the courts figure out what they mean. In contrast, with 58 counties, and over 900 other local public agencies that may have some authority to regulate groundwater under A.B. 3030, the need for drafting precision is even greater, since the chances for incoherency in resource planning are multiplied a thousand fold. An optimist would conclude that, with maybe 1,000 entities potentially at work on their groundwater management ordinances, some of them will "get it right" and come up with a well crafted scheme. A pessimist, however, might conclude that 995 of the entities may well "get it wrong," and the resulting resource management scheme would be an incoherent shambles.

473. *Supra* notes 434-60 and accompanying text.



basin management powers. Finally, in both the Sierra Valley and Mono County Acts, the legislature has expressly sanctioned the apparent goal of many export control provisions: an express priority to those appropriators who will use the water on lands within the local public agency, at the expense of those who will export the water beyond the basin boundaries. Such an express, *state* approved groundwater appropriative rights scheme reduces the opportunity for pure parochialism in water allocation decisions.

Still, even the Sierra Valley Act progeny have room for some improvement. The definitions of "overdraft" lack precise time units for comparing extraction and replenishment rates. Most recently, the Ojai Basin Act has eliminated the helpful "available supply" term as the linchpin of the export permit scheme.⁴⁷⁴ In its place, it substituted a new definition of "temporary surplus" that unhelpfully extends that concept beyond the accepted meaning derived from *Los Angeles v. San Fernando*.⁴⁷⁵ The vetoed Glenn County Act went even further, and eliminated express requirements for proof of either "available" or "temporary" surplus.⁴⁷⁶ In all the special district acts, the export permit requirements apply even though the districts undertake no other management activities that would spread more evenly the burden of increased groundwater use efficiency and reduced local environmental harms. Finally, only the Mono County Act has followed the Sierra Valley Act's state prioritization of appropriative groundwater rights.⁴⁷⁷ The legislature's failure to prioritize classes of appropriative groundwater rights in the other special acts raises the possibility that local districts will attempt to achieve such a *de facto* prioritization in the name of purely parochial economic concerns.

In contrast to the state created legislative districts, less coherence emerges from a consideration of the county ordinances. Three broad groups of ordinances appear: 1) the Imperial ordinance; 2) the current Sacramento Valley ordinances; and 3) the Inyo and Nevada ordinances.⁴⁷⁸

The Imperial ordinance appears largely to have been ignored as later counties approached groundwater export issues. This ignorance has had mixed blessings. On the one hand, Imperial's vague and confusing

474. See *supra* note 464 and accompanying text.

475. See *supra* notes 130, 141-150 and accompanying text.

476. See *supra* note 469.

477. See *supra* note 462.

478. Arguably, the proposed but not adopted Sutter County ordinance, which drew from both the Nevada and the Sacramento Valley models, represented a fourth, hybrid group. See *supra* note 430.



"area of influence" provision⁴⁷⁹ has not been directly copied by any subsequent counties, although equally obtuse terms have surfaced in its place in some of the Sacramento Valley counties.⁴⁸⁰ On the other hand, in terms of units of time and quantity for comparing extraction and replenishment rates, the Imperial ordinance still offers the most precise definition of "overdraft" of all the ordinances and special statutes surveyed.

The Sacramento Valley ordinances present the greatest range of drafting caused problems. The Sacramento ordinance is unparalleled in its simplicity.⁴⁸¹ Through this simplicity, it avoids creating any of the interpretive problems plaguing the more technically articulated ordinances. At the same time, it invites interpretive guidance in the most fundamental sense: what is an "adverse effect"? Of the four other Sacramento Valley ordinances, the Modoc ordinance is the least ambitious and creates the least confusion.⁴⁸² The Butte ordinance would benefit greatly from a complete overhaul.⁴⁸³ Its failure adequately to define "groundwater basin," "mining," and "overdraft," and its unclear "mining" ban create unnecessary confusion over the ordinance's scope. The Glenn ordinance shares much of the same drafting caused problems as its Butte cousin.⁴⁸⁴ The Tehama ordinance avoids a couple of the Butte and Glenn problems and adds workable "radius of influence" concepts, but its "mining" provisions are hopelessly confusing.⁴⁸⁵

Still, even in Butte and Glenn counties there has been some progress in eliminating unnecessary confusion. In the last two years, Glenn County has amended its ordinance to eliminate the permit requirements vague reference to "immediate area of its natural groundwater basin." In addition, it has proposed to scrap the entire ordinance in favor of detailed special legislation.⁴⁸⁶ While the Butte County ordinance remains unchanged since its 1978 introduction, the county has made some progress in overall groundwater management efforts with its recent memorandum of understanding with the Butte Basin Water Users Association.⁴⁸⁷

479. See *supra* notes 241-45 and accompanying text.

480. See, e.g., notes 269, 275-81 and accompanying text.

481. See *supra* notes 346-352 and accompanying text.

482. See *supra* notes 336-345 and accompanying text.

483. See *supra* notes 265-323 and accompanying text.

484. See *supra* notes 324-335 and accompanying text.

485. See *supra* notes 403-429 and accompanying text.

486. See *supra* note 469.

487. See "Memorandum of Understanding Providing for the Formation and Operation of the Butte Basin Water Users Association" (1992) (on file with the Butte Basin Water Users Ass'n in Chico, Cal.). Among other things, this group aims to "ensure that water transfers in or outside the Basin do not adversely impact Butte Basin water users and otherwise



The Inyo and Nevada ordinances represent the best crafted ordinances.⁴⁸⁸ They solve several of the definition problems plaguing the other ordinances. Most particularly, the ordinances specify exactly the regulated groundwater bodies and eliminate entirely the unnecessary confusion created by the "mining" provisions from Butte, Glenn and Tehama. The permit conditions give a potential exporter broad and specific notice of the factors relevant to the permit decision. The reporting and monitoring requirements help build important data bases. Of all the ordinances, only the Inyo ordinance approximates true groundwater basin management.

Still, even these ordinances could stand some improvement. In particular, the Nevada "export" definition adds unnecessary confusion, and the "overdraft" definition is unduly simple. Beyond the two definition changes, the Nevada and Inyo ordinances suffer from parochialism in the groundwater basin management responsibilities. Although on its face applicable to all groundwater extractors in the Inyo County portion of the Owens Valley groundwater basin, the Inyo ordinance has a broad "de minimis" exemption that, as a practical matter, exempts substantial numbers of local users from the permit requirements. Absent the permit requirements, local users, even of small quantities, have much less incentive to manage their own water uses appropriately. The Inyo exemptions can be overridden if exempt pumpers cause, individually or collectively, a "significant negative effect on the environment."⁴⁸⁹ But the burden of establishing such effect apparently lies with the county. For its part, the Nevada ordinance expressly applies only to exporters. Thus, neither the Inyo nor the Nevada ordinance substantially encourages local users to extract and use groundwater efficiently and wisely. They both put the practical burden of environmental regulation solely on the most politically weak constituency: appropriators for export beyond their political boundaries.

With the passage of A.B. 3030,⁴⁹⁰ the legislature has created the potential for an unprecedented expansion of the patchwork quilt of locally initiated groundwater transfer legislation. Most likely, as the hundreds of local public agencies consider their groundwater management options, they will seek guidance from the existing ordinances and special district legislation. In choosing from the available models, such agencies should take care to avoid the drafting pitfalls identified in this article.

comply with county of origin rules set forth in Water Code Sections 11128, 11460 and 10505." *Id.* at 1.

488. See *supra* notes 353-79, 380-402 and accompanying text.

489. Inyo County, Cal., Code § 7.01.071 (1980).

490. See *supra* note 197.



In particular, local public agencies should address five matters that can create absolutely unnecessary interpretive problems. First, define precisely the groundwater basins, or portions thereof, subject to regulation. This is most important when there are basins that extend beyond the political boundaries of the local public agency drafting the groundwater management ordinance. Additional clarification may be needed to the extent that multiple aquifers may exist in different layers underlying the same surface parcel.

Second, avoid entirely provisions defining or banning "mining." The term has no precise hydrological meaning. None of the efforts so far has created a workable legal definition. In particular, the relationship between "mining" and "overdrafting" has yet to be clarified adequately. Ultimately, prevention of "overdraft" should adequately prevent "mining" without unnecessarily complicating the analysis.

Third, when defining "overdraft," provide time and quantity units for comparing extraction and replenishment rates. For greatest accuracy, include the "temporary surplus" definition from *Los Angeles v. San Fernando*. But add time and quantity units to more precisely define the vague "safe yield" definition commonly used as a gloss on the *Los Angeles v. San Fernando* "overdraft" definition. Moreover, ultimately, the ordinance will have to recognize the hydrological interconnectedness of surface and groundwater supplies, as ultimately, basin pumping involves either withdrawals from storage or interception of surface flows.

Fourth, when regulating overdraft in a basin whose hydrological boundaries extend beyond the local public agency's legal boundaries, clarify the components of the extraction and replenishment equation. In particular, define whether the equation includes pumping and replenishment that occurs in the portions of the hydrologically defined basin that extend beyond the local public agency's legal boundaries.

Fifth, when regulating exports, include the Sierra Valley Act "available supply"⁴⁹¹ definition as the exporter's principal burden. Distinguish the legal consequences, if any, that attach to off-basin but in-district appropriations, from those that attach to off-basin, out-of-district appropriations.

B. Continued Need for State Legislative Guidance on Groundwater Transfers

Prior to the enactment of AB 3030, those well intentioned county efforts to regulate groundwater aimed to fill a major regulatory gap in the state water resources scheme. The state's failure to prevent massive,

491. See *supra* note 446.



overpumping induced lowering of groundwater tables to sub-optimal levels and triggered substantial concern in some communities.

In AB 3030, the legislature has taken a step forward toward filling this gap. That act bases its scheme on local groundwater control. Local control of groundwater management offers the opportunity to tailor regulation to local conditions as determined by knowledgeable local officials.⁴⁹² At the same time, the substantial variations that have resulted among the local ordinances present unnecessary confusion that often bears no reasonable relationship to any legitimate local need. A crazy quilt of local regulations now covers California groundwater resources. The legal wrinkles of this quilt inhibit appropriate state wide development of a critical resource. Such inhibition, of course, is no accident. Rather, the local controls on groundwater export aim precisely at preserving local use of what is perceived to be a local resource.⁴⁹³ In so doing, they beg the question: to what extent *are* these groundwater resources "local"?

Nowhere is the potential state wide impact of the crazy quilt local regulatory scheme more pronounced than in the northern Sacramento Valley groundwater basin. This basin is relatively groundwater rich. Moreover, extractions can be moved relatively easily through existing water conveyance facilities. As noted above, the 1991 Drought Water Bank purchased over a quarter million acre-feet of "groundwater" from this area.⁴⁹⁴ The groundwater was purchased to meet critical water uses in other parts of the state. In negotiating the water transfers, the Drought Water Bank was confronted potentially with addressing the various export control ordinances.⁴⁹⁵ At the time, Modoc, Butte and Glenn counties had their ordinances on the books. Since then, Tehama has added its provision, while other counties may not be far behind. If the drought were to continue, or other water shortages develop, the Drought

492. *See supra* note 19.

493. Even when purportedly aimed at ameliorating local environmental problems, the local ordinances' almost uniform failure to regulate local pumping for local uses demonstrates a preoccupation with preservation of local uses at the expense of uses in other parts of the state.

494. As noted above, almost all of the water purchased came from surface water rights held by those farmers or water agencies that also had access to groundwater. *See supra* note 29.

495. Of course, as noted earlier, Water Code section 1220(b), the only express legislative authorization for Sacramento Valley groundwater export restrictions, does not apply to the DWR. *See supra* note. Moreover, pre-AB 3030 purported local restrictions of DWR activities face preemption challenges under the state constitution. To the extent, however, that AB 3030 now allows local export controls, such controls may now tie the Water Bank's hands. In any event, whether pre-AB 3030 or post-AB 3030, and whether ultimately valid or not, the local restrictions add an additional layer of uncertainty to the state's ability to respond quickly in a state wide water emergency.



Water Bank (or an equivalent public agency) may well have to negotiate its way through a complex maze of ordinances, each with potentially different definitions and substantive provisions. Each separate ordinance is potentially as unintelligible as some of the existing versions. The passage of A.B. 3030 has only increased the likelihood that such a crazy quilt will arise to inhibit unnecessarily groundwater transfers.

At the very least, the legislature should bring some coherency to these local legislative efforts by providing some uniform provisions applicable to any local efforts to legislate groundwater transfer provisions. Local groundwater regulation authority does not excuse incoherence. Yet, absent some legislatively sanctioned set of core definitions and substantive provisions, incoherence and inconsistency will likely result. The best evidence for that is the current set of ordinances. Many of the provisions are so vague as to be incomprehensible. Many of the variations between the ordinances seem accidental, and not the result of careful tailoring of law to local conditions or knowledge. If the legislature wishes to continue to let local agencies manage this resource, let the local agencies choose to tailor the details of the regulatory scheme, as appropriate, to local conditions. The core concepts, definitions, and procedures, and substantive restrictions should be uniform throughout the state.

By enacting such a series of standard definitions and substantive provisions, the legislature could still defer to local wisdom in deciding *if* to regulate at all. If local authorities decide that regulation is needed, they would still have great flexibility in choosing from among the set of standard provisions the particular regulatory mix that will meet the local needs. Such state created model legislation could avoid the incoherent crazy quilt without sacrificing the supposed virtues of local expertise and flexibility.

Ultimately, the current patchwork quilt of local groundwater transfer regulation raises questions more profound than those caused by the mere incoherence of definitions and substantive provisions. Rather, the current crop of export control ordinances demonstrates a marked bias in favor of groundwater uses in the areas of extraction. It is probably no accident that the locally crafted groundwater management efforts have generally not gone beyond export controls.⁴⁹⁶ State common law has allowed appropriations whenever there was groundwater surplus to the needs of overlying users. The export controls, often inelegantly, have attempted to create two classes of appropriators: those exporting beyond the regulating county's borders, and those using the water off-basin but

496. The recent Tehama "radius of influence" well-interference restriction is a notable exception to the general pattern that local pumpers bear no burden of wise groundwater use. See *supra* notes 410, 426-29 and accompanying text.



in-county. The environmental consequences appear substantially identical with both types of appropriations. By focusing on out-of-county exporters, the counties can serve their parochial economic interests without any political downside, as the restricted exporters may well not be resident voters.⁴⁹⁷ Even if the exporters are residents, the ultimate end users will not be.

In various circumstances, local conditions might justify some local priority for in-district groundwater appropriations. For example, the terms of sale of proposed water transfers may not adequately compensate for third party economic effects. But the history of local groundwater transfer regulation demonstrates no such fine tuning of market based resource allocation decisions. Rather, the pattern demonstrated in the local ordinances so far has been unilateral local retention of a resource critical to the state's economy. Moreover, local regulation has largely exempted all local users. Other than local economic and political parochialism, nothing justifies requiring wise resource management only of out of county appropriators.

Given the political differences between in-district and out-of-district appropriators, it is likely that the current patterns favoring local uses will continue in the crop of groundwater management ordinances that can be expected under A.B. 3030. Given the widespread opposition to centralized, state groundwater appropriation legislation, the legally sanctioned balkanization of the state's groundwater resources likely will continue at a greater pace under A.B. 3030. Ultimately, it will likely take prolonged statewide water shortages, aggravated by drought, increasing population, and restricted water markets, to change the political dynamic. But, eventually, the people will have to determine the extent to which groundwater surplus to the present needs of overlying users is a resource available to *all* "the people of the state."⁴⁹⁸

497. The best example of this is the Tehama ordinance's restrictions on the Myers' Seed Company's attempts to pump water out of the county for use on the company's Colusa County farm. *See supra* note 30 and accompanying text. Indeed, this is economic parochialism taken one step further, since the Myers transfer will ultimately use the groundwater on lands that overlie the same groundwater basin, albeit in a different county. Nevertheless, it, and the Haleakala Farms transfer, demonstrate the arbitrariness of using "county" lines to create artificial barriers to water use.

498. *See* Cal. Water Code § 104 (West 1971) (state's people have paramount interest in all the state's water).



EXHIBIT C



LEGISLATIVE INTENT SERVICE, INC.

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DECLARATION OF ANNA MARIA BERECZKY-ANDERSON

I, Anna Maria Bereczky-Anderson, declare:

I am an attorney licensed to practice in California, State Bar No. 227794, and am employed by Legislative Intent Service, Inc., a company specializing in researching the history and intent of legislation.

Under my direction and the direction of other attorneys on staff, the research staff of Legislative Intent Service, Inc. undertook to locate and obtain all documents relevant to the enactment of Assembly Bill 1794 of 2018. Assembly Bill 1794 was approved by the Legislature and was enacted as Chapter 68 of the Statutes of 2018.

The following list identifies all documents obtained by the staff of Legislative Intent Service, Inc. on Assembly Bill 1794 of 2018. All listed documents have been forwarded with this Declaration except as otherwise noted in this Declaration. All documents gathered by Legislative Intent Service, Inc. and all copies forwarded with this Declaration are true and correct copies of the originals located by Legislative Intent Service, Inc. In compiling this collection, the staff of Legislative Intent Service, Inc. operated under directions to locate and obtain all available material on the bill.

ASSEMBLY BILL 1794 OF 2018:

1. All versions of Assembly Bill 1794 (Limón-2018);
2. Procedural history of Assembly Bill 1794 from the November 30, 2018, *Assembly Weekly History*;
3. Analysis of Assembly Bill 1794 prepared for the Assembly Committee on Local Government;
4. Material from the legislative bill file of the Assembly Committee on Local Government on Assembly Bill 1794;
5. Analysis of Assembly Bill 1794 prepared for the Senate Committee on Governance and Finance;
6. Material from the legislative bill file of the Senate Committee on Governance and Finance on Assembly Bill 1794 – *currently unavailable*;

7. Consent analysis of Assembly Bill 1794 prepared by the Office of Senate Floor Analyses;
8. Material from the legislative bill file of the Office of Senate Floor Analyses on Assembly Bill 1794;
9. Post-enrollment documents regarding Assembly Bill 1794;
10. Press Release issued by the Office of the Governor on July 9, 2018, to announce that Assembly Bill 1794 had been signed;
11. Excerpt regarding Assembly Bill 1794 from the 2017-2018 *Legislative Summary*, prepared by the Assembly Committee on Local Government;
12. Excerpt regarding Assembly Bill 1794 from the 2018 *Legislative Report*, prepared by the League of California Cities;
13. Press Release entitled “Limón Bill Closes Chapter On Ojai Community Control Over Water System,” prepared by the Assembly Democratic Caucus, July 10, 2018;
14. “Groundwater Management Plan – 2018 Update: Ojai Valley Groundwater Basin,” prepared by the Ojai Basin Groundwater Management Agency, August 30, 2018;
15. Meeting Minutes and Agendas regarding Assembly Bill 1794 from various water districts as follows:
 - a. Upper Ventura River Groundwater Agency, January 18, 2018,
 - b. Central Basin Municipal Water District, January 22, 2018,
 - c. Casitas Municipal Water District, January 24, 2018,
 - d. Three Valleys Municipal Water District, March 21, 2018,
 - e. Orange County Water District, June 7, 2018,
 - f. Ojai Basin Groundwater Management Agency, July 26, 2018.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 28th day of December, 2021 at Woodland, California.



ANNA MARIA BERECZKY-ANDERSON

ASSEMBLY BILL

No. 1794

Introduced by Assembly Member Limón

January 9, 2018

An act to amend Sections 401, 403, and 901 of, and to add Section 401.5 to, the Ojai Basin Groundwater Management Agency Act, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 1794, as introduced, Limón. Ojai Basin Groundwater Management Agency: Southern California Water Company.

Existing law, the Ojai Basin Groundwater Management Agency Act, establishes the Ojai Basin Groundwater Management Agency to carry out groundwater management activities within the boundaries of the agency. Under the act, the agency is governed by a board of directors consisting of 5 members that includes one director who is required to be a representative of the Southern California Water Company.

This bill would delete the requirement that one director be a representative of the Southern California Water Company and instead would require one director to be chosen by the board, as prescribed, for a term of 3 years. The bill would eliminate other references to the Southern California Water Company within the act.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.



The people of the State of California do enact as follows:

1 SECTION 1. Section 401 of the Ojai Basin Groundwater
2 Management Agency Act (Chapter 750 of the Statutes of 1991) is
3 amended to read:

4 401. (a) The board shall consist of five directors and shall be
5 selected in the following manner:

6 (1) One director shall be a member of, and be appointed by,
7 each of the following entities, and shall be chosen by their
8 respective governing boards or bodies from their members whose
9 districts or divisions, if any, overlie, at least in part, the boundaries
10 of the agency:

11 (A) The Ojai City Council.

12 (B) The Board of the Casitas Municipal Water District.

13 (C) The Board of the Ojai Water Conservation District.

14 (2) One director shall be ~~a representative of the Southern~~
15 ~~California Water Company~~; *chosen pursuant to Section 401.5 as*
16 *the community facilities district resident director.*

17 (3) (A) One director shall be chosen *pursuant to subparagraph*
18 *(B)* from the members of the governing boards of the following
19 mutual water companies whose territory at least in part overlies
20 the boundaries of the agency.

21 ~~(A)~~

22 (1) The Senior Canyon Mutual Water Company.

23 ~~(B)~~

24 (2) The Siete Robles Mutual Water Company.

25 ~~(C)~~

26 (3) The Hermitage Mutual Water Company.

27 ~~The~~

28 (B) *The* mutual water company director shall be chosen at a
29 public meeting where each mutual water company is represented
30 by the chairperson of its governing board. If the mutual water
31 companies fail to appoint a director within three months, the
32 remaining four directors shall appoint a director from one of the
33 boards of the mutual water companies identified in this paragraph.

34 (b) The board is the governing body of the agency and shall
35 exercise the powers of the agency.

36 SEC. 2. Section 401.5 is added to the Ojai Basin Groundwater
37 Management Agency Act (Chapter 750 of the Statutes of 1991),
38 to read:



1 401.5. (a) The community facilities district resident director
2 shall meet all of the following qualifications:
3 (1) Has a demonstrated interest in and commitment to the
4 general policies and operating goals of the agency.
5 (2) Is a customer of the Casitas Municipal Water District.
6 (3) Owns or leases real property located within the Casitas
7 Municipal Water District Community Facilities District 2013-1.
8 (4) Is not a director, employee, or agent of the Casitas Municipal
9 Water District.
10 (5) Is not a council member, employee, or agent of the City of
11 Ojai.
12 (6) Is not a director, employee, or agent of the Ojai Water
13 Conservation District.
14 (7) Does not hold shares in and is not an employee or agent of
15 any mutual water company located partially or wholly within the
16 boundaries of the agency.
17 (8) Does not have any interest in real property located within
18 the agency boundaries that is outside of the boundaries of the
19 Casitas Municipal Water District Community Facilities District
20 2013-1.
21 (9) Does not have any litigation pending with the agency, the
22 Casitas Municipal Water District, the City of Ojai, the Ojai Water
23 Conservation District, the Senior Canyon Mutual Water Company,
24 the Siete Robles Mutual Water Company, the Hermitage Mutual
25 Water Company, or a private pumper in the basin.
26 (b) A director described in paragraph (1) or (3) of Section 401
27 may nominate a qualified candidate to be the community facilities
28 district resident director.
29 (c) The community facilities district resident director shall be
30 chosen by the board from the nominated candidates by a majority
31 vote of the other directors then in office on the board. If the votes
32 of the board result in a tie between candidates, then the board shall
33 vote again by choosing from the nominated candidates who tied
34 with the highest number of votes. If a second round of voting
35 results in a tie between candidates, the president of the board shall
36 draw lots to determine which of the candidates who tied is chosen
37 to be the community facilities district resident director.
38 (d) The community facilities district resident director shall serve
39 a term of three years. The community facilities district resident



1 director may be removed from office for cause pursuant to a
2 unanimous vote of the other directors then in office on the board.

3 (e) If the community facilities district resident director position
4 is vacant for any reason, including, but not limited to, death,
5 incapacity, resignation, or removal for cause, the board shall
6 appoint a new director pursuant to this section within 90 days of
7 the vacancy.

8 SEC. 3. Section 403 of the Ojai Basin Groundwater
9 Management Agency Act (Chapter 750 of the Statutes of 1991) is
10 amended to read:

11 403. This act does not abrogate or impair the overlying or
12 appropriative rights of landowners or existing appropriators within
13 the agency, including the right to seek an adjudication of those
14 rights, or abrogate or impair the jurisdiction of the California Public
15 Utilities Commission in regulating the activities and assets of the
16 Southern California Water Company. *Commission.*

17 SEC. 4. Section 901 of the Ojai Basin Groundwater
18 Management Agency Act (Chapter 750 of the Statutes of 1991) is
19 amended to read:

20 901. (a) Each year the board may fix a management charge in
21 accordance with benefit-based criteria to be established by the
22 board, upon the City of Ojai, the Casitas Municipal Water District,
23 ~~and the Ojai Water Conservation District, and the Southern~~
24 ~~California Water Company, District~~ for the purpose of paying the
25 costs of initiating, carrying on, and completing any of the powers,
26 purposes, and groundwater management activities for which the
27 agency is organized.

28 (b) In the aggregate, management charges shall be limited to
29 fifty thousand dollars (\$50,000) in the first year and twenty-five
30 thousand dollars (\$25,000) in the second year. None of the entities
31 identified in subdivision (a) shall be required to pay more than
32 one-third of the aggregate allowable charges. Management charges
33 in succeeding years, or contributions in excess of the established
34 limits, shall be voluntary and payable at the discretion of each
35 entity identified in subdivision (a).

O



Assembly Bill No. 1794

CHAPTER 68

An act to amend Sections 401, 403, and 901 of, and to add Section 401.5 to, the Ojai Basin Groundwater Management Agency Act, relating to water.

[Approved by Governor July 9, 2018. Filed with Secretary of State July 9, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1794, Limón. Ojai Basin Groundwater Management Agency: Southern California Water Company.

Existing law, the Ojai Basin Groundwater Management Agency Act, establishes the Ojai Basin Groundwater Management Agency to carry out groundwater management activities within the boundaries of the agency. Under the act, the agency is governed by a board of directors consisting of 5 members that includes one director who is required to be a representative of the Southern California Water Company.

This bill would delete the requirement that one director be a representative of the Southern California Water Company and instead would require one director to be chosen by the board, as prescribed, for a term of 3 years. The bill would eliminate other references to the Southern California Water Company within the act.

The people of the State of California do enact as follows:

SECTION 1. Section 401 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

401. (a) The board shall consist of five directors and shall be selected in the following manner:

(1) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:

- (A) The Ojai City Council.
- (B) The Board of the Casitas Municipal Water District.
- (C) The Board of the Ojai Water Conservation District.

(2) One director shall be chosen pursuant to Section 401.5 as the community facilities district resident director.

(3) (A) One director shall be chosen pursuant to subparagraph (B) from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency.



- (1) The Senior Canyon Mutual Water Company.
- (2) The Siete Robles Mutual Water Company.
- (3) The Hermitage Mutual Water Company.

(B) The mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.

(b) The board is the governing body of the agency and shall exercise the powers of the agency.

SEC. 2. Section 401.5 is added to the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991), to read:

401.5. (a) The community facilities district resident director shall meet all of the following qualifications:

- (1) Has a demonstrated interest in and commitment to the general policies and operating goals of the agency.
- (2) Is a customer of the Casitas Municipal Water District.
- (3) Owns or leases real property located within the Casitas Municipal Water District Community Facilities District 2013-1.
- (4) Is not a director, employee, or agent of the Casitas Municipal Water District.
- (5) Is not a council member, employee, or agent of the City of Ojai.
- (6) Is not a director, employee, or agent of the Ojai Water Conservation District.

(7) Does not hold shares in and is not an employee or agent of any mutual water company located partially or wholly within the boundaries of the agency.

(8) Does not have any interest in real property located within the agency boundaries that is outside of the boundaries of the Casitas Municipal Water District Community Facilities District 2013-1.

(9) Does not have any litigation pending with the agency, the Casitas Municipal Water District, the City of Ojai, the Ojai Water Conservation District, the Senior Canyon Mutual Water Company, the Siete Robles Mutual Water Company, the Hermitage Mutual Water Company, or a private pumper in the basin.

(b) A director described in paragraph (1) or (3) of Section 401 may nominate a qualified candidate to be the community facilities district resident director.

(c) The community facilities district resident director shall be chosen by the board from the nominated candidates by a majority vote of the other directors then in office on the board. If the votes of the board result in a tie between candidates, then the board shall vote again by choosing from the nominated candidates who tied with the highest number of votes. If a second round of voting results in a tie between candidates, the president of the board shall draw lots to determine which of the candidates who tied is chosen to be the community facilities district resident director.



(d) The community facilities district resident director shall serve a term of three years. The community facilities district resident director may be removed from office for cause pursuant to a unanimous vote of the other directors then in office on the board.

(e) If the community facilities district resident director position is vacant for any reason, including, but not limited to, death, incapacity, resignation, or removal for cause, the board shall appoint a new director pursuant to this section within 90 days of the vacancy.

SEC. 3. Section 403 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

403. This act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission.

SEC. 4. Section 901 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

901. (a) Each year the board may fix a management charge in accordance with benefit-based criteria to be established by the board, upon the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

(b) In the aggregate, management charges shall be limited to fifty thousand dollars (\$50,000) in the first year and twenty-five thousand dollars (\$25,000) in the second year. None of the entities identified in subdivision (a) shall be required to pay more than one-third of the aggregate allowable charges. Management charges in succeeding years, or contributions in excess of the established limits, shall be voluntary and payable at the discretion of each entity identified in subdivision (a).

O



No. 54

CALIFORNIA LEGISLATURE

AT SACRAMENTO

2017-18 REGULAR SESSION

ASSEMBLY WEEKLY HISTORY

COMMENCING WITH AB 1 AND ENDING WITH AB 3264

FRIDAY, NOVEMBER 30, 2018



HON. ANTHONY RENDON
Speaker

HON. KEVIN MULLIN
Speaker pro Tempore

HON. IAN C. CALDERON
Majority Leader

HON. LAURA FRIEDMAN
Assistant Speaker pro Tempore

HON. MARIE WALDRON
Republican Leader

Assembly Convened December 5, 2016

Compiled Under the Direction of
E. DOTSON WILSON
Chief Clerk

JACQUELYN DELIGHT
History Clerk

KATHLEEN LEWIS
Assistant History Clerk



A.B. No. 1793—Bonta (Principal coauthors: Senators Skinner and Wiener)
(Coauthors: Gonzalez Fletcher and Quirk).

An act to add Section 11361.9 to the Health and Safety Code, relating to cannabis.

2018

- Jan. 9—Read first time. To print.
Jan. 10—From printer. May be heard in committee February 9.
Mar. 22—Referred to Com. on PUB. S. From committee chair, with author's amendments: Amend, and re-refer to Com. on PUB. S. Read second time and amended.
Apr. 2—Re-referred to Com. on PUB. S.
Apr. 12—From committee chair, with author's amendments: Amend, and re-refer to Com. on PUB. S. Read second time and amended.
Apr. 16—Re-referred to Com. on PUB. S.
Apr. 17—From committee: Do pass and re-refer to Com. on APPR. (Ayes 6. Noes 0.) (April 17). Re-referred to Com. on APPR.
May 2—In committee: Set, first hearing. Referred to APPR. suspense file.
May 25—From committee: Amend, and do pass as amended. (Ayes 11. Noes 4.) (May 25). Read second time and amended. Ordered returned to second reading.
May 29—Read second time. Ordered to third reading.
May 31—Read third time. Passed. Ordered to the Senate. (Ayes 43. Noes 28. Page 5631.)
Jun. 4—In Senate. Read first time. To Com. on RLS. for assignment.
Jun. 13—Referred to Com. on PUB. S.
Jun. 26—From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 1.) (June 26). Re-referred to Com. on APPR.
Aug. 6—In committee: Referred to APPR. suspense file.
Aug. 17—From committee: Do pass. (Ayes 5. Noes 2.) (August 16). Read second time. Ordered to third reading.
Aug. 22—Read third time. Passed. Ordered to the Assembly. (Ayes 28. Noes 10. Page 5589.)
Aug. 22—In Assembly. Ordered to Engrossing and Enrolling.
Aug. 27—Enrolled and presented to the Governor at 3 p.m.
Sep. 30—Approved by the Governor.
Sep. 30—Chaptered by Secretary of State – Chapter 993, Statutes of 2018.

A.B. No. 1794—Limón.

An act to amend Sections 401, 403, and 901 of, and to add Section 401.5 to, the Ojai Basin Groundwater Management Agency Act, relating to water.

2018

- Jan. 9—Read first time. To print.
Jan. 10—From printer. May be heard in committee February 9.
Jan. 22—Referred to Com. on L. GOV.
May 10—From committee: Do pass. To Consent Calendar. (Ayes 9. Noes 0.) (May 9).
May 14—Read second time. Ordered to Consent Calendar.
May 17—Read third time. Passed. Ordered to the Senate. (Ayes 73. Noes 0. Page 5219.)
May 17—In Senate. Read first time. To Com. on RLS. for assignment.
May 30—Referred to Com. on GOV. & F.
Jun. 13—From committee: Do pass. To Consent Calendar. (Ayes 7. Noes 0.) (June 13).
Jun. 14—Read second time. Ordered to Consent Calendar.
Jun. 25—Read third time. Passed. Ordered to the Assembly. (Ayes 36. Noes 0. Page 4879.)
Jun. 25—In Assembly. Ordered to Engrossing and Enrolling.
Jun. 29—Enrolled and presented to the Governor at 3 p.m.
Jul. 9—Approved by the Governor.
Jul. 9—Chaptered by Secretary of State – Chapter 68, Statutes of 2018.



Date of Hearing: May 9, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1794 (Limón) – As Introduced January 9, 2018

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company.

SUMMARY: Changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company. Specifically, **this bill:**

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.
- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

EXISTING LAW:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
 - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
 - i) The Ojai City Council;
 - ii) The Board of the Casitas Municipal Water District (CMWD); and,
 - iii) The Board of the Ojai Water Conservation District.
- 2) Requires that one director be a representative of the Southern California Water Company.
- 3) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
 - a) The Senior Canyon Mutual Water Company;
 - b) The Siete Robles Mutual Water Company; and,
 - c) The Hermitage Mutual Water Company.



- 4) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 5) The board is the governing body of the agency and shall exercise the powers of the agency.
- 6) States that this act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
- 7) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** The Legislature created the OBGMA in 1991 to carry out the groundwater management activities within the boundaries of the agency. SB 534 (Hart), Chapter 750, Statutes of 1991, specified that OBGMA is responsible for the protection and common benefit of agricultural, municipal, and industrial water users of the Ojai Basin. Its main activities include:
 - a) Conducting groundwater management and planning;
 - b) Documenting groundwater extraction from reported pumping;
 - c) Collecting extraction charges from well owners;
 - d) Coordinating with the county and private entities to monitor basin conditions;
 - e) Supporting the operation and maintenance of the San Antonio Spreading Grounds Rehabilitation Project;
 - f) Maintaining a groundwater model of the basin;
 - g) Monitoring water levels in the basin;
 - h) Performing groundwater-related outreach and education activities; and,
 - i) Participating in watershed, county, and state meetings.



The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created – California Cities, and Arden-Cordova Water Service. In 2005, the three California Divisions – Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company – were collectively renamed GSWC.

The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CFD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW), to resolve an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired by eminent domain the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four person instead of a five person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area.

- 2) **Bill Summary.** AB 1794 removes the requirement that one of the five-member board of directors of the OBGMA be a representative of the Southern California Water Company. Instead, that board position will be filled by a resident from the CMWD Community Facilities District. The remaining four OBGMA directors will select, by majority vote, the person to occupy the Community Facilities District Resident Director position. The bill also lays out candidate qualifications, avoidance of conflicts of interest, a detailed nomination and selection process, terms, and removes references to the Southern California Water Company within the OBGMA Act of 1991. This bill is sponsored by the OBGMA.
- 3) **Author's Statement.** According to the author, "This bill is a district bill that amends the Ojai Basin Groundwater Management Act to fill a Board vacancy created as a result of the Casitas Municipal Water District (CMWD) acquisition of Golden State Water Company's (GSWC) Ojai Service Area and Water System. In its place, this bill requires one Resident Director to be chosen by the Board."
- 4) **Arguments in Support.** The Ojai City Council, supporter of this measure states, "AB 1794 would equitably update the obsolete requirement that one director represent the Southern California Water Company. It would ensure continued impartial representation of the public interest by filling the vacancy with a resident of the Community Facilities District who has a demonstrated interest in the agency's operating goals."
- 5) **Arguments in Opposition.** None on file.



REGISTERED SUPPORT / OPPOSITION:

Support

Ojai Basin Groundwater Management Agency [SPONSOR]
Ojai City Council

Opposition

None on file

Analysis Prepared by: Puja Navaney / L. GOV. / (916) 319-3958



**AB 1794 - Ojai Basin Groundwater Management Agency:
Southern California Water Company. (Version: 97 - Chaptered
Jul 9, 2018)**

Bill History switch order

Date Action

- 7/9/18 Chaptered by Secretary of State - Chapter 68, Statutes of 2018.
- 7/9/18 Approved by the Governor.
- 6/29/18 Enrolled and presented to the Governor at 3 p.m.
- 6/25/18 In Assembly. Ordered to Engrossing and Enrolling.
- 6/25/18 Read third time. Passed. Ordered to the Assembly. (Ayes 36. Noes 0. Page 4879.).
- 6/14/18 Read second time. Ordered to Consent Calendar.
- 6/13/18 From committee: Do pass. To Consent Calendar. (Ayes 7. Noes 0.) (June 13).
- 5/30/18 Referred to Com. on GOV. & F.
- 5/17/18 In Senate. Read first time. To Com. on RLS. for assignment.
- 5/17/18 Read third time. Passed. Ordered to the Senate. (Ayes 73. Noes 0. Page 5219.)
- 5/14/18 Read second time. Ordered to Consent Calendar.
- 5/10/18 From committee: Do pass. To Consent Calendar. (Ayes 9. Noes 0.) (May 9).
- 1/22/18 Referred to Com. on L. GOV.
- 1/10/18 From printer. May be heard in committee February 9.
- 1/9/18 Read first time. To print.



Assembly Committee Rollcalls

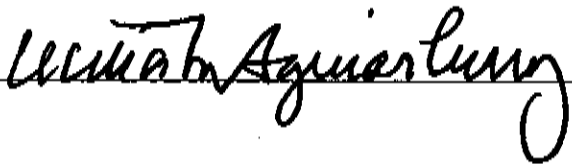
Local Government

Date of Hearing: May 9, 2018

BILL NO.	AB 1794	AB 1900	AB 2164	AB 2179
ACTION VOTED ON	Do pass, to Consent	Do pass as amended	Do pass	Do pass
	Aye : No	Aye : No	Aye : No	Aye : No
Aguiar-Curry, Chair	X :	X :	X :	X :
Waldron, V. Chair	X :	X :	X :	X :
Bloom	X :	X :	X :	X :
Caballero	X :	X :	X :	X :
Cooley	X :	X :	X :	X :
Grayson	X :	X :	X :	X :
Lackey	X :	X :	X :	X :
Voepel	X :	X :	Not Voting	X :
Vacancy (*Mullin)	X :	X :	X :	X :
	Ayes : 9 Noes : 0	Ayes : 9 Noes : 0	Ayes : 8 Noes : 0	Ayes : 9 Noes : 0

(Note: *Indicates temporary appointment. See Assembly Daily Journal.)

RECEIVED: _____


 _____, CHAIR

LEGISLATIVE INTENT SERVICE (800) 666-1917



REPORTS OF STANDING COMMITTEES

Committee on Local Government


¶ [t8] Date of Hearing: May 9, 2018 (_fr)

¶ Mr. Speaker: Your Committee on Local Government reports:

¶ AB	1794	(9-0)
AB	2898	(9-0)
AB	3254	(9-0)

(f) With the recommendation: Do pass.

¶ Pursuant to the provisions of Joint Rules Nos. 22.1, 22.2, and 22.3, the committee recommends that the above bill be placed on the Consent Calendar.


_____, Chair (_fr)
AGUIAR CURRY

¶ Above bills ordered to second reading.

CODE: 9

Date of Hearing: May 9, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
AB 1794 (Limón) – As Introduced January 9, 2018

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company.

SUMMARY: Changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company. Specifically, **this bill:**

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.
- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

EXISTING LAW:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
 - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
 - i) The Ojai City Council;
 - ii) The Board of the Casitas Municipal Water District (CMWD); and,
 - iii) The Board of the Ojai Water Conservation District.
- 2) Requires that one director be a representative of the Southern California Water Company.
- 3) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
 - a) The Senior Canyon Mutual Water Company;
 - b) The Siete Robles Mutual Water Company; and,
 - c) The Hermitage Mutual Water Company.



- 4) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 5) The board is the governing body of the agency and shall exercise the powers of the agency.
- 6) States that this act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
- 7) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** The Legislature created the OBGMA in 1991 to carry out the groundwater management activities within the boundaries of the agency. SB 534 (Hart), Chapter 750, Statutes of 1991, specified that OBGMA is responsible for the protection and common benefit of agricultural, municipal, and industrial water users of the Ojai Basin. Its main activities include:
 - a) Conducting groundwater management and planning;
 - b) Documenting groundwater extraction from reported pumping;
 - c) Collecting extraction charges from well owners;
 - d) Coordinating with the county and private entities to monitor basin conditions;
 - e) Supporting the operation and maintenance of the San Antonio Spreading Grounds Rehabilitation Project;
 - f) Maintaining a groundwater model of the basin;
 - g) Monitoring water levels in the basin;
 - h) Performing groundwater-related outreach and education activities; and,
 - i) Participating in watershed, county, and state meetings.



The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created – California Cities, and Arden-Cordova Water Service. In 2005, the three California Divisions – Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company – were collectively renamed GSWC.

The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CFD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW), to resolve an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired by eminent domain the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four person instead of a five person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area.

- 2) **Bill Summary.** AB 1794 removes the requirement that one of the five-member board of directors of the OBGMA be a representative of the Southern California Water Company. Instead, that board position will be filled by a resident from the CMWD Community Facilities District. The remaining four OBGMA directors will select, by majority vote, the person to occupy the Community Facilities District Resident Director position. The bill also lays out candidate qualifications, avoidance of conflicts of interest, a detailed nomination and selection process, terms, and removes references to the Southern California Water Company within the OBGMA Act of 1991. This bill is sponsored by the OBGMA.
- 3) **Author's Statement.** According to the author, "This bill is a district bill that amends the Ojai Basin Groundwater Management Act to fill a Board vacancy created as a result of the Casitas Municipal Water District (CMWD) acquisition of Golden State Water Company's (GSWC) Ojai Service Area and Water System. In its place, this bill requires one Resident Director to be chosen by the Board."
- 4) **Arguments in Support.** The Ojai City Council, supporter of this measure states, "AB 1794 would equitably update the obsolete requirement that one director represent the Southern California Water Company. It would ensure continued impartial representation of the public interest by filling the vacancy with a resident of the Community Facilities District who has a demonstrated interest in the agency's operating goals."
- 5) **Arguments in Opposition.** None on file.



REGISTERED SUPPORT / OPPOSITION:

Support

Ojai Basin Groundwater Management Agency [SPONSOR]
Ojai City Council

Opposition

None on file

Analysis Prepared by: Puja Navaney / L. GOV. / (916) 319-3958





City of Ojai
401 S Ventura Street
Ojai, CA 93023
Telephone (805) 646-5581
www.ojaicity.org

January 17, 2018

Ojai Basin Groundwater Management Agency (OBGMA)
Attn: Dan Breen, President
P.O. Box 1779
Ojai, CA 93024

RE: Letter of Support for Assembly Bill 1794

Dear Mr. Breen,

The Ojai City Council supports AB 1794 (Limón), modifying the composition of the Ojai Basin Groundwater Management Agency (OBGMA) Board of Directors.

AB 1794 would equitably update the obsolete requirement that one director represent the Southern California Water Company. It would ensure continued impartial representation of the public interest by filling the vacancy with a resident of the Community Facilities District who has a demonstrated interest in the agency's operating goals.

AB 1794's stipulation that the selected director not be a panelist, employee or agent of the other represented agencies would avoid duplication of existing agency interests. Its term limits and requirements regarding real estate interests and absence of pending litigation with the board's other represented agencies would further ensure an independent voice on the board.

The Ojai City Council fully supports passage of AB 1794.

Should you have any questions on this matter, please contact City Manager Steve McClary at (805) 646-5581, extension 101 or via e-mail at mcclary@ojaicity.org

Sincerely,


John F. Johnston, Mayor
City of Ojai

cc: Representative Monique Limón
Casitas Municipal Water District
Ojai City Council
Ventura County Supervisor Steve Bennett

LEGISLATIVE INTENT SERVICE (800) 666-1917



ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia M. Aguiar-Curry, Chair

COMMITTEE BACKGROUND REQUEST

MEASURE: AB 1794

STAFF CONTACT: Jimmy Wittrock

AUTHOR: Assembly Member Limón

PHONE: (916) 319-2037

PLEASE ANSWER THE FOLLOWING QUESTIONS:

- Who is the sponsor of this bill? We need a letter on letterhead from the sponsor, identifying them as such.

Ojai Basin Groundwater Management Agency Board

- What does existing law say?

The Ojai Basin Groundwater Management Agency's (OBGMA) enabling legislation, SB 534 (Hart, Chapter 750, 1991), created a five member OBGMA Board of Directors.

The Act requires the Board to consist of two representatives from public entities as well as one from a private water company. The fifth and final Director position is reserved for the Southern California Water Company (a parent company to Golden State Water Company).

Appointed by each public entity:

- The Ojai City Council
- The Board of the Casitas Municipal Water District
- The Board of the Ojai Water Conservation District

At least two Directors from the governing boards of the following private water companies:

- The Senior Canyon Mutual Water Company
- The Siete Robles Mutual Water Company
- The Hermitage Mutual Water Company

The Act requires the fifth and final Director position be occupied by a representative of Southern California Water Company (a parent company to Golden State Water Company).

- What does the bill do?

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat has been vacant.

AB 1794 is required to fill the current Board vacancy. Specifically, this bill creates a new Director position on the Board to be occupied by a resident from the Community Facilities District (CFD). The



remaining four OBGMA Directors will select by majority vote the person to occupy the CFD-Resident Director position. The bill also lays out candidate qualifications, avoidance of conflicts of interest, a detailed nomination and selection process, terms, and if a vacancy should arise.

*I've attached a letter from the sponsor that goes into additional detail.

- **Author's Statement** on need for the bill. [The analysis may quote the author's statement directly].

Assembly Bill 1794 is a district bill that amends the Ojai Basin Groundwater Management Act to fill a Board vacancy created as a result of the Casitas Municipal Water District (CMWD) acquisition of Golden State Water Company's (GSWC) Ojai Service Area and Water System. In its place, this bill requires one Resident Director to be chosen by the Board.

- Are you planning any amendments? If so, please briefly explain the substance of the amendments and provide a copy of what is being taken to Legislative Counsel to the Committee office. **PLEASE NOTE THE DEADLINES FOR AMENDMENTS LISTED BELOW.**

None planned

- Which stakeholders groups have you talked to about this bill?

Golden State Water Company has no concerns. Special Districts Association had no concerns.

- Who is in support? Who is in opposition? Do you expect other supporters or opponents to weigh in that have not submitted a letter yet? **PLEASE NOTE DEADLINES FOR SUPPORT AND OPPOSITION LETTERS BELOW.**

Support:

Ojai Basin Groundwater Management Agency (Sponsor) *I've attached a request letter for this legislation and I'll get an official letter asap.

Ojai City Council

Opposition: None Received

- How much time do you think will be necessary to consider this bill in the committee? Minimal



COMMITTEE DEADLINES. Please be aware of the following deadlines:

COMMITTEE BACKGROUND REQUEST. The Committee background should be returned no later than five (5) legislative days after delivery to the author's office (*Committee Rule 1*). Please submit an electronic copy of the background and any additional background materials, along with support and opposition letters, to Misa Lennox, consultant assigned to the bill, as well as Dixie Petty, the Committee Secretary; William Weber, Republican Caucus consultant; and, Brian Anderson, SORFA. The bill will not be set for hearing until the committee is in receipt of this information.

AMENDMENTS. Author's amendments are due in Legislative Counsel format (signed original plus 7 copies) to the Committee Office by 5:00 pm of the Monday preceding the week of the hearing, along with a copy of the "In-Context Amendments" provided to the author by Legislative Counsel (*Committee Rule 6(b)*).

LETTERS: All support and opposition letters are due to the Committee by 5:00 pm of the Thursday preceding the week of the hearing in order to be listed in the committee analysis. We accept letters via fax (319-3959), e-mail, or hard copy delivered to the Committee office. It is your responsibility to ensure that the Committee has all letters by the Thursday deadline.

RETURN TO: ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
ROOM 157, 1020 N STREET (LOB) (PHONE: 319-3958)
ATTENTION: DIXIE PETTY FAX: 319-3959



OJAI BASIN
GROUNDWATER MANAGEMENT AGENCY
A STATE OF CALIFORNIA WATER AGENCY



MEMBER AGENCIES

Ojai Water Conservation District
Casitas Municipal Water District
City of Ojai
Golden State Water Company

OCT 30 2017

OJAI BASIN MUTUAL WATER COMPANIES

Senior Canyon MWC
Sieta Robles MWC
Hermitage MWC

September 28, 2017

The Honorable Hannah-Beth Jackson
State Senator, District 19
State Capitol, Room 5080
Sacramento, California 95814

The Honorable Monique Limon
Assemblymember, 37th District
Capitol Office, Room 4167
P.O. Box 942849
Sacramento, California 94249-0037

Subject: Request for Legislative Amendment to the Ojai Basin Groundwater Management Act of 1991

Dear Senator Jackson and Assembly Member Limon,

The Ojai Basin Groundwater Management Agency (OBGMA) respectfully requests your assistance and support carrying new legislation in the coming legislative year to amend the Ojai Basin Groundwater Management Act of 1991 (SB 534, Hart).

The Ojai Basin Groundwater Management Act of 1991 (also known as "OBGMA's Enabling Legislation" or the "Act") requires amendment to address/rectify the current OBGMA Board seat vacancy created as a result of the Casitas Municipal Water District (CMWD) acquiring by eminent domain Golden State Water Company's ("GSWC") Ojai Service Area and Water System.

Background On The Ojai Basin Groundwater Management Act of 1991

OBGMA's Enabling Legislation first took effect on October 8, 1991. The legislation created a five (5) member OBGMA Board of Directors. The five member Board consists of three (3) public entity representatives, and two (2) private entity representatives.

The Act requires that three (3) Directors be members of, and be appointed by, each of the following public entities:

428 Bryant Circle, Suite 100, Ojai, CA 93023
P.O. Box 1779, Ojai, CA 93024
(805) 640-1207 FAX; (805) 640-1247
obgma@aol.com www.obgma.com

LEGISLATIVE INTENT SERVICE - (800) 666-1917



- The Ojai City Council;
- The Board of the Casitas Municipal Water District; and
- The Board of the Ojai Water Conservation District.

With regard to the two (2) private entity Directors, the Act requires that one be chosen from the governing boards of the following private mutual water companies:

- The Senior Canyon Mutual Water Company;
- The Siete Robles Mutual Water Company, and
- The Hermitage Mutual Water Company.

The Act requires that the fifth and final Director position be occupied by a representative of Southern California Water Company (as parent company to Golden State Water Company).

CMWD's Acquisition of GSWC's Ojai Service Area and Water System

The Casitas Municipal Water District Community Facilities District 2013-1 (Ojai) (hereinafter "CFD") was formed in 2013 to assess properties located within GSWC's Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CFD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the Board of Directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water ("Ojai FLOW"), to resolve an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired by eminent domain the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat designated and reserved to Southern California Water Company has been vacant. This has forced OBGMA to operate with a four person instead of five person Board.

As a result of the eminent, Southern California Water Company no longer operates or has a financial stake in the Ojai area. The company has no interest in maintaining or staffing its seat on the OBGMA Board.

Summary of Proposed Legislative Amendments

OBGMA's Enabling Legislation must be amended to remove reference to the Director position currently designated and reserved to Southern California Water Company. In its place, OBGMA proposes that new text be incorporated which would do the following: (1) Create a new Director position on the OBGMA Board to be occupied by a resident from



the CFD area (hereinafter "CFD-Resident Director"); and (2) Authorize the remaining four (4) OBGMA Directors to select by majority vote the person to occupy the CFD-Resident Director position.

OBGMA proposes that the following terms and conditions be incorporated into its Enabling Legislation to implement the requested change:

Candidate Qualifications:

- Candidates for the CFD-Resident Director position must (1) own or lease property located within the CFD, and (2) be paying customers of CMWD;
- In addition, candidates must demonstrate an interest in and commitment to the general policies and operating goals of the OBGMA.

Avoidance of Conflicts of Interest:

- Candidates for the CFD-Resident Director position on the OBGMA Board may not be a Director of CMWD, or an employee or agent of CMWD.
- Candidates may not be a member of the Ojai City Council or an employee or agent of the City of Ojai.
- Candidates may not be a Director of the Ojai Water Conservation District or an employee or agent of the Ojai Water Conservation District.
- Candidates may not hold shares in any mutual water company located partially or wholly within OBGMA boundaries, or be an employee or agent of any such mutual water company.
- Candidates may not have any interest in other property located within OBGMA boundaries that is outside the CDF boundaries.

Nomination and Selection Process:

- The OBGMA Directors shall select the CFD-Resident Director from a pool of qualified candidates.
- Each OBGMA Director may nominate a qualified candidate to occupy the CFD-Resident Director position.
- The OBGMA Board shall select the CFD-Resident Director from the nominated pool by a majority vote.
- If the Board votes and two (2) or more candidates for the CFD-Resident Director position receive the highest number of the votes creating a tie, then the Board



shall vote again, but the Board shall only be allowed to vote for those candidates who tied with the highest number of votes.

- If after a second round of Board voting, there is still a tie between candidates receiving the highest number of votes, then the person to occupy the CFD-Resident Director position shall be selected by the then Board President, by drawing lots (i.e. placing the names of the candidates who tied with the highest number of votes in the second round of voting in a hat and drawing one name.) The name of the person drawn shall be the person to occupy the CFD-Resident Director position.

Term of Office:

- The candidate selected to occupy the CFD-Resident Director position shall serve a term of three (3) years.
- Once in office, the CFD-Resident Director may only be removed for cause pursuant to a unanimous vote of all the other Directors then in office.

Vacancy:

- If the CFD-Resident Director position is vacated for any reason, including death, incapacity, resignation, or removal for cause, the OBGMA Board shall appoint a new CFD-Resident Director following the procedures set forth above.
- The appointment a new CFD-Resident Director shall be completed within 90 days of the vacancy.

The OBGMA Board held a special meeting on September 5, 2017 to discuss possible terms and conditions of the proposed legislative amendment and new CFD-Resident Director position. On September 28, 2017, at its regular Board meeting, the Board voted unanimously to approve this letter and the proposed terms and conditions stated herein.

OBGMA is very appreciative of your willingness to carry this legislation and is committed as a sponsor to assist your staff in moving this legislation forward.

Sincerely,


Dan Breen
President

CONSENT

Bill No: AB 1794
Author: Limón (D)
Introduced: 1/9/18
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 6/13/18
AYES: McGuire, Nguyen, Beall, Hernandez, Hertzberg, Lara, Moorlach

ASSEMBLY FLOOR: 73-0, 5/17/18 (Consent) - See last page for vote

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company

SOURCE: Ojai Basin Groundwater Management Agency

DIGEST: This bill changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company.

ANALYSIS:

Existing law:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
 - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
 - i) The Ojai City Council;
 - ii) The Board of the Casitas Municipal Water District (CMWD); and,
 - iii) The Board of the Ojai Water Conservation District.



- b) Requires that one director be a representative of the Southern California Water Company.
 - c) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
 - i) The Senior Canyon Mutual Water Company;
 - ii) The Siete Robles Mutual Water Company; and,
 - iii) The Hermitage Mutual Water Company.
 - d) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 2) Provides that the board is the governing body of the agency and shall exercise the powers of the agency.
- 3) States that the act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
- 4) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

This bill:

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.



- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

Background

The Golden State Water Company. The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created: California Cities and Arden-Cordova Water Service. In 2005, the three California Divisions—Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company—were collectively renamed GSWC.

The Casitas Municipal Water District. The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CMWD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW). The settlement agreement resolved an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired, by eminent domain, the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four-person instead of a five-person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area. The OBGMA wants the Legislature to modify its board of directors to reflect the new composition of the relevant water agencies in the area.

Comments

Purpose of the bill. The OBGMA Act establishes a five-member board of directors for OBGMA that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company—now named GSWC.



However, in 2017, a local water district acquired the Ojai Service Area and Water System from GSWC. As a result, GSWC—and therefore the Southern California Water Company—no longer supplies water within the Ojai Basin, creating a vacancy on OBGMA’s board. AB 1794 updates the OBGMA Act to ensure that the board of directors reflects the new configuration of water suppliers within OBGMA’s boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident of the same area. AB 1794 helps OBGMA function smoothly in its mission to protect the groundwater of the Ojai Basin.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/14/18)

Ojai Basin Groundwater Management Agency (source)
Ojai City Council
Ojai Water Conservation District
Ventura County

OPPOSITION: (Verified 6/14/18)

None received

ASSEMBLY FLOOR: 73-0, 5/17/18

AYES: Acosta, Aguiar-Curry, Travis Allen, Arambula, Baker, Berman, Bigelow, Bloom, Bonta, Brough, Burke, Caballero, Calderon, Carrillo, Cervantes, Chau, Chávez, Chen, Chiu, Choi, Chu, Cooley, Cooper, Cunningham, Dahle, Daly, Eggman, Flora, Fong, Frazier, Friedman, Gallagher, Eduardo Garcia, Gipson, Gloria, Gonzalez Fletcher, Gray, Grayson, Harper, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager-Dove, Kiley, Lackey, Levine, Limón, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Quirk, Quirk-Silva, Reyes, Rodriguez, Rubio, Salas, Mark Stone, Thurmond, Ting, Voepel, Waldron, Weber, Wood, Rendon

NO VOTE RECORDED: Cristina Garcia, Melendez, Muratsuchi, Santiago, Steinorth

Prepared by: Anton Favorini-Csorba / GOV. & F. / (916) 651-4119
6/15/18 10:41:49

**** END ****



SENATE COMMITTEE ON GOVERNANCE AND FINANCE

Senator Mike McGuire, Chair

2017 - 2018 Regular

Bill No: AB 1794
Author: Limón
Version: 1/9/18
Consultant: Favorini-Csorba

Hearing Date: 6/13/18
Tax Levy: No
Fiscal: No

OJAI BASIN GROUNDWATER MANAGEMENT AGENCY: SOUTHERN CALIFORNIA WATER COMPANY

Changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency and eliminates references to the Southern California Water Company in the district's principal act.

Background

State law tasks numerous types of local agencies with sustainably managing groundwater supplies in basins throughout the state. Some of these agencies are governed under generally applicable principal acts that allow the creation of multiple types of agencies that have similar forms and functions; the Legislature has created other individual agencies through special acts.

The Ojai Basin Groundwater Management Act. The Ojai Basin Groundwater Management Agency (OBGMA) is one such special act local agency. With the enactment of the Ojai Basin Groundwater Management Agency Act in 1991 (SB 534, Hart), the Legislature created OBGMA to carry out groundwater management activities for the protection and common benefit of agricultural, municipal, and industrial water users of the Ojai Basin. The district's main activities include:

- Conducting groundwater management and planning;
- Documenting groundwater extraction from reported pumping;
- Collecting extraction charges from well owners;
- Coordinating with the county and private entities to monitor basin conditions;
- Supporting the operation and maintenance of the San Antonio Spreading Grounds Rehabilitation Project;
- Maintaining a groundwater model of the basin;
- Monitoring water levels in the basin;
- Performing groundwater-related outreach and education activities, and;
- Participating in watershed, county, and state meetings.

The OBGMA Act establishes a five member board of directors to govern the agency, comprising:

- Three directors appointed by, and a member of, each of the following: the Ojai City Council, the board of the Casitas Municipal Water District (CMWD), and the board of the Ojai Water Conservation District;



- One director that is a representative of the Southern California Water Company; and
- One director to be chosen in a specified manner from any of the governing boards of the following mutual water companies: the Senior Canyon Mutual Water Company, the Siete Robles Mutual Water Company, and the Hermitage Mutual Water Company.

The Golden State Water Company. The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created: California Cities and Arden-Cordova Water Service. In 2005, the three California Divisions—Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company—were collectively renamed GSWC.

The Casitas Municipal Water District. The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CMWD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12th, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW). The settlement agreement resolved an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired, by eminent domain, the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8th, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four person instead of a five person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area. The OBGMA wants the Legislature to modify its board of directors to reflect the new composition of the relevant water agencies in the area.

Proposed Law

Assembly Bill 1794 deletes the requirement that one of OBGMA's five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the community facilities district resident director for a three year term. The bill establishes requirements and qualifications for the resident director position, including that the candidate:

- Has a demonstrated interest in and commitment to the general policies and operating goals of the agency;
- Is a customer of CMWD;
- Owns or leases real property located within CMWD, and does not have any interest in real property located in other parts of OBGMA;
- Is not a director, employee, or agent of CMWD, the City of Ojai, or the Ojai Water Conservation District;



- Does not hold shares in and is not an employee or agent of any mutual water company located partially or wholly within the boundaries of the agency; and
- Does not have any litigation pending with the agency, CMWD, the City of Ojai, the Ojai Water Conservation District, the Senior Canyon Mutual Water Company, the Siete Robles Mutual Water Company, the Hermitage Mutual Water Company, or a private pumper in the basin.

AB 1794 provides that the other four directors may nominate candidates for resident director. Those four directors then select a resident director from the pool of nominated candidates by majority vote. If no candidate receives a majority, AB 1794 requires a second vote by the directors for the top two candidates, and if a tie remains, AB 1794 requires the president of the board to draw lots to determine which of the candidates who tied is chosen to be the community facilities district resident director. AB 1794 allows the other four directors to remove a resident director for cause by unanimous vote and requires the board to fill a vacancy in the resident director position within 90 days of the vacancy.

State Revenue Impact

No estimate.

Comments

1. Purpose of the bill. The OBGMA Act establishes a five-member board of directors for OBGMA that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company—now named GSWC. However, in 2017, a local water district acquired the Ojai Service Area and Water System from GSWC. As a result, GSWC—and therefore the Southern California Water Company—no longer supplies water within the Ojai Basin, creating a vacancy on OBGMA’s board. AB 1794 updates the OBGMA Act to ensure that the board of directors reflects the new configuration of water suppliers within OBGMA’s boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident of the same area. AB 1794 helps OBGMA function smoothly in its mission to protect the groundwater of the Ojai Basin.

Assembly Actions

Assembly Local Government Committee: 9-0
 Assembly Floor: 73-0

Support and Opposition (6/8/18)

Support: Ojai Groundwater Management Agency; Ojai Water Conservation District; Ventura County Board of Supervisors.

Opposition: Unknown.

-- END --

LEGISLATIVE INTENT SERVICE (800) 666-1917



SENATE COMMITTEE ON GOVERNANCE AND FINANCE

Senator Mike McGuire, Chair
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State Revenue Impact

No estimate.

Comments

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Assembly Actions

Assembly Local Government Committee: 9-0
 Assembly Floor: 73-0

Support and Opposition (6/8/18)

Support: Ojai Groundwater Management Agency; Ojai Water Conservation District; Ventura County Board of Supervisors.

Opposition: Unknown.

-- END --



CONSENT

Bill No: AB 1794
Author: Limón (D)
Introduced: 1/9/18
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 6/13/18
AYES: McGuire, Nguyen, Beall, Hernandez, Hertzberg, Lara, Moorlach

ASSEMBLY FLOOR: 73-0, 5/17/18 (Consent) - See last page for vote

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company

SOURCE: Ojai Basin Groundwater Management Agency

DIGEST: This bill changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company.

ANALYSIS:

Existing law:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
 - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
 - i) The Ojai City Council;
 - ii) The Board of the Casitas Municipal Water District (CMWD); and,
 - iii) The Board of the Ojai Water Conservation District.



- b) Requires that one director be a representative of the Southern California Water Company.
 - c) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
 - i) The Senior Canyon Mutual Water Company;
 - ii) The Siete Robles Mutual Water Company; and,
 - iii) The Hermitage Mutual Water Company.
 - d) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 2) Provides that the board is the governing body of the agency and shall exercise the powers of the agency.
 - 3) States that the act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
 - 4) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

This bill:

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.



- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

Background

The Golden State Water Company. The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created: California Cities and Arden-Cordova Water Service. In 2005, the three California Divisions—Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company—were collectively renamed GSWC.

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Comments

Purpose of the bill. The OBGMA Act establishes a five-member board of directors for OBGMA that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company—now named GSWC.



However, in 2017, a local water district acquired the Ojai Service Area and Water System from GSWC. As a result, GSWC—and therefore the Southern California Water Company—no longer supplies water within the Ojai Basin, creating a vacancy on OBGMA’s board. AB 1794 updates the OBGMA Act to ensure that the board of directors reflects the new configuration of water suppliers within OBGMA’s boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident of the same area. AB 1794 helps OBGMA function smoothly in its mission to protect the groundwater of the Ojai Basin.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/14/18)

Ojai Basin Groundwater Management Agency (source)
Ojai City Council
Ojai Water Conservation District
Ventura County

OPPOSITION: (Verified 6/14/18)

None received

ASSEMBLY FLOOR: 73-0, 5/17/18

AYES: Acosta, Aguiar-Curry, Travis Allen, Arambula, Baker, Berman, Bigelow, Bloom, Bonta, Brough, Burke, Caballero, Calderon, Carrillo, Cervantes, Chau, Chávez, Chen, Chiu, Choi, Chu, Cooley, Cooper, Cunningham, Dahle, Daly, Eggman, Flora, Fong, Frazier, Friedman, Gallagher, Eduardo Garcia, Gipson, Gloria, Gonzalez Fletcher, Gray, Grayson, Harper, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager-Dove, Kiley, Lackey, Levine, Limón, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Quirk, Quirk-Silva, Reyes, Rodriguez, Rubio, Salas, Mark Stone, Thurmond, Ting, Voepel, Waldron, Weber, Wood, Rendon

NO VOTE RECORDED: Cristina Garcia, Melendez, Muratsuchi, Santiago, Steinorth

Prepared by: Anton Favorini-Csorba / GOV. & F. / (916) 651-4119
6/15/18 10:41:49

**** END ****



CONSENT

Bill No: AB 1794
Author: Limón (D)
Introduced: 1/9/18
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 6/13/18
AYES: McGuire, Nguyen, Beall, Hernandez, Hertzberg, Lara, Moorlach

ASSEMBLY FLOOR: 73-0, 5/17/18 (Consent) - See last page for vote

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company

SOURCE: Ojai Basin Groundwater Management Agency

DIGEST: This bill changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company.

ANALYSIS:

Existing law:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
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- 2) Provides that the board is the governing body of the agency and shall exercise the powers of the agency.
 - 3) States that the act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
 - 4) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

This bill:

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
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FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/14/18)

Ojai Basin Groundwater Management Agency (source)
Ojai City Council
Ojai Water Conservation District
Ventura County

OPPOSITION: (Verified 6/14/18)

None received

ASSEMBLY FLOOR: 73-0, 5/17/18

AYES: Acosta, Aguiar-Curry, Travis Allen, Arambula, Baker, Berman, Bigelow, Bloom, Bonta, Brough, Burke, Caballero, Calderon, Carrillo, Cervantes, Chau, Chávez, Chen, Chiu, Choi, Chu, Cooley, Cooper, Cunningham, Dahle, Daly, Eggman, Flora, Fong, Frazier, Friedman, Gallagher, Eduardo Garcia, Gipson, Gloria, Gonzalez Fletcher, Gray, Grayson, Harper, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager-Dove, Kiley, Lackey, Levine, Limón, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Quirk, Quirk-Silva, Reyes, Rodriguez, Rubio, Salas, Mark Stone, Thurmond, Ting, Voepel, Waldron, Weber, Wood, Rendon

NO VOTE RECORDED: Cristina Garcia, Melendez, Muratsuchi, Santiago, Steinorth

Prepared by: Anton Favorini-Csorba / GOV. & F. / (916) 651-4119
6/15/18 9:36:26

**** **END** ****



DRAFT

CONSENT ✓

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Author: Limón (D) ✓
Introduced: 1/9/18 ✓
Vote: 21 ✓

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On April 12~~th~~, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW). The settlement agreement resolved an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired, by eminent domain, the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8~~th~~, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four-person instead of a five-person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area. The OBGMA wants the Legislature to modify its board of directors to reflect the new composition of the relevant water agencies in the area.

Comments



Purpose of the bill. The OBGMA Act establishes a five-member board of directors for OBGMA that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company—now named GSWC. However, in 2017, a local water district acquired the Ojai Service Area and Water System from GSWC. As a result, GSWC—and therefore the Southern California Water Company—no longer supplies water within the Ojai Basin, creating a vacancy on OBGMA’s board. AB 1794 updates the OBGMA Act to ensure that the board of directors reflects the new configuration of water suppliers within OBGMA’s boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident of the same area. AB 1794 helps OBGMA function smoothly in its mission to protect the groundwater of the Ojai Basin.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/14/18)

Ojai Basin Groundwater Management Agency (source)

Ojai City Council

Ventura County

Ojai Water Conservation District

OPPOSITION: (Verified 6/14/18)

None received

ARGUMENTS IN SUPPORT: >

ARGUMENTS IN OPPOSITION: >

ASSEMBLY FLOOR: 73-0, 5/17/18

AYES: Acosta, Aguiar-Curry, Travis Allen, Arambula, Baker, Berman, Bigelow, Bloom, Bonta, Brough, Burke, Caballero, Calderon, Carrillo, Cervantes, Chau, Chávez, Chen, Chiu, Choi, Chu, Cooley, Cooper, Cunningham, Dahle, Daly, Eggman, Flora, Fong, Frazier, Friedman, Gallagher, Eduardo Garcia, Gipson, Gloria, Gonzalez Fletcher, Gray, Grayson, Harper, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager-Dove, Kiley, Lackey, Levine, Limón, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Quirk, Quirk-Silva, Reyes, Rodriguez, Rubio, Salas, Mark Stone, Thurmond, Ting, Voepel, Waldron, Weber, Wood, Rendon

NO VOTE RECORDED: Cristina Garcia, Melendez, Muratsuchi, Santiago, Steinorth



Prepared by: Anton Favorini-Csorba / GOV. & F. / (916) 651-4119
6/14/2018 5:23:41

**** **END** ****



ASSEMBLY BILL NO. 1794 2018 REGULAR SESSION CHAPTER 68

AB 1794 2018 CH # 68

Deputy: CHB

AUTHOR: Limón
 DATE RECEIVED: 6-29-2018
 LAST DAY TO ACT: 7-11-2018

Request	Receive	Request	Receive	Request	Receive	Request	Receive
	BCSH		CGCC	X	DOF		SBE
			CHHS		GO-Biz		CalSTA
					GovOps		
	CalEPA						Other
		X	CMD		LWDA		
		X	CNRA				
			YWR				
	CDGR				OES		
	CDFA		CPUC		OPR		
	CDVA						

EBR REQUEST DATE: _____ EBR DUE DATE: _____
 ACTION OF GOVERNOR: 7-9 2018

SIGN SIGN w/ MESSAGE VETO RED/DEL

AUTHOR PHONE: 319-2037
 DATE: _____ TIME: _____
 CALL LOCATION: _____
 CONTACT: Alan

LEG COUNSEL: S L
 RUMMY: Y N
 RUMMY ORDER: _____



HURST+BROOKS+ESPINOSA

July 5, 2018

The Honorable Edmund G. Brown, Jr.
Governor
State Capitol
Sacramento, CA 95814

**RE: AB 1794 (Limón) – Ojai Basin Groundwater Management Agency
As introduced 1/9/2018
County of Ventura: SUPPORT**

Dear Governor Brown:

On behalf of the Ventura County Board of Supervisors, I write to respectfully request your signature on AB 1794, Assembly Member Monique Limón's measure that would revise the composition of the Ojai Basin Groundwater Management Agency (OBGMA) Board of Directors.

The OBGMA was created legislatively more than 25 years ago pursuant to SB 534 (Chapter 750, Statutes of 1991) to manage the supply and demand of the Ojai Groundwater Basin in Ventura County. Among other provisions, SB 534 specified the composition of OBGMA's five-member Board of Directors. AB 1794 would eliminate the existing provision granting one board seat to a representative of the Southern California Water Company and instead would authorize the four remaining board members to select a director for that seat.

Although the Southern California Water Company at one time served the City of Ojai, the Casitas Municipal Water District has since assumed ownership of the city's water system. Given this recent change, it is necessary to amend OBGMA's enabling legislation. In addition to updating the board composition as described above, AB 1794 also would eliminate other now-obsolete references to the Southern California Water Company. The County of Ventura is pleased to support AB 1794 that will carry out these necessary and narrowly drafted statutory changes.

For these reasons, the County of Ventura respectfully requests your most positive consideration of AB 1794 it comes before you. Should you or your staff have any questions about the County's position, please do not hesitate to reach out (ehb@hbeadvocacy.com or 916-272-0012). Thank you for considering the County's perspective.

Sincerely, ~

Elizabeth Espinosa
Legislative Representative

cc: The Honorable Monique Limón, Member of the Assembly

1127 Eleventh St., Ste. 805
Sacramento, CA 95814
916.245.3445
hbeadvocacy.com

LEGISLATIVE INTENT SERVICE (800) 666-1917

LEGISLATIVE INTENT SERVICE



ENROLLED BILL MEMORANDUM TO GOVERNOR

BILL: AB 1794 **AUTHOR:** Limón **DATE:** 6/29/18 **DUE:** 7/11/18
SENATE: 36-0 **ASSEMBLY:** 73-0
PRESENTED BY: Catalina Hayes-Bautista **RECOMMEND:** Sign Veto

SUMMARY

This bill changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency and eliminates references to the Southern California Water Company.

SPONSOR: Ojai Basin Groundwater Management Agency

SUPPORT: California Natural Resources Agency
Department of Water Resources
Department of Finance

OPPOSITION: None Received

FISCAL IMPACT

The Department of Water Resources estimates this bill has no fiscal impact. Department of Finance concurs.

PREVIOUS ACTION/SIMILAR LEGISLATION

No relevant history provided.

NOTES

LEGISLATIVE INTENT SERVICE (800) 666-1917



UNOFFICIAL BALLOT

MEASURE: AB 1794

AUTHOR: Limón

TOPIC: Ojai Basin Groundwater Management Agency: Southern California Water Company.

Date: 5/17/2018

LOCATION: A - ENROLLMENT

MOTION: AB 1794 LIMÓN Consent Calendar Second Day Regular Session

(AYES 73- NOES 0- ABS 5) ((PASS))

AYES

Acosta	Aguiar-Curry	Arambula	Baker
Berman	Bigelow	Bloom	Bonta
Brough	Burke	Caballero	Calderon
Carrillo	Cervantes	Chau	Chávez
Chen	Chiu	Choi	Chu
Cooley	Cooper	Cunningham	Dahle
Daly	Eduardo Garcia	Eggman	Flora
Fong	Frazier	Friedman	Gallagher
Gipson	Gloria	Gonzalez Fletcher	Gray
Grayson	Harper	Holden	Irwin
Jones-Sawyer	Kalra	Kamlager-Dove	Kiley
Lackey	Levine	Limón	Low
Maienschein	Mark Stone	Mathis	Mayes
McCarty	Medina	Mullin	Nazarian
O'Donnell	Obernolte	Patterson	Quirk
Quirk-Silva	Rendon	Reyes	Rodriguez
Rubio	Salas	Thurmond	Ting
Travis Allen	Voepel	Waldron	Weber
Wood			

NOES

ABSENT, ABSTAINING, OR NOT VOTING

Cristina Garcia	Melendez	Muratsuchi	Santiago
Steinorth			

LEGISLATIVE INTENT SERVICE (800) 666-1917



UNOFFICIAL BALLOT

MEASURE: AB 1794

AUTHOR: Limón

TOPIC: Ojai Basin Groundwater Management Agency: Southern California Water Company.

Date: 6/25/2018

LOCATION: A - ENROLLMENT

MOTION: Consent Calendar AB1794

(AYES 36- NOES 0- ABS 3) ((PASS))

AYES

Allen	Atkins	Bates	Beall
Bradford	Cannella	Chang	De León
Dodd	Fuller	Gaines	Galgiani
Glazer	Hernandez	Hertzberg	Hill
Hueso	Jackson	Lara	Leyva
McGuire	Mitchell	Monning	Moorlach
Morrell	Nguyen	Nielsen	Pan
Portantino	Roth	Skinner	Stern
Stone	Vidak	Wiener	Wilk

NOES

ABSENT, ABSTAINING, OR NOT VOTING

Anderson	Berryhill	Wieckowski
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LEGISLATIVE INTENT SERVICE (800) 666-1917





CONFIDENTIAL- Not Subject to Disclosure under the Public Records Act

Department/Board: Water Resources	Author: Limon	Bill Number/Version Date: AB 1794 / 1-9-18
Sponsor: Ojai Basin Groundwater Management Agency <input type="checkbox"/> Admin Sponsored Proposal No.	Related Bill(s)	Chaptering Order (if known) <input type="checkbox"/> Attachment
Subject: Ojai Basin Groundwater Management Agency: Southern California Water Company		

SUMMARY

This bill would modify the structure of the Ojai Basin Groundwater Management Agency (Agency) Board of Directors. According to the author, this bill is needed to fill a current vacancy that was the result of a recent acquisition.

RECOMMENDATION

SIGN – The Department of Water Resources (Department) recommends a signature on this bill. The safe operation of California’s infrastructure is of the utmost concern to the Department. AB 1794 is a district bill and has no impact to the processes, procedures or budget of the Department. For this reason, a signature is recommended.

REASON FOR THE BILL

This bill is intended to adjust the structure of the Agency to fill a vacant board position.

Departments That May Be Affected:			
<input type="checkbox"/> New / Increased Fee	<input type="checkbox"/> Governor's Appointment	<input type="checkbox"/> Legislative Appointment	
<input type="checkbox"/> State Mandate	<input type="checkbox"/> Urgency Clause	<input type="checkbox"/> Regulations Required	<input type="checkbox"/> Legislative Report
Dept/Board Position <input checked="" type="checkbox"/> Sign <input type="checkbox"/> Veto <input type="checkbox"/> Defer to:	Agency Secretary Position <input checked="" type="checkbox"/> Sign <input type="checkbox"/> Veto <input type="checkbox"/> Defer to:		
Director / Chair KARLA NEMETH	Date 6-26-18	Agency Secretary JOHN LAIRD	Date 6/27/18

LEGISLATIVE INTENT SERVICE (800) 666-1917



ANALYSIS

Current law establishes a five-member board of directors for the Agency. One of the positions is reserved for the Southern California Water Company, a parent company to Golden State Water Company. In June of 2017, the Casitas Municipal Water District assumed operational control of the Golden State Water Company's Ojai Water System. Since that date, the board seat has been vacant.

This bill would amend the Ojai Basin Groundwater Management Act to fill a board vacancy created as a result of the Casitas Municipal Water District acquisition of the Golden State Water Company's Ojai Service Area and Water System. The amendment would require one Resident Director to be chosen by the remaining four board members.

The Department supports local efforts to effectively manage groundwater resources throughout the state. AB 1794 has no impact to the Department's processes, procedures or budget; however, a signature is recommended.

LEGISLATIVE HISTORY

SB 594 (Hart, Chapter 750, Statutes of 1991) created a five-member Agency Board of Directors.

PROGRAM BACKGROUND

The Ojai Basin Groundwater Management Agency Act of 1991 was approved as a response to the needs and concerns of local water agencies, water users, and well owners of the Ojai Basin. The Agency was established in the fifth year of a drought, amidst concerns for potential basin overdraft. The mission is in keeping with the history of the basin and the circumstances existing when the Agency was formed. Since that time, although there have been some good water years and the Ojai Basin has continued to provide sufficient water for its well owners, competition for scarce water resources in Southern California and Ventura County is ever expanding, water resource planning is intensifying, and the importance of the Agency mission is even great today.

The Agency is one of only 13 special act districts with legislative authority to manage groundwater in California. They are required to have a groundwater management plan to guide its operations for agricultural and urban demand accounts. The Board of Directors is comprised of five seats filled by representatives from: City of Ojai, Casitas Municipal Water District, Golden State Water Company, Ojai Water Conservation District, and one director elected to represent three mutual water companies – Senior Canyon Mutual Water Company, Siete Robles Mutual Water Company, and Hermitage Mutual Water Company.

OTHER STATES' INFORMATION

None

FISCAL IMPACT

None

ECONOMIC IMPACT

None

LEGAL IMPACT

None



APPOINTMENTS

None

SUPPORT/OPPOSITION

Support: Ojai Groundwater Management Agency
Ojai Water Conservation District
Ventura County Board of Supervisors

Opposition: None received

ARGUMENTS

Proponents: AB 1794 updates the Agency Act to ensure that the board of directors reflects the new configuration of water suppliers within the Agency boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident in the same area.

Opponents: None received

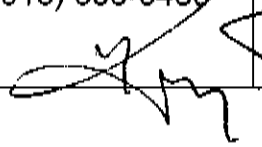
VOTES

	<u>YES</u>	<u>NO</u>
Senate Consent (6/25/18)	36	0
Assembly Floor (5/17/2018)	73	0



LEGISLATIVE STAFF CONTACT

CONTACT	WORK	CELL PHONE
John Laird Secretary Natural Resources Agency	(916) 653-7310	
Caroline Godkin Deputy Secretary for Legislation Natural Resources Agency	(916) 654-2753	
Karla Nemeth Director Department of Water Resources	(916) 653-7007	
Kasey Schimke Assistant Director Legislative Affairs Department of Water Resources	(916) 653-0488	




DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: Original
RECOMMENDATION: Sign

BILL NUMBER: AB 1794
AUTHOR: Limon, Monique

ASSEMBLY: 73/0
SENATE: 36/0

BILL SUMMARY: Ojai Basin Groundwater Management Agency: Southern California Water Company.

Existing law establishes the Ojai Basin Groundwater Management Agency with a five-member board of directors representing water suppliers in the Ojai Basin.

This bill removes the requirement that one of the board member seats be filled by a representative of the Southern California Water Company, and instead requires that one director be chosen by the board as the community facilities district resident director.

FISCAL SUMMARY

The Department of Water Resources estimates this bill has no fiscal impact. Finance concurs.

COMMENTS

Finance recommends signing this bill.

The Ojai Basin Groundwater Management Act establishes a five-member board of directors that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company, now known as Golden State Water Company. However, in June 2017, the Casitas Municipal Water District acquired the Ojai Service Area and Water System from the Golden State Water Company. As a result, the Southern California Water Company seat on the board of directors has been vacant, as that entity no longer supplies water in the Ojai Basin.

This bill removes the Southern California Water Company seat from the board of directors and replaces the representative with a director to be chosen, as specified, as the community facilities district resident director.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)					Fund Code	
		PROP	2017-2018 FC		2018-2019 FC	2019-2020 FC		
3860/Water Res	SO	No	---- No/Minor Fiscal Impact ----					0001

Analyst/Principal (0631) K.Acierto/S.Aguilar Date
 Program Budget Manager Karen Finn *Matt Almy for KF* Date 6/27/18
 Department Deputy Director *[Signature]* Date 6/27/18
 Governor's Office: By: _____ Date: _____ Position Approved _____
 Position Disapproved _____

ENROLLED BILL REPORT

TRECO : AB 1794 - 6/27/2018 16:29:32 PM

Form DF-43 (Rev 03/95 Pink)

LEGISLATIVE INTENT SERVICE (800) 666-1917



YADA

CONSENT

Bill No: AB 1794
Author: Limón (D)
Introduced: 1/9/18
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 6/13/18
AYES: McGuire, Nguyen, Beall, Hernandez, Hertzberg, Lara, Moorlach

ASSEMBLY FLOOR: 73-0, 5/17/18 (Consent) - See last page for vote

SUBJECT: Ojai Basin Groundwater Management Agency: Southern California Water Company

SOURCE: Ojai Basin Groundwater Management Agency

DIGEST: This bill changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company.

ANALYSIS:

Existing law:

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
 - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
 - i) The Ojai City Council;
 - ii) The Board of the Casitas Municipal Water District (CMWD); and,
 - iii) The Board of the Ojai Water Conservation District.



- b) Requires that one director be a representative of the Southern California Water Company.
 - c) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
 - i) The Senior Canyon Mutual Water Company;
 - ii) The Siete Robles Mutual Water Company; and,
 - iii) The Hermitage Mutual Water Company.
 - d) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 2) Provides that the board is the governing body of the agency and shall exercise the powers of the agency.
 - 3) States that the act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
 - 4) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

This bill:

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.



- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

Background

The Golden State Water Company. The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created: California Cities and Arden-Cordova Water Service. In 2005, the three California Divisions—Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company—were collectively renamed GSWC.

The Casitas Municipal Water District. The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CMWD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW). The settlement agreement resolved an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired, by eminent domain, the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four-person instead of a five-person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area. The OBGMA wants the Legislature to modify its board of directors to reflect the new composition of the relevant water agencies in the area.

Comments

Purpose of the bill. The OBGMA Act establishes a five-member board of directors for OBGMA that comprises representatives of water suppliers in the Ojai Basin, including a seat for the Southern California Water Company—now named GSWC.



However, in 2017, a local water district acquired the Ojai Service Area and Water System from GSWC. As a result, GSWC—and therefore the Southern California Water Company—no longer supplies water within the Ojai Basin, creating a vacancy on OBGMA’s board. AB 1794 updates the OBGMA Act to ensure that the board of directors reflects the new configuration of water suppliers within OBGMA’s boundaries by replacing the representative appointed by the Southern California Water Company with a representative who is a resident of the same area. AB 1794 helps OBGMA function smoothly in its mission to protect the groundwater of the Ojai Basin.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 6/14/18)

Ojai Basin Groundwater Management Agency (source)
Ojai City Council
Ojai Water Conservation District
Ventura County

OPPOSITION: (Verified 6/14/18)

None received

ASSEMBLY FLOOR: 73-0, 5/17/18

AYES: Acosta, Aguiar-Curry, Travis Allen, Arambula, Baker, Berman, Bigelow, Bloom, Bonta, Brough, Burke, Caballero, Calderon, Carrillo, Cervantes, Chau, Chávez, Chen, Chiu, Choi, Chu, Cooley, Cooper, Cunningham, Dahle, Daly, Eggman, Flora, Fong, Frazier, Friedman, Gallagher, Eduardo Garcia, Gipson, Gloria, Gonzalez Fletcher, Gray, Grayson, Harper, Holden, Irwin, Jones-Sawyer, Kalra, Kamlager-Dove, Kiley, Lackey, Levine, Limón, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Nazarian, Obermolte, O'Donnell, Patterson, Quirk, Quirk-Silva, Reyes, Rodriguez, Rubio, Salas, Mark Stone, Thurmond, Ting, Voepel, Waldron, Weber, Wood, Rendon

NO VOTE RECORDED: Cristina Garcia, Melendez, Muratsuchi, Santiago, Steinorth

Prepared by: Anton Favorini-Csorba / GOV. & F. / (916) 651-4119
6/15/18 10:41:49

**** **END** ****





AB-1794 Ojai Basin Groundwater Management Agency: Southern California Water Company. (2017-2018)

SECTION 1. Section 401 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

401. (a) *The board shall consist of five directors and shall be selected in the following manner:*

(1) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:

(A) The Ojai City Council.

(B) The Board of the Casitas Municipal Water District.

(C) The Board of the Ojai Water Conservation District.

(2) One director shall be chosen pursuant to Section 401.5 as the community facilities district resident director.

(3) (A) One director shall be chosen pursuant to subparagraph (B) from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency.

(1) The Senior Canyon Mutual Water Company.

(2) The Slete Robles Mutual Water Company.

(3) The Hermitage Mutual Water Company.

(B) The mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.

(b) The board is the governing body of the agency and shall exercise the powers of the agency.

SEC. 2. Section 401.5 is added to the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991), to read:

401.5. (a) *The community facilities district resident director shall meet all of the following qualifications:*

(1) Has a demonstrated interest in and commitment to the general policies and operating goals of the agency.

(2) Is a customer of the Casitas Municipal Water District.

(3) Owns or leases real property located within the Casitas Municipal Water District Community Facilities District 2013-1.

(4) Is not a director, employee, or agent of the Casitas Municipal Water District.

(5) Is not a council member, employee, or agent of the City of Ojai.

(6) Is not a director, employee, or agent of the Ojai Water Conservation District.

(7) Does not hold shares in and is not an employee or agent of any mutual water company located partially or wholly within the boundaries of the agency.

(8) Does not have any interest in real property located within the agency boundaries that is outside of the boundaries of the Casitas Municipal Water District Community Facilities District 2013-1.



(9) Does not have any litigation pending with the agency, the Casitas Municipal Water District, the City of Ojai, the Ojai Water Conservation District, the Senior Canyon Mutual Water Company, the Siete Robles Mutual Water Company, the Hermitage Mutual Water Company, or a private pumper in the basin.

(b) A director described in paragraph (1) or (3) of Section 401 may nominate a qualified candidate to be the community facilities district resident director.

(c) The community facilities district resident director shall be chosen by the board from the nominated candidates by a majority vote of the other directors then in office on the board. If the votes of the board result in a tie between candidates, then the board shall vote again by choosing from the nominated candidates who tied with the highest number of votes. If a second round of voting results in a tie between candidates, the president of the board shall draw lots to determine which of the candidates who tied is chosen to be the community facilities district resident director.

(d) The community facilities district resident director shall serve a term of three years. The community facilities district resident director may be removed from office for cause pursuant to a unanimous vote of the other directors then in office on the board.

(e) If the community facilities district resident director position is vacant for any reason, including, but not limited to, death, incapacity, resignation, or removal for cause, the board shall appoint a new director pursuant to this section within 90 days of the vacancy.

SEC. 3. Section 403 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

403. This act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission.

SEC. 4. Section 901 of the Ojai Basin Groundwater Management Agency Act (Chapter 750 of the Statutes of 1991) is amended to read:

901. (a) Each year the board may fix a management charge in accordance with benefit-based criteria to be established by the board, upon the City of Ojai, the Casitas Municipal Water District, and the Ojai Water Conservation District for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

(b) In the aggregate, management charges shall be limited to fifty thousand dollars (\$50,000) in the first year and twenty-five thousand dollars (\$25,000) in the second year. None of the entities identified in subdivision (a) shall be required to pay more than one-third of the aggregate allowable charges. Management charges in succeeding years, or contributions in excess of the established limits, shall be voluntary and payable at the discretion of each entity identified in subdivision (a).





CHIEF DEPUTY
Aaron D. Silva

LEGISLATIVE
COUNSEL
BUREAU

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Thomas J. Kerbs
Kirk S. Louie
Fred A. Messerer
Lara Bierman Nelson
Robert A. Pratt

Stephen G. Delver
Lisa C. Goldkuhl
I. Erik Lange
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July 02, 2018

Honorable Edmund G. Brown Jr.
Governor of California
Sacramento, CA 95814

ASSEMBLY BILL NO. 1794

Dear Governor Brown:

Pursuant to your request, we have reviewed the above-numbered bill authored by Assembly Member Limón and, in our opinion, the title and form are sufficient. The digest on the printed bill as adopted correctly reflects the views of this office.

Very truly yours,

Diane F. Boyer-Vine
Legislative Counsel

By
Lara Bierman Nelson
Principal Deputy

LBN:dlb

Two copies to Honorable S. Monique Limón,
pursuant to Joint Rule 34.





Governor Brown Signs Legislation

Published: Jul 09, 2018

SACRAMENTO – Governor Edmund G. Brown Jr. today announced that he has signed the following bills:

AB 710 by Assemblymember Jim Wood (D-Healdsburg) – Cannabidiol.

AB 1192 by Assemblymember Tom Lackey (R-Palmdale) – Firearms: retired peace officers.

AB 1736 by Assemblymember Jordan Cunningham (R-Templeton) – Evidence: hearsay: prior inconsistent statements.

AB 1739 by Assemblymember Ed Chau (D-Arcadia) – Nonprobate transfers: revocable transfer on death deeds.

AB 1768 by Assemblymember Marc Steinorth (R-Rancho Cucamonga) – The County of San Bernardino: housing authority: middle-income housing projects.

AB 1773 by the Committee on Appropriations – Claims against the state.

AB 1794 by Assemblymember Monique Limón (D-Goleta) – Ojai Basin Groundwater Management Agency: Southern California Water Company.

AB 1799 by Assemblymember Marc Levine (D-Marin County) – Insurance: policy documents.

AB 1934 by Assemblymember Reggie Jones-Sawyer (D-Los Angeles) – Dependent persons: definition.

AB 1960 by Assemblymember Jay Obernolte (R-Big Bear Lake) – Estates and trusts: kindred: definition.

AB 2004 by Assemblymember Jay Obernolte (R-Big Bear Lake) – Big Bear Fire Agencies Pension Consolidation Act of 2018.

AB 2113 by Assemblymember Jay Obernolte (R-Big Bear Lake) – Estates and trusts: guardianships.

AB 2173 by Assemblymember Miguel Santiago (D-Los Angeles) – Commercial real property: termination of tenancy: disposition of personal property.

AB 2229 by Assemblymember Jim Wood (D-Healdsburg) – Residential property insurance: disclosures.

AB 2237 by Assemblymember Brian Maienschein (R-San Diego) – Corporations: corporate records.

Latest News

[Governor Brown Announces Appointments](#)

[Governor Brown, Emergency Officials to Provide Wildfire Update at State Operations Center Today](#)

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[Governor Brown Issues Statement on Death of National Park Service Firefighter](#)

[Governor Brown Declares State of Emergency in Lake, Mendocino and Napa Counties Due to Fires](#)

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AB 2393 by the Committee on Health – Mental health.

AB 2426 by Assemblymember Brian Maienschein (R-San Diego) – Trustee:
power to terminate trust.

AB 2521 by Assemblymember Sharon Quirk-Silva (D-Fullerton) – Reservists:
active duty: deferment of financial obligations.

AB 2587 by Assemblymember Marc Levine (D-Marin County) – Disability
compensation: paid family leave.

AB 2589 by Assemblymember Frank Bigelow (R-O’Neals) – Controlled
substances: human chorionic gonadotropin.

AB 2770 by Assemblymember Jacqui Irwin (D-Thousand Oaks) – Privileged
communications: communications by former employer: sexual harassment.

AB 2792 by Assemblymember Ian Calderon (D-Whittier) – Termination of the
parent and child relationship: severe sexual abuse.

AB 2870 by Assemblymember Susan Talamantes Eggman (D-Stockton) –
Military: National Guard: youth challenge program: counselors.

AB 3223 by Assemblymember Tim Grayson (D-Concord) – Special education:
visually impaired pupils: braille: Unified English Braille.

AB 3254 by the Committee on Local Government – Local government
organization: omnibus.

SB 857 by the Committee on Budget and Fiscal Review – In-home supportive
services: provider orientation.

SB 872 by the Committee on Budget and Fiscal Review – Local government:
taxation: prohibition: groceries.

SB 1089 by Senator Hannah-Beth Jackson (D-Santa Barbara) – California
Law Enforcement Telecommunications System.

SB 1139 by Senator Mike Morrell (R-Rancho Cucamonga) – Real property
liens: equity lines of credit: suspend and close.

SB 1173 by Senator Andy Vidak (R-Hanford) – Common interest
developments: annual notices: time-share plan interests.

SB 1289 by the Committee on Judiciary – Maintenance of the codes.

SB 1323 by Senator Ed Hernandez (D-Azusa) – Maintenance districts: County
of Los Angeles.

SB 1382 by Senator Andy Vidak (R-Hanford) – Firearms: vehicle storage.

For full text of the bills, visit: <http://leginfo.legislature.ca.gov>

###



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November 1, 2018

TO ALL INTERESTED PARTIES:

The 2017-2018 legislative session was a busy one for the Assembly Local Government Committee. Because of the large number of Assembly Members and Senators with local government backgrounds, interest in local government issues remains high.

Enclosed is a summary of chaptered and vetoed bills that were introduced during the 2017-2018 session and referred to the Assembly Local Government Committee. The summary includes a brief description of all bills, divided into the following categories: Contracting and Procurement; Elections; Governance; Health Care Districts and Health Authorities; Housing and Land Use; Joint Exercise of Powers; Local Agency Formation Commissions; Local Government Finance; Powers and Duties; Transportation and Transit Districts; Utilities, Telecommunications, and Energy; and, Water.

For quick and easy reference, please see the table of contents in the front of this document or the index located at the end. Additional information regarding this summary can be obtained through the Assembly Local Government Committee office at (916) 319-3958.

Sincerely,


Cecilia M. Aguiar-Curry, Chair



AB 2063 (Aguiar-Curry)	California Financing Law: PACE program administrators	26
SB 242 (Skinner)	Property Assessed Clean Energy Program: program administrator	26
SB 465 (Jackson)	Property Assessed Clean Energy Program: wildfire safety improvements	26
SB 1087 (Roth)	PACE program: program administrators.....	26
SB 649 (Hueso)	Wireless telecommunications facilities	26

WATER **27**

AB 552 (Irwin)	United Water Conservation District.....	27
AB 1180 (Holden)	Los Angeles County Flood Control District: taxes, fees, and charges	27
AB 1361 (E. Garcia and Waldron)	Municipal water districts:water service:Indian tribes ..	27
AB 1577 (Gipson)	California Safe Drinking Water Act: Sativa-Los Angeles County Water District	27
AB 1794 (Limón)	Ojai Basin Groundwater Management Agency: Southern California Water Company	27
AB 1889 (Caballero)	Santa Clara Valley Water District.....	27
AB 2179 (Gipson)	Municipal corporations: public utility service: water and sewer service	27
AB 2339 (Gipson)	Water utility service: sale of water utility property by a city.	28
SB 231 (Hertzberg)	Local government: fees and charges	28
SB 252 (Dodd)	Water wells.....	28
SB 372 (Cannella)	San Joaquin River Exchange Contractors Groundwater Sustainability Agency.....	28
SB 373 (Cannella)	Public contracts: design-build: Stanislaus Regional Water Authority.....	28
SB 564 (McGuire)	Joint powers authorities: Water Bill Savings Act	28
SB 963 (Allen)	Water replenishment districts	28
SB 1084 (Berryhill)	Mono County Tri-Valley Groundwater Management District	28
SB 1215 (Hertzberg)	Provision of sewer service: disadvantaged communities	29
AB 2050 (Caballero)	Small System Water Authority Act of 2018	29

WATER

Chaptered Legislation:

AB 552 (Irwin), Chapter 294, Statutes of 2017

United Water Conservation District.

Expands the remedies granted to the United Water Conservation District for the enforcement and collection of delinquent groundwater charges.

AB 1180 (Holden), Chapter 617, Statutes of 2017

Los Angeles County Flood Control District: taxes, fees, and charges.

Authorizes the Los Angeles County Flood Control District to levy a special tax to manage stormwater.

AB 1361 (Eduardo Garcia and Waldron), Chapter 449, Statutes of 2017

Municipal water districts: water service: Indian tribes.

Authorizes a municipal water district, until January 1, 2023, to apply to a LAFCO to extend water service to Indian lands and prohibits the LAFCO from denying the application.

AB 1577 (Gipson), Chapter 859, Statutes of 2018

California Safe Drinking Water Act: Sativa-Los Angeles County Water District.

Requires the State Water Resources Control Board (SWRCB) to order the Sativa-Los Angeles County Water District to accept administrative and managerial services from an administrator selected by SWRCB.

AB 1794 (Limón), Chapter 68, Statutes of 2018

Ojai Basin Groundwater Management Agency: Southern California Water Company.

Changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency and eliminates references to the Southern California Water Company.

AB 1889 (Caballero), Chapter 251, Statutes of 2018

Santa Clara Valley Water District.

Amends the Santa Clara Valley Water District Act by increasing the amount of days the board can be compensated for meetings every calendar month from 10 to 15, and changing the process for receiving a special tax exemption from an opt-in to an opt-out process, among other changes.

AB 2179 (Gipson), Chapter 863, Statutes of 2018

Municipal corporations: public utility service: water and sewer service.

Authorizes a municipal corporation to utilize alternative procedures to lease, sell, or transfer a municipal utility used for furnishing sewer service.



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2018

Please note: Legislation marked with an asterisk (*) has been identified as high priority by League staff.



AB 1771 (Bloom)	Planning and zoning: regional housing needs assessment 7
AB 1794 (Limón)	Ojai Basin Groundwater Management Agency: Southern California Water Company 27
AB 1889 (Caballero)	Santa Clara Valley Water District 14, 27
AB 1900 (Brough)	Capital investment incentive programs: repeal date 15
AB 1999 (Chau)	Local government: public broadband services 25
AB 2019 (Aguiar-Curry)	Health care districts 5, 12
AB 2035 (Mullin)	Affordable housing authorities 7
AB 2050 (Caballero)	Small System Water Authority Act of 2018 29
AB 2063 (Aguiar-Curry)	California Financing Law: PACE program administrators 26
AB 2132 (Levine)	Building permit fees: waiver 15
AB 2137 (Mayes)	Regional park and open-space districts: general manager: powers 1
AB 2162 (Chiu and Daly)	Planning and zoning: housing development: supportive housing 8
AB 2164 (Cooley)	Local ordinances: fines and penalties: cannabis..... 18
AB 2179 (Gipson)	Municipal corporations: public utility service: water and sewer service..... 27
AB 2184 (Chiu)	Business licenses..... 18
AB 2238 (Aguiar-Curry)	Change of organization or reorganization: LAFCO review: hazard mitigation plan: safety element 8, 13
AB 2249 (Cooley)	Public contracts: local agencies: alternative procedure . 1
AB 2258 (Caballero)	Local agency formation commissions: grant program . 13
AB 2329 (Obernalte)	Special districts: board of directors: compensation..... 15
AB 2339 (Gipson)	Water utility service: sale of water utility property by a city 28
AB 2372 (Gloria)	Planning and zoning: density bonus: floor area ratio bonus 8
AB 2485 (Chau)	Code enforcement: financially interested parties 18
AB 2598 (Quirk)	Cities and counties: ordinances: violations 18
AB 2600 (Flora)	Regional park and open space districts 18
AB 2654 (Quirk-Silva)	Design-build: Orange County 2
AB 2681(Nazarian)	Seismic safety: potentially vulnerable buildings 21
AB 2753 (Friedman)	Density bonuses: density bonus application..... 8
AB 2853 (Medina)	Local government: economic development subsidies .. 21
AB 2880 (Harper)	Political Reform Act of 1974: local enforcement 3
AB 2898 (Gloria)	Emergency services: local emergencies 19
AB 2911 (Friedman)	Fire safety 8
AB 2920 (Thurmond)	Transactions and use taxes: North Lake Tahoe Transportation Authority and City of Berkeley 15
AB 2923 (Chiu and Grayson)	San Francisco Bay Area Rapid Transit District: transient-oriented development 8, 23



- Requires DWR and the SWRCB to study, investigate, and recommend performance measures for commercial, institutional, and industrial water use for adoption by SWRCB by October 1, 2021; and
- Includes enforcement provisions.



AB 1794 (Limón) Ojai Basin Groundwater Management Agency. Southern California Water Company.

Chapter 68, Statutes of 2018

This measure changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency by deleting the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.

AB 1889 (Caballero) Santa Clara Valley Water District.

Chapter 251, Statutes of 2018

This measure amends the Santa Clara Valley Water District (SCVWD) Act. Specifically: the SCVWD act authorizes the district provide residential tax exemptions to taxpayers that are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This measure authorizes the district to require information relating to the verification of age, disability status, and income of those seeking an exemption. This measure also makes changes to the structure, requirements, and salaries of those serving on the district's board of directors.

AB 1944 (E. Garcia) Sustainable Groundwater Management. San Luis Rey Valley Groundwater Basin.

Chapter 255, Statutes of 2018

This measure divides the San Luis Rey Valley Groundwater Basin into an upper and lower sub-basin and designates the sub-basins as medium priority until DWR reassesses the basin prioritization. This bill also requires water beneath the surface of the upper sub-basin to be included within the definition of groundwater for purposes of the Sustainable Groundwater Management Act.

AB 2179 (Gipson) Municipal Corporations. Public Utility Service. Water and Sewer Service.

Chapter 863, Statutes of 2018

This measure authorizes a "municipal corporation," defined as a city or a city and county, to utilize alternative procedures to lease, sell, or transfer a municipal utility used for furnishing sewer service. Specifically, this bill:

- Authorizes a municipal corporation owning and operating sewer service utility that provides sewer service outside the boundaries of the municipal corporation, to lease, sell or transfer the portion of the utility located outside the boundaries of such municipal corporation to another public entity or utility upon a majority vote of the board, provided there is adequate justification for the sale or transfer;



Index of Chaptered Bills

<u>AB 87</u>	137, 175	<u>AB 1330</u>	16
<u>AB 91</u>	172	<u>AB 1407</u>	58
<u>AB 105</u>	149	<u>AB 1423</u>	53
<u>AB 106</u>	149	<u>AB 1445</u>	102
<u>AB 108</u>	149	<u>AB 1527</u>	114
<u>AB 110</u>	149	<u>AB 1547</u>	102, 168
<u>AB 193</u>	30	<u>AB 1561</u>	102, 178
<u>AB 216</u>	57	<u>AB 1584</u>	83
<u>AB 282</u>	119	<u>AB 1617</u>	141
<u>AB 306</u>	57	<u>AB 1619</u>	121
<u>AB 315</u>	77	<u>AB 1639</u>	122
<u>AB 324</u>	119	<u>AB 1654</u>	63
<u>AB 372</u>	120	<u>AB 1668</u>	42
<u>AB 375</u>	69, 142	<u>AB 1678</u>	58
<u>AB 403</u>	63	<u>AB 1735</u>	122
<u>AB 448</u>	87	<u>AB 1736</u>	133
<u>AB 565</u>	94	<u>AB 1741</u>	115
<u>AB 595</u>	77	<u>AB 1746</u>	133
<u>AB 605</u>	18	<u>AB 1749</u>	76, 143
<u>AB 626</u>	94, 194	<u>AB 1751</u>	118
<u>AB 636</u>	168, 172	<u>AB 1753</u>	118
<u>AB 666</u>	58	<u>AB 1755</u>	143, 175
<u>AB 686</u>	94	<u>AB 1762</u>	16
<u>AB 700</u>	183	<u>AB 1766</u>	143
<u>AB 710</u>	117	<u>AB 1768</u>	87
<u>AB 734</u>	33	<u>AB 1770</u>	165
<u>AB 747</u>	42	<u>AB 1771</u>	94, 198
<u>AB 748</u>	69, 137	<u>AB 1772</u>	20, 129
<u>AB 807</u>	82	<u>AB 1775</u>	28
<u>AB 829</u>	87	<u>AB 1776</u>	26
<u>AB 873</u>	114	<u>AB 1782</u>	27
<u>AB 929</u>	120	<u>AB 1793</u>	115
<u>AB 939</u>	175	<u>AB 1794</u>	43
<u>AB 987</u>	33	<u>AB 1796</u>	28, 110, 178
<u>AB 998</u>	143	<u>AB 1797</u>	20
<u>AB 1013</u>	58	<u>AB 1798</u>	143, 174
<u>AB 1041</u>	82, 172	<u>AB 1799</u>	20
<u>AB 1065</u>	121	<u>AB 1800</u>	20
<u>AB 1092</u>	78	<u>AB 1804</u>	33, 94
<u>AB 1168</u>	132	<u>AB 1808</u>	150
<u>AB 1184</u>	165, 176	<u>AB 1809</u>	150
<u>AB 1192</u>	127	<u>AB 1810</u>	150
<u>AB 1214</u>	141	<u>AB 1811</u>	150
<u>AB 1270</u>	42, 177	<u>AB 1812</u>	151

Limón Bill Closes Chapter On Ojai Community Control Over Water System

Tuesday, July 10, 2018

SACRAMENTO — Assembly Bill 1794, authored by Assemblymember Monique Limón (D-Santa Barbara), was signed into law by Governor Brown on Monday July 9th. The bill removes references to the Golden State Water Company on the Ojai Basin Groundwater Management Agency Board of Directors and replaces that position with a Resident Director Position chosen by the Board.

“AB 1794 ensures that the board of directors reflects the new configuration of water suppliers, and helps the new board function smoothly in its mission to preserve and protect the quantity and quality of groundwater in the Ojai Basin,” said Limón.

“The bill carried by our able legislative representative, Assemblymember Monique Limón, represents the end and the beginning of a new era for the Ojai basin. The Board of Directors of the Ojai Basin Groundwater Management Agency look forward to having a full board to continue our work preserving and protecting our precious resource,” said Russ Baggerly, Member of the Ojai Basin Groundwater Management Agency Board of Directors.

On August 27th, 2013 almost 90 percent of voters approved a \$60 million bond for the Casitas Municipal Water District to take over Golden State Water’s Ojai franchise by eminent domain.

On April 12th, 2017, the board of directors of Casitas Municipal Water District (CMWD) approved a settlement agreement with Golden State Water Company (GSWC), and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW). The settlement agreement resolved an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired, by eminent domain, the operating assets of GSWC’s Ojai Water System for approximately \$34.5 million.

On June 8th, 2017, CMWD assumed operational control of GSWC’s Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four person instead of a five person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area. The OBGMA wants the Legislature to modify its board of directors to reflect the new composition of the relevant water agencies in the area.

Monique Limón represents the 37th Assembly District, which includes Santa Barbara, Ventura, Goleta, Carpinteria, Ojai, Santa Paula, Fillmore, Buellton, Solvang, Summerland, Isla Vista, Montecito and parts of Oxnard. She currently serves as Chair of the Assembly Banking and Finance Committee, and Co-Chair of the Select Committee on Natural Disaster Response, Recovery and Rebuilding.

CONTACT: Ilan Zur

916-319-2037 or Ilan.Zur@asm.ca.gov

Read more (<https://a37.asmdc.org/press-releases/20180710-lim%C3%B3n-bill-closes-chapter-ojai-community-control-over-water-system>)

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Joint Rules - SCR 1 (Wilk) (https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SCR1)

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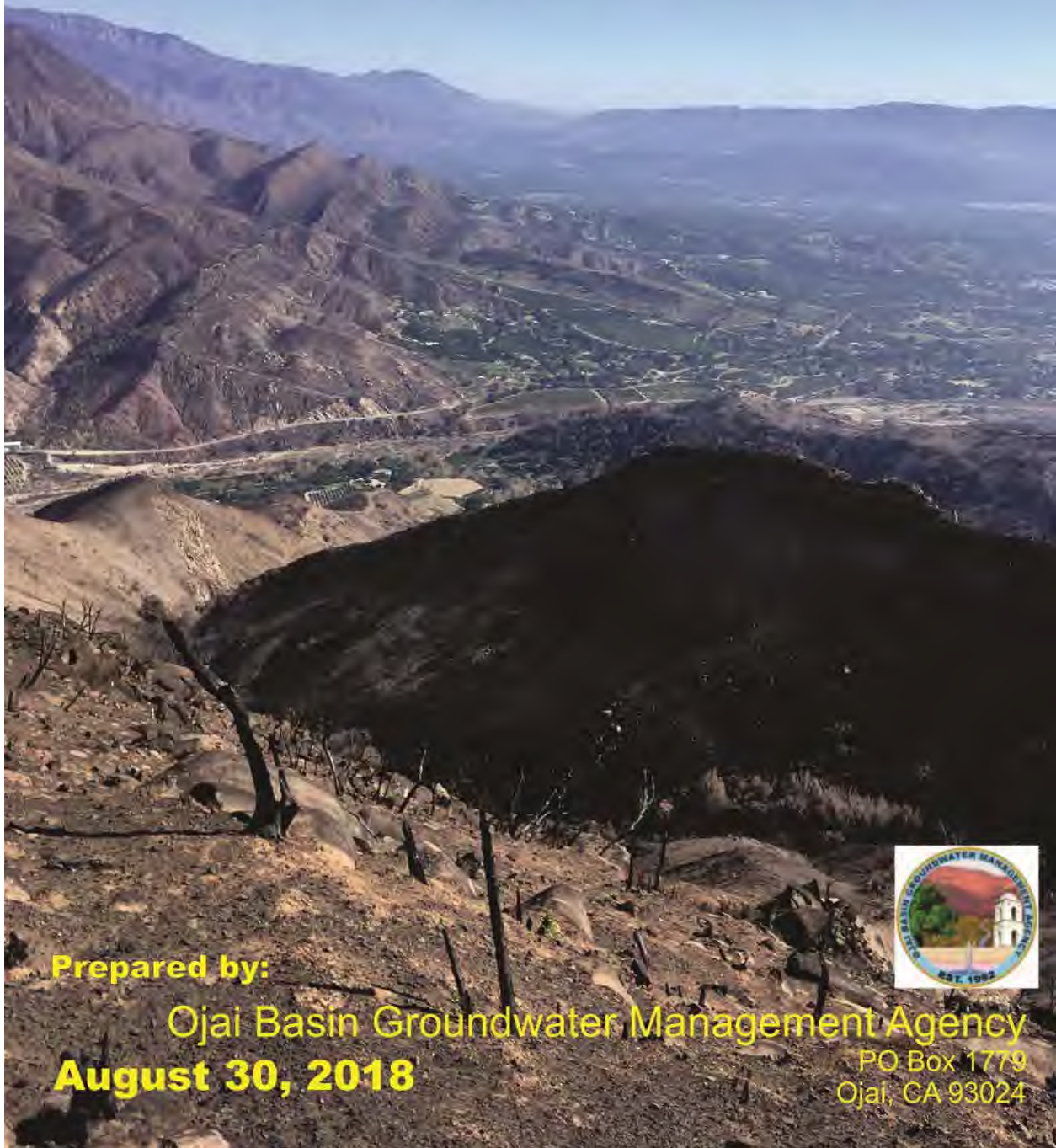
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Groundwater Management Plan - 2018 Update Ojai Valley Groundwater Basin



Prepared by:

Ojai Basin Groundwater Management Agency

August 30, 2018



PO Box 1779
Ojai, CA 93024





OJAI BASIN GROUNDWATER MANAGEMENT AGENCY GROUNDWATER MANAGEMENT PLAN – 2018 UPDATE 5

 Administrative Information 5

 Introduction to Administrative Information 5

 General Information..... 6

 Management Plan Executive Summary..... 6

 Agency Information..... 7

 Agency Background 7

 OBGMA Mission Statement 9

 Fundamental Principles 11

 Sustainable Groundwater Management..... 11

 OBGMA Compliance 12

 Report Prepared Supporting Alternative Demonstration 13

GROUNDWATER MANAGEMENT PLAN OBJECTIVES, MANAGEMENT ACTIVITIES, AND MONITORING PROTOCOLS 13

 Management Plan Objective 1: Understand the Basin Hydrology 14

 Monitoring..... 14

 Data Collection..... 14

 Well Permitting and Registration..... 15

 Extraction Measurement. 15

 GW Extraction Form Correction and adoption by the BOD 16

 Self-reporting corroboration..... 16

 Computer Modeling..... 17

 Management Plan Objective 2: Protect and Manage the Basin 18

 Water Exports from the Basin..... 18

 Conjunctive Water Use Management..... 19

 Develop Conjunctive Use Policy for coordination with CMWD 19

 Establishment of Thresholds and Triggers. 19

 Water levels at key wells during springtime-high (proxy for basin wide storage) ... 22

 Discharge points of groundwater to surface water in San Antonio Creek and its relation to perched and deeper groundwater elevations 22





Water quality (elevated chloride, sulfate, and odor issues)..... 22

New Well Location and potential interference 22

Well performance (sanding, scaling, aeration, cavitation, and dry issues) 22

Subsidence..... 22

Peak water level known and reported by June meeting each year: ensuing actions 22

Soft Allocation..... 23

 Establish springtime high storage..... 23

 INSIDE – Invasive Species Identification and Eradication 23

Management Plan Objective 3: Encourage Supporting Activities 23

 Data Collection and Storage. 23

 Additional depth-discrete monitoring wells..... 23

 Additional data loggers 24

 Water Conservation..... 24

 Contour farming practice group 24

 Abandoned Wells..... 25

 Abandoned Well Inspection program..... 25

 Artificial Recharge..... 25

 Lower basin spreading grounds 26

 Ojai Basin Desalter 26

 Watershed Management..... 27

 Upper Ventura River Groundwater Basin Sustainability Agency 27

 Co-operation Agreement (Inter-basin) with UVRGA 27

Management Plan Objective 4: Communicate Effectively 27

 Ad hoc Advisory Committees..... 28

 Annual Report..... 28

 Key avenues for outreach and communications 28

Management Plan Objective 5: Administrate Efficiently 28

 Funding..... 29

 Link Budget with extraction fees..... 29

 Development of fixed cost base wellhead fee and extraction rates 29

 Recognition and regulation of De Minimis Users..... 29

DESCRIPTION OF OJAI BASIN AND EXISTING CONDITIONS 30

 Ojai Basin Geology 33





Ojai Basin Groundwater Recharge..... 34
 Ojai Basin Groundwater Storage and Key Water Levels 38
 Ojai Basin Groundwater Extractions 43
 Ojai Basin Groundwater Natural Discharge 45
 Summer pools at San Antonio Creek..... 46
 Shallow Perched system vs. deep production system..... 46
 Ojai Basin Groundwater Quality 49
 Reference List 51

Tables

- Table 1 - Storage and Action Table
- Table 2 - Ojai Basin Groundwater in Storage
- Table 3: Groundwater Extractions, Demands and Imports, 1985-2017

Figures

- Figure 1. OBGMA and Local Water Agencies Location Map*
- Figure 2 - Modern Basin Boundary Map,*
- Figure 3: Example model cross-section*
- Figure 4: Three types of meters showing various means of accounting for extraction*
- Figure 5: Locations of OBGMA Automated Water Level monitoring wells and VCWPD CASGEM Water Level Monitoring Wells*
- Figure 6. InSAR data from 2005-2010 and Line-of-Sight annual changes in millimeters per year*
- Figure 7. Ojai Basin Geologic Map.*
- Figure 8. Precipitation at the Ojai Valley Floor.*
- Figure 9. Accumulative Departure Curve from the 1931-2017 Average Annual Precipitation.*
- Figure 10. Model-Predicted Relationship between Precipitation and Recharge*
- Figure 11. Model Domain, grid and recharge areas*
- Figure 12. Historic Groundwater Levels at Key Observation Well*
- Figure 13. Relationship between Basin Storage and Springtime-High Water Level at Key Well.*
- Figure 14. Estimated Total Basin Demand, 1985 to 2017.*
- Figure 15. Stiff Water Quality Diagrams depicting sodium-chloride character water at depth in the central portion of the Ojai Basin*





OJAI BASIN GROUNDWATER MANAGEMENT AGENCY GROUNDWATER MANAGEMENT PLAN – 2018 UPDATE

Administrative Information

Introduction to Administrative Information

In September, 2014, Governor Jerry Brown signed into law a package of three bills (AB 1739, SB 1168, and SB 1319) known as the Sustainable Groundwater Management Act (“SGMA”). SGMA provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention only if necessary to protect the resource.

The Act requires the formation of local groundwater sustainability agencies that must assess conditions in their local water basins and adopt locally-based management plans. SGMA provides local agencies with the tools and authority to require registration of groundwater wells, measure and manage extractions, require reports and assess fees, and request revisions of basin boundaries, including establishing new subbasins.

High- and medium-priority basins, as defined by the State of California Department of Water Resources (“DWR”), must adopt groundwater sustainability plans within five to seven years, depending on whether the basin is in critical overdraft. Statewide groundwater basins are prioritized based on eight criteria: (1) overlying population, (2) projected growth of overlying population, (3) public supply wells, (4) total water wells, (5) overlying irrigated acreage, (6) reliance on groundwater as the primary source of water (7) impacts on the groundwater, including overdraft, subsidence, saline intrusion, and other water quality degradation, and (8) any other information determined to be relevant by the DWR.

Consistent with its Enabling Legislation, the Ojai Basin Groundwater Management Agency (“OBGMA” or “Agency”) has worked to preserve the quantity and quality of groundwater in the Ojai Valley Groundwater Basin (“Ojai Basin”) for sustainable long-term use since the agency’s establishment in 1991. (The Agency’s Enabling Legislation, SB 534, approved by the Governor October 8, 1991, is also referred to herein as the “OBGMA Act.”) These management efforts have resulted in the protection and maintenance of the long-term water supply for the common benefit of all water users in the Basin. As a result, the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

Per OBGMA Resolution No. 2014-4, adopted by its Board of Directors on December 4, 2014 (copy included as Appendix A), OBGMA is designated as the Groundwater Sustainability Agency (“GSA”) for the Ojai Groundwater Basin. In addition, SGMA identifies OBGMA as an “exclusive local agency” within its statutory boundaries for purposes of implementing the requirements of the Act. (Water Code § 10723(c)(1).) Since OBGMA, in compliance with its Enabling Legislation, already performs many of the planning and management tasks required by SGMA, and sustainable conditions have persisted in the Basin for more than a 10-year period,





OBGMA determined it would comply with SGMA by making the Alternative Demonstration of groundwater sustainability authorized by Water Code § 10733.6(b)(3).

To comply with SGMA, OBGMA issued its December 23, 2016 “Report Supporting Alternative Demonstration Made Pursuant to Water Code 10733.6(b)(3). The report contained a physical description of the Basin, including groundwater levels, groundwater quality, information on groundwater-surface water interaction, data on historical and projected water demands and supplies, monitoring and management provisions. The report demonstrated how the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

In sum, OBGMA’s management of the Basin pursuant to its Enabling Legislation has allowed the Agency to make the Alternative Demonstration authorized by SGMA. This 2018 Update to the Agency’s Groundwater Management Plan, undertaken in compliance with its Enabling Legislation, is part of the Agency’s ongoing efforts to preserve the long-term quantity and quality of groundwater in the Ojai Basin for the common benefit all users in the Basin.

General Information

Management Plan Executive Summary

In its enabling legislation, signed into law on October 8, 1991, OBGMA was required to prepare a GWMP to understand the conditions of the basin at that time and to provide a basis for future management decisions and actions toward preservation of this important resource. Since the development of its initial plan in 1994 OBGMA prepared an update in 2007 and this update in 2018. While the enabling legislation does not specifically require periodic updates of the GWMP the Board of Directors have taken the initiative to prepare updates in:

- helping to better understand how the basin operates overtime under various conditions,
- Look back at the effects of initiatives and management decisions in prior years, and
- To identify and set forth guidance in managing the basin in future years.

This GWMP builds on the demonstration that the Ojai Basin has operated for decades in a sustainable fashion with no undesirable results observed over the long-term basin management period. In keeping with the SGMA requirements, the ten-year period of 2006 to 2016 was presented as a key metric in demonstrating sustainable operations, though monitoring for the better part of the past century is recognized as valuable information as well. The driving force behind groundwater conditions in the Ojai Basin is precipitation as rainfall; groundwater levels, amount of groundwater in storage, surface water flow, well production, etc. are all tied to the unifying precipitation input component. A long-term





average safe yield of about 5,000 acre-feet per year is typically more than extracted via pumping over recent years.

Agency Information

Agency Background

The OBGMA Board of Directors (“Board”) consists of five members and their alternates. The five seats comprise representatives of each of the following entities: Ojai Water Conservation District, City of Ojai, Golden State Water Company, Casitas Municipal Water District, and the mutual water companies (Hermitage Mutual Water Company, Senior Canyon Mutual Water Company, and Siete Robles Mutual Water Company).¹ Regular attendance at each of the Board meetings is required to form a quorum and attend to Board activities. Figure 1 presents a map of the OBGMA area of purview with the various water agency boundaries.

¹ On June 8, 2017, Casitas Municipal Water District assumed operational control of Golden State Water Company’s Ojai Water System. Since that date, the OBGMA Board seat reserved for Golden State has been vacant. Golden State has no interest in maintaining or staffing its seat on the OBGMA Board. Therefore, legislation has been introduced (Assembly Bill 1794) which would amend the OBGMA Act to fill the Board vacancy. If adopted, AB 1794 will create a new Director position on the Board to be occupied by a resident from the recently formed Community Facilities District (CFD). The remaining four OBGMA Directors will select by majority vote the person to occupy the CFD-Resident Director position.



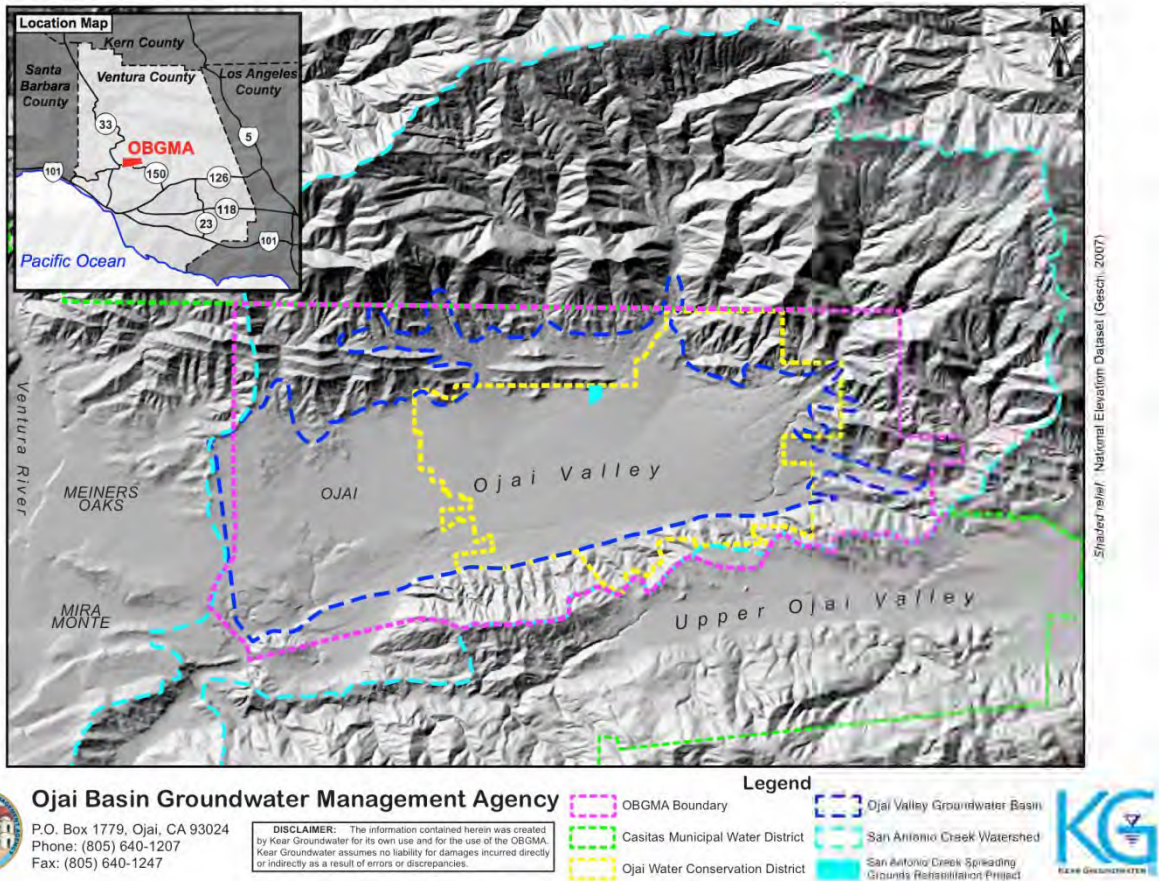


Figure 1. OBGMA and Local Water Agencies Location Map (Ventura County Basin Boundary shown).

Based upon the studies conducted by and for the OBGMA, and due to a relatively wet period from the mid-1990s through 2010, the water supplies and demands in the basin are largely in balance and capable of meeting the annual demands of overlying landowners and in-basin water users. However, after a series of dry years such as from 2011 to the present, water levels in some wells in the basin may decline to the point where an alternative water source must be used. In part, that is why water users presently import some 3680 acre-feet (1985 to 2012 average) of Lake Casitas water from the Casitas Municipal Water District (“CMWD”) into the basin annually, or about half of the total irrigation demand.

If Lake Casitas water was not available or not used in a series of dry years, considering the present understanding of the hydrology of the basin and the existing water uses, a number of negative consequences are possible. These include shallower and peripheral wells would probably not produce water, pumping lift costs to pump groundwater would be excessive, some wells would produce excessive amounts of sand, water quality of pumped groundwater would likely be compromised, and other detrimental effects associated with a reduced storage in the





Ojai Basin.

Through the agency's efforts, many stakeholders better understand these conditions, and the importance of conjunctive use in action, whereby groundwater is used when available and Lake Casitas water is relied upon when basin storage is minimized. This practice has a somewhat self-regulating effect on the Ojai Basin, as the charges for purveyor water encourage conservation and good stewardship of the groundwater resource.

Therefore, the focus of the Agency's efforts is on protecting and preserving the basin groundwater resource for in-basin use, and guarding against export of water from the basin.

Two critical facts underline the importance of the OBGMA and this groundwater management plan.

Chronic drought is a climatic reality. Over the historic period of record there have been several serious droughts, and climate change may bring an increase in the frequency and intensity of years with below the historic average rainfall. Local precipitation, currently the only source of water in the Ventura River watershed, is predicted by several models to decrease in annual averages. Extended periods of drought are likely. (e.g., Hsiang, 2017)

The Ventura River watershed is depended upon by numerous competing interests. Most water allocated to the various water purveyors in the watershed is already claimed. It has been predicted that the Lake Casitas could go dry in a long-term drought. Existing wells already in the Ojai Basin are producing groundwater at a rate that is considered to be at or near the safe yield of the basin, and it is predicted (with historical precedence) that in a long term drought a number of the existing wells may go "dry." Though various entities are working toward additional local and imported sources of water, stakeholders in the Ojai Basin are currently dependent only on local supplies sourced from within the watershed.

The OBGMA has been given the responsibility for managing groundwater in the Ojai Basin and for conserving that groundwater in conjunction with its constituents, the well operators in the basin. The intent of this plan is to avoid or minimize adverse economic and social impacts while maximizing the long-term sustainable use of our valuable but limited water supply.

OBGMA is committed to a continued long term study of annual Basin recharge and sustainable yield in relation to the groundwater discharge rates to San Antonio Creek from shallow aquifers within the basin.

OBGMA Mission Statement

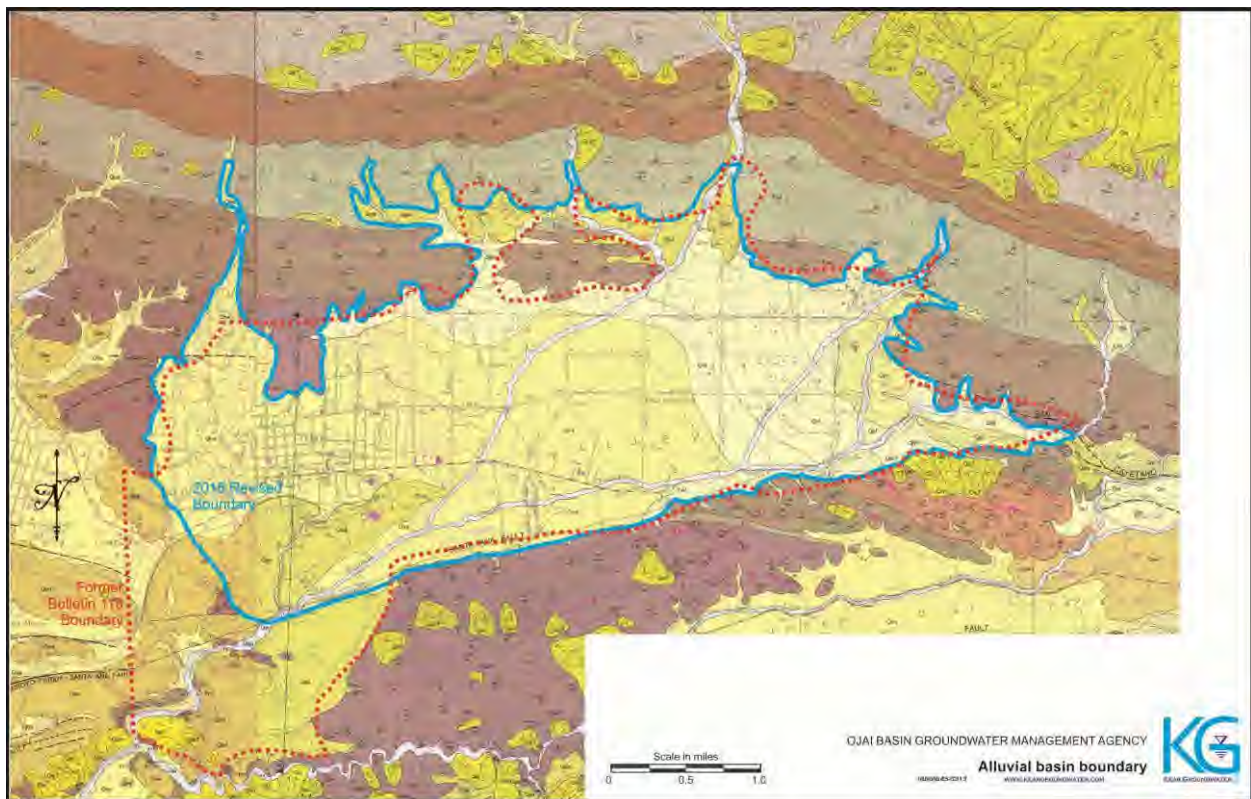
It is the mission of the Ojai Basin Groundwater Management Agency to preserve the quantity and quality of groundwater in the Ojai Basin in order to protect and maintain the long-term water supply for the common benefit of the water users in the Basin.





The mission of the OBGMA is derived from its enabling legislation, The Ojai Basin Groundwater Management Agency Act, which became law in 1991. The act was approved as a response to the needs and concerns of local water agencies, water users, and well owners of the Ojai Basin. The Agency was established in the fifth year of a drought, amidst concerns for potential Ojai Basin overdraft.

The mission is in keeping with the history of the Ojai Basin and the circumstances existing when the Agency was formed. Since that time, although there have been some good water years and the Ojai Basin has continued to provide sufficient water for its well owners, competition for scarce water resources in Southern California and Ventura County is ever expanding, water resource planning is intensifying, and the importance of the OBGMA mission is even greater today.



*Figure 2 - Modern Basin Boundary Map, DWR 2016
(<https://sgma.water.ca.gov/basinmod/docs/download/122>)*





Fundamental Principles

The GWMP is very much like a General Plan for a City or a County. It is the document that governs the actions of the agency throughout its implementation horizon. Several “Fundamental Principles,” rooted in California Water Law and practice, experience, and local conditions, are presented here as further background to the guidance of this GWMP.

All water in the State of California, both surface and groundwater, is owned by the State and held in trust for the people of the State. (Water Code Section 102, enacted by Stats, 1943, Ch. 368.)

All water, both surface and groundwater must be put to beneficial use and that no waste or unreasonable method of use is permitted. (California Constitution Article 10, Water Code Section 100 and 100.5)

All water rights, both surface and groundwater, are usufructary rights and are not property rights. The right is only to use the water for beneficial purposes, not actual ownership of the “body” of water. (California Constitution, United States Supreme Court (United States v. Willow River Power Co., 324 U.S. 499, 510 (1945), Water Code).

Overlying groundwater rights are correlative rights (tenancy in common) and are to be protected - the extraction of groundwater by one property owner cannot infringe upon or harm another property owner’s right to extract groundwater. (English, American, and California Common Law Principles, California Constitution Article 10, Water Code, Katz v. Walkinshaw 1903, the Doctrine of Correlative Water Rights, OBGMA Act 1991).

The health of the groundwater basin (quantity, quality, availability, and sustainability) is the responsibility of all users and it is managed by the GSA. (Ojai Basin Groundwater Management Act 1991, Sustainable Groundwater Management Act 2014).

Sustainable Groundwater Management

In September of 2014, the California Legislature enacted comprehensive legislation aimed at strengthening local control and management of groundwater basins throughout the state. Known as the Sustainable Groundwater Management Act of 2014, the legislation provides a framework for sustainable management of groundwater supplies by local authorities, with a limited role for state intervention when necessary to protect the resource.

The Sustainable Groundwater Management Act of 2014 (“SGMA”) requires that all groundwater basins in California be managed sustainably. (Water Code §§ 10720.1(a).) SGMA defines “sustainable groundwater management” as the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” (Water Code §§ 10721(v).)





SGMA uses the term “sustainability goal,” defined as the “implementation of measures targeted to ensure that the applicable basin is operated within its sustainable yield.” (Water Code § 10721(u).) A basin’s “sustainable yield” is calculated as “the maximum quantity of water . . . that can be withdrawn annually from a groundwater supply without causing an undesirable result.” (Water Code § 10721(w).) SGMA defines “undesirable result” as any of the following effects:

- Chronic lowering of groundwater levels (not including overdraft during a drought, if a basin is otherwise managed properly);
- Significant and unreasonable reductions in groundwater storage;
- Significant and unreasonable seawater intrusion;
- Significant and unreasonable degradation of water quality;
- Significant and unreasonable land subsidence; and
- Surface water depletions that have significant and unreasonable adverse impacts on beneficial uses. (Water Code § 10721(x).)

OBGMA Compliance

OBGMA is one of fifteen (15) special act districts created by statute to manage groundwater within its statutory boundaries. Pursuant to its Enabling Legislation, OBGMA has been managing the quantity and quality of groundwater in the Ojai Groundwater Basin since 1991. These management efforts have resulted in protection and maintenance of the long-term water supply for the common benefit of all water users in the Basin. As a result, the Ojai Basin has been operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results.”

SGMA identifies OBGMA as an “exclusive local agency” within its statutory boundaries for purposes of implementing the requirements of the Act. (Water Code § 10723(c)(1).) This affords OBGMA the opportunity to demonstrate to the California Department of Water Resources (“DWR” or “Department”) that the Ojai Basin is already being sustainably managed and has been operating within its “sustainable yield” for a period of at least 10 years. SGMA authorized OBGMA to make a demonstration as an alternative to and in lieu of preparing a Groundwater Sustainability Plan. (Water Code §§ 10723(c)(3); 10733.6(b)(3).) OBGMA elected to proceed with such a demonstration, presenting key elements and receiving verbal comments on its proposed approach via public forums including:

- Association of Water Agencies of Ventura County – Water Issues Committee, October 18, 2016
- OBMGA Board Meeting, October 27, 2016
- Ventura Watershed Council, November 3, 2016
- City of Ojai City Council Meeting, November 17, 2016
- OBGMA Meeting approving submittal December 16, 2016
- Submittal to DWR SGMA portal December 27, 2016





Report Prepared Supporting Alternative Demonstration

The Alternative Demonstration authorized by Water Code § 10733.6(b)(3) required an analysis of Ojai Basin conditions demonstrating the Basin has operated within its “sustainable yield” over a period of at least 10 years. The analysis must be supported by a report prepared by a registered professional engineer or geologist who is licensed by the state. In compliance with Section 10733.6(b)(3), OBGMA sanctioned the preparation of such a report. ([Report Supporting Alternative Demonstration Pursuant to Water Code § 10733.6\(b\)\(3\)](#))

<http://sgma.water.ca.gov/portal/service/alternativedocument/download/240> The Report demonstrates the Ojai Basin has operated within its “sustainable yield” for the past several decades with no evidence of “undesirable results” [<https://sgma.water.ca.gov/portal/alternative/print/19>].

OBGMA’s Report Supporting Alternative Demonstration Pursuant to Water Code § 10733.6(b)(3) was submitted to DWR on December 23, 2016. DWR is required to complete its evaluation of the Report and issue a written assessment either approving or disapproving the Report, within two years of its submittal date. The written assessment will be posted on the Department’s website. (23 CCR § 355.2.) In the meantime, OBGMA is proceeding with this 2018 Update to its Groundwater Management Plan. The update is undertaken in compliance with the Agency’s Enabling Legislation as part of its ongoing effort to preserve the long-term quantity and quality of groundwater in the Ojai Basin for the common benefit all users in the Basin.

GROUNDWATER MANAGEMENT PLAN OBJECTIVES, MANAGEMENT ACTIVITIES, AND MONITORING PROTOCOLS

The OBGMA is required by its Enabling Legislation to have a Groundwater Management Plan (“GWMP”) in place to guide its operations and ensure the long-term sustainability of the groundwater resource. The initial GWMP was prepared and published in 1995. An update in 2007 provided additional information based on studies performed for the OBGMA by contracted hydrogeologists and engineers, on input from well owners and water users, and on recommendations made by the Agency’s advisory committee and by the DWR, which led to a better understanding of the basin’s hydrogeology, demands, and hydrologic fluctuations that affect the stakeholders (Ojai Basin Groundwater Management Act of 1991).

The GWMP consists of five broad goals, each with a number of action elements, that provide the structure to the OBGMA’s management efforts and will be adopted for management objectives within this GWMP. Detailed action elements evolve as these efforts continue to progress. Approved elements will be implemented in the form of rules, regulations, or ordinances. Prior to implementation, additional criteria to guide these actions will be developed in a public process





by the Board and added to this sustainability plan. Some elements, where noted, require more study and public review before specific implementation actions are approved.

Management Plan Objective 1: Understand the Basin Hydrology

The OBGMA must have a comprehensive understanding of the hydrology of the basin under its jurisdiction in order to carry out its mission for the sustainable long-term beneficial use of groundwater. To improve this understanding the Agency implements the following elements:

Monitoring.

The OBGMA has at its disposal several studies of the basin hydrology, including conceptual models. These models must be tested and updated regularly under a continuing monitoring program to serve as a basis for informed decision-making. Monitoring will also be conducted to identify changing conditions and implement management programs when needed. Monitoring includes:

1. Surface water entering the basin
2. Recharge of the basin from rainfall
3. Stream flow seepage
4. Evapotranspiration
5. Discharge from the basin as surface flow at San Antonio Creek and subsurface flow
6. Extractions from the basin via public and private wells

Monitoring results are shared annually, at a minimum, by the Agency with owners, water users and the public.

Data Collection.

Previous studies identified significant gaps in the current monitoring activities in the basin. Specific areas identified for increased data collection are basin water level and water quality monitoring in stratified aquifers known to be present in the Ojai Basin based on aquifer testing and geophysical log correlations. In cooperation with the OBGMA, the Ventura County Watershed Protection District (“VCWPD”) may measure key wells routinely for water levels and water quality. Permission from the well owners is obtained by the OBGMA prior to monitoring if not already being conducted by Ventura County. OBGMA’s high-frequency temporal readings via automated data loggers in six key wells provides invaluable information with respect to the annual high groundwater levels, annual low water levels, and recharge/recession rates. Additional data collection actions, including surface water discharged from San Antonio Creek and surface water inflow into the Basin, has been assessed and will be considered in greater detail in the future. These data are analyzed and reported annually by the OBGMA. All results from each well measurement are shared with the respective well owner via either direct communication and/or provision of any Agency publication that contains such data.



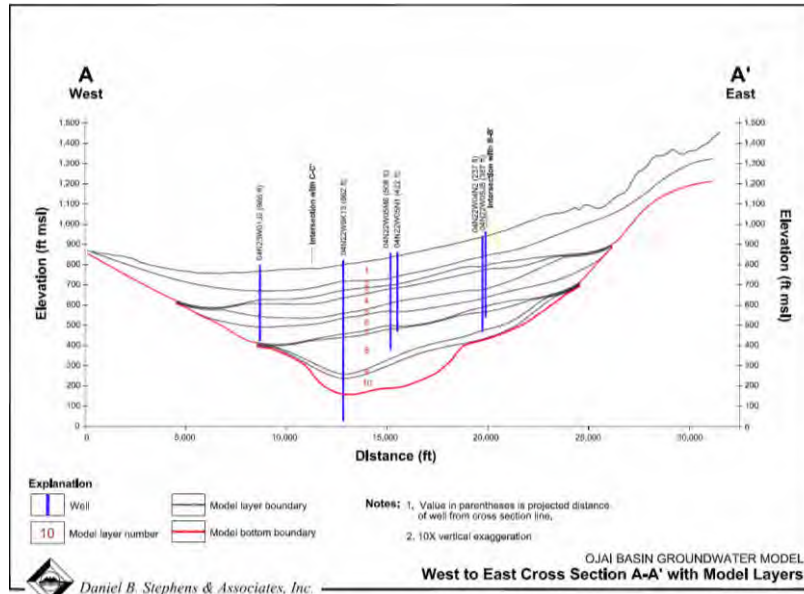


Figure 3: Example model cross-section showing ten layers over a half space

Well Permitting and Registration.

The OBGMA adopted Ordinance No. 94-01 to require all wells in the Ojai Basin to be registered with the Agency. All new extraction facilities constructed within the OBGMA boundary must be registered with the Agency and must obtain a no-fee permit from the Agency prior to the issuance of a Well Permit by the VCWPD. Operators of extraction facilities shall register all wells by completing and returning the OBGMA Registration Form to the Agency within thirty calendar days following completion of construction and prior to any groundwater extraction. No extraction facility may be operated or otherwise utilized so as to extract groundwater within the boundaries of the Agency unless that facility is registered with the Agency, metered and permitted and all extractions reported to the Agency as required.

As of 2014, there are 182 active wells in the Ojai Valley Groundwater Basin, 64 of which have been drilled since 2000. The OBGMA will continue to seek to have all wells in the basin registered, under a formal agreement with Ventura County to ensure that their well records are made available to the Agency and that any new well permits are registered with the Agency. The OBGMA has obtained delegated authority from the State Water Resources Control Board, Water Rights Division to handle groundwater recordation within OBGMA area of jurisdiction.

Extraction Measurement.

The OBGMA is mandated by its enabling act to monitor groundwater extractions. Operators extracting groundwater from the Ojai Basin must file a quarterly extraction report in January, April, July, and October of each year (based on the October 1 to September 30 water year) that accurately states the amount of water extracted during the prior quarter, in addition to all other relevant information requested on the OBGMA Groundwater Extraction Form, signed under penalty of perjury by the operator. A measurement of the amount of water extracted from the





Ojai Basin is important, along with precipitation, groundwater recharge, and water level monitoring, to understand its hydrology and to implement effective management, such as to maintain a balance between water use and replenishment of supply. The OBGMA is also committed to implementing an effective, reliable method of monitoring well extractions. Currently, most well operators are required to report their water extractions, as precisely as possible, using waterflow measuring meters.

The OBGMA charges a \$5 fee per quarterly reporting period for the recordation of groundwater extraction. Any person who intentionally violates the Agency ordinances is guilty of an infraction and may be required to pay a fine not to exceed \$500. Any person who negligently or intentionally violates this Ordinance may also be liable civilly to the Agency for a sum not to exceed \$1000 per day for each violation, in addition to any other penalties that may be prescribed by law.

GW Extraction Form Correction and adoption by the BOD

OBGMA continually updates its extraction forms to the highest and best means for collecting reliable and defensible data from pumpers. In 2015, OBGMA switched from semi-annual reporting to quarterly reporting, with the timing consistent with the Ventura County water year (October 1 through September 30).

Self-reporting corroboration

Because extraction forms are self-reporting, OBGMA has solicited photographs of well meters from pumpers who need clarification on their extracted volumes. This program allows the OBGMA to retain a record of extraction, which can be field-verified. Over the course of the year, OBGMA will send an intern or staff or consultant to field verify the production rates of key wells or wells that may be flagged as having higher or lower than “normal” extraction volumes. It is estimated that as many as 10 percent of wells may be spot checked in a given year, with still or video footage of meters in action.





Figure 4: Three types of meters showing various means of accounting for extraction: Clockwise from top, 97720.1 gallons, 2949.1016 acre feet, and 732.405 acre feet

Computer Modeling.

The OBGMA contracted Daniel B. Stephens & Associates, Inc. (“DBS&A”) to perform





predictive model simulations to assess anticipated groundwater elevations following drought conditions in water years 2012 through 2014. The Ojai Basin model advances basin understanding and is used by the OBGMA in groundwater management planning. The model was developed by DBS&A for OBGMA, with funding from a DWR Local Groundwater Assistance grant and cost sharing by the OBGMA. The Ojai Basin model was developed using the MODFLOW-SURFACT computer code, which is an upgraded and proprietary version of the widely used U.S. Geological Survey (“USGS”) MODFLOW code. The Ojai Model is known as a Distributed Parameter Watershed Model (“DPWM”), which is an analytical watershed model developed by DBS&A used to estimate the transient distribution and magnitude of groundwater recharge. Most recently, the model calibration was updated to run from April 1, 1970 through December 31, 2013.

Management Plan Objective 2: Protect and Manage the Basin

In order to preserve the groundwater in the Ojai Basin, the OBGMA will take direct management actions based upon a factual knowledge of the basin and the needs and concerns of water users, well owners, and all beneficial uses in the basin. The Agency implements the following elements:

Water Exports from the Basin.

The OBGMA’s enabling legislation mandates that no groundwater shall be exported from the Ojai Basin except under permit issued by the Agency in full compliance with the policy and intent of the law. The law mandates the preservation of the groundwater for the common benefit of water users within the basin. Based upon present hydrologic facts and circumstances, the OBGMA finds that there is no surplus water available for export. Under natural conditions, when higher amounts of groundwater are in storage within in the basin, water flows under artesian pressure from wells and from exposed aquifers into San Antonio Creek along gaining reaches of the stream. Because this surplus has value to downstream stakeholders, and the high groundwater conditions are ephemeral and can change rapidly to conditions of deficiency, it is likely that surplus conditions will not exist in the foreseeable future that are in excess of natural discharge conditions.

Nevertheless, the Agency will review the existence of surplus from time to time, as dictated by the receipt and review of its annual report or as new, reliable information becomes available. The OBGMA will establish the conditions and criteria under which it would contemplate granting a permit for export, should a surplus be determined to exist. These conditions and criteria will include at least the following:

- i. The applicant for a permit will bear the full financial and regulatory and legal burden of demonstrating that a surplus of water exists which, if exported, would not cause harm to any existing groundwater users or beneficial uses in the basin, now or in the future.
- ii. The export permit will be suspended in the event of a declared water shortage, basin storage threshold level, or upon other pre-established conditions.





- iii. Any export permits would contain conditions and criteria that will otherwise protect the in-basin users and beneficial uses to the fullest extent allowable under the law.

No entity has applied for a surplus extraction permit in the history of the agency.

Conjunctive Water Use Management.

Conjunctive water management involves the coordinated use of ground and surface water supplies to use the overall water supply more efficiently for improved use and protection. The purposes of conjunctive management are to coordinate water resource use in ways that reduce exposure to drought, to maximize water availability, to protect water quality, and to sustain ecological needs and aesthetic and recreational values. Other potential benefits are improved security of water supplies, reduced reliance on costly and environmentally disruptive surface water impoundment and distribution systems, and enhanced protection of aquatic life and habitat.

The CMWD is the primary water supplier in the Ventura River Watershed, providing water to both water resale agencies and retail customers. The City of Ventura is Casitas' largest customer, and Lake Casitas water serves as one of the main sources of water for the City of Ventura. One of CMWD's important functions is to serve as the "backup" water supply for a number of customers, including water suppliers and farmers, when groundwater supplies become depleted. The high-quality lake water is blended with poorer quality groundwater by some water purveyors to improve water quality and extend supplies. The annual variability of rainfall in the Ventura River Watershed affects both the total amount of water used each year as well as the relative amounts of surface water versus groundwater used. In very wet years, groundwater use goes up and demand on Lake Casitas goes down; in very dry years the reverse happens. Water demand in the watershed also varies seasonally. Demand is greater in the drier months of summer and fall, and lesser in the wetter months of winter and spring.

Lake Casitas was constructed in 1959 by the United States Bureau of Reclamation and designed to hold 254,000 acre-feet of water (but has reduced to 237,761 based on a 2017 study) The long-term average annual demand on Lake Casitas is about 17,500 acre-feet, of which about 3680 acre-feet (or 21%) is typically imported to the Ojai Basin. Water from the Ventura River comprises a little less than half of the inflow into Lake Casitas; drainage from the reservoir's surrounding watersheds comprises the rest. A significant amount of water is lost to evaporation from the surface area of Lake Casitas. CMWD takes daily evaporation pan measurements. Between 1959 and 2010, an average of nearly 8000 acre-feet per year evaporated from the lake.

Develop Conjunctive Use Policy for coordination with CMWD

The OBGMA will establish a conjunctive use policy with CMWD for surface water use and groundwater extraction largely in keeping with target volumes and established thresholds and triggers.

Establishment of Thresholds and Triggers.

Groundwater within the Ojai Basin is considered largely in balance, despite groundwater levels and storage volumes that can fluctuate dramatically from one year to the next. Water levels in the





basin fluctuate considerably in response to groundwater extraction and recharge from seasonal rainfall. Review of precipitation, accumulative departure curves, and water level responses over time indicate that the basin has the hydrologic characteristics of quick discharge and quick recharge, when precipitation occurs. Typically, conditions in the watershed cycle between very wet years, which bring more water than drainage networks can hold, and multi-year dry periods, which strain available water supplies. This variability in supply poses significant challenges to long-term water supply management.

There is a great variation in location and depth of the wells in the basin, and their relative access to groundwater at low points in the hydrologic cycle. There is also variation in water quality in different parts of the basin. Based on aquifer testing, there is a significant amount of overlap of cones of depression created in the potentiometric surface by pumping wells. These features must be considered when establishing action levels of groundwater elevations or stream flow.

The OBGMA will establish multi-tiered basin storage thresholds that trigger special action by the Agency to assure protection of groundwater supplies in the basin as outlined in Table 1. Storage thresholds will take into account the needs of the water users, overlying landowners and well operators in the basin, as well as the existing conjunctive relationship between groundwater from within the basin and Lake Casitas water imported into the basin. When groundwater levels or quality are low, the Agency will notify users to rely more heavily upon Lake Casitas water. This creates a somewhat self-regulating effect on the Ojai Basin, as the charges for purveyor water encourage conservation and good stewardship of the groundwater resource.





Table 1 - Storage and Action Table			
Stage	Casitas condition (WEAP elevation Stages)	Ojai Basin Condition	Actions
1	>50% capacity >117,881 AF	>90% Capacity >80,000 AF Key Well WL spring High shallower than 50 ft	Groundwater first Excess of Basin Safe yield okay
2	40-50% capacity 118,881 AF - 95,104 AF	81% to 90% capacity: At or above long-term average in storage 72k to 80kAF in storage Key Well between 50 and 100 feet to water	Groundwater remains primary, target extraction of safe yield, prepare for reductions
3	30-40% capacity 95,104-71,328 AF	64000AF to 72k AF in basin, 70 to 80 % capacity. Key Well depth to water at Spring high: 120 to 180	20% reduction in pumping, targeting 4,000 acre feet annual extraction
4	25-30% capacity 71,328 AF - 59,440 AF	50000 AF to 64000 AF in basin, Spring high depth to key well water 180 to 250 ft	20% additional stage reduction in pumping targeted, 3,000 AF extraction annually
5	<25% capacity 59,440 AF - 957 AF	Less than 50,000 AF storage spring time high; DTW in key well >250 ft	20% additional stage reduction, 2,000 AF extraction target equal to recharge sans rain

Implementation of the actions in the above table are currently on a voluntary basis. However, they may be implemented in a compulsory fashion by Ordinance at the discretion of the OBGMA Board under authority granted by SGMA and the OBGMA Act. Following the annual high point in water level storage, established at its June meetings, the board will issue letters to pumpers informing them of the state of the basin and recommended – or compulsory – extraction volumes relative to past years’ reported extractions. The highest use constituents (estimated top 25) will be given target volumes specific to their wells.

Special actions will also include mandatory conservation measures that must be implemented at those points. The Agency will develop the procedures and pass the ordinances needed to put the conservation measures into effect. This will be done with full communication with, and the involvement and understanding of, the basin well operators. Additional special actions may be triggered on a well-by-well basis in response to high extraction rates. To do so, the Agency will





establish a database that contains the typical use for each registered well. Principal monitoring thresholds will include:

Water levels at key wells during springtime-high (proxy for basin wide storage)

Discharge points of groundwater to surface water in San Antonio Creek and its relation to perched and deeper groundwater elevations

Water quality (elevated chloride, sulfate, and odor issues).

New Well Location and potential interference

OBGMA, as responsible agency for well location, establishes setbacks from contaminant sources per Water Well standards and uses knowledge of basin properties to recommend separations from existing wells.

When OBGMA new well permit applications are received, staff and consultants will review for potential interference issues and ensure that unreasonable overlapping cones of depression of the water table will not be created by adjacent wells pumping.

Well performance (sanding, scaling, aeration, cavitation, and dry issues) Thresholds for groundwater levels with respect to certain wells or areas pumping sand, increased scale production, aeration of pumped water, cavitations of pumps, and wells "going dry" will be established by ordinance.

Subsidence

State Well #04N/22W-05L08S is a key well monitored for water levels by Ventura County, with data available beginning in 1949. The historic low in basin storage (about 50% of maximum capacity) was in 1951 during a significant drought and before the current practice of conjunctive use, including CMWD water imports, was commonplace. This nadir is a significant threshold because the confined aquifer skeleton would have been maximally compacted at that time. Static water levels below that depth would increase compaction and potentially cause inelastic land subsidence and irrecoverable storage capacity in the Ojai Basin. To date, no surface or subsurface evidence of land subsidence has been observed in the Ojai Basin.

Peak water level known and reported by June meeting each year: ensuing actions

The OBGMA will measure the springtime-high water level (typically between March and June) at the key well annually. A percentage of groundwater storage in the basin will be estimated based on this water level. Based on the estimated volume of storage in the basin, the OBGMA will calculate a recommended extraction at each well from the typical usage records. This recommendation will be delivered to water users on June 30 each year. As shown on the SAT, for example, if the basin is estimated to be at 80% of its maximum storage capacity, the OBGMA will limit users to the typical average extraction. For every 20% reduction in estimated storage, the pumpers will be requested (or mandated by ordinance) to cumulatively reduce extractions by 1,000 acre feet annually.





Soft Allocation

Each year, OBGMA will evaluate the amount and intensity, as well as temporal distribution of rainfall, to establish a recharge quantity. From there, via a “soft allocation,” OBGMA will recommend the percentage of water that constituents should extract from the basin and what percentage should be sourced elsewhere. This is summarized on the Storage and Action Table (SAT) above.

Establish springtime high storage

Based on the key well water levels, OBGMA will establish the date and time of the annual peak, as well as estimate the volume of water in storage in both acre feet and percentage of water in the basin. Other facets of the soft allocation include:

- Recommend total extraction by well
- Hind casting from previous years extraction reporting and estimated plantings
- Recommend extraction totals per parcel

INSIDE – Invasive Species Identification and Eradication

One very significant means of output from the basin (and especially along the riparian corridor) is the evapotranspiration of shallow groundwater via native and non-native species. The non-native species tend to proliferate quickly and use much more water than natives., OBGMA is working on an INSIDE, an acronym for Invasive Species Identification and Eradication. Potential partners include the City, County, OVLC, the Green Coalition, UVRGA, and several other entities.

Management Plan Objective 3: Encourage Supporting Activities

With its limited resources, the OBGMA must strive to achieve its goals in cooperation with and through the supporting activities of other agencies, and through the encouragement of supportive actions by water users. The Agency implements the following elements:

Data Collection and Storage.

Ventura County already routinely collects information on water levels and quality from wells in the Ojai Basin. In cooperation with the OBGMA, this effort is planned to continue to meet the monitoring needs of the basin. The OBGMA currently has dedicated data loggers that continually measure water levels and temperature at six key wells. This network will be expanded in the near future to include four additional loggers that will measure chloride concentrations in addition to temperature and water levels.

Additional depth-discrete monitoring wells

Depth discrete monitoring wells have been indispensable sources of data on the stratified water levels in Ojai and water quality. A new DDMW near the south side of the basin would





provide information on deep water salinity, production zone use and storage, and shallow zone storage and discharge to surface water and habitats. One such well is planned in the Hansen Well Drilling yard, near the OBGMA offices. This would be a partner effort between the City, the OBGMA, the county, private constituents, and a funding agency.

Additional data loggers

Tremendous successes have been realized via the datalogger network. Additional loggers in new wells, especially depth-discrete monitoring wells, and a near discharge point shallow well, are planned. Water level, temperature, and conductivity are parameters that can be monitored via this network, and telemetry systems should be included in future settings to minimize time demands of data collection efforts.

Water Conservation.

The OBGMA encourages water conservation practices by both agricultural users and urban users. Market forces as well as good management practices are moving most agricultural users in the basin toward implementation of water conservation measures. Likewise, the Golden State Water Company (“GSWC”), initiated a conservation plan approved by the Public Utilities Commission and supported by the City of Ojai. GSWC was purchased by CMWD and resulted in the formation of CMWD CFD1-Ojai. As the municipal water purveyor, the extractions are closely tied to the CMWD Water Efficiency and Allocation Program (WEAP), have an individual allocation volume, be offered CMWD's rebate offers for conversions, etc. Municipal extractions are more closely managed and monitored in conformance with CMWD's conjunctive use agreement with the OBGMA (see below).

The OBGMA will encourage the development, publication and sharing of information with these users that will encourage the optimum use of water resources in the basin. Further, the Agency will seek the assistance of various local, state, federal, and private organizations to provide water conservation services and education programs for in-basin water users, including the pursuit of grant funds as available. The Agency will encourage in-basin water users to incorporate conservation practices and will consider development of a conservation plan in anticipation of drought conditions.

Contour farming practice group

As part of significant water conservation in agricultural settings, OBGMA encourages the establishment of contour farming and the ensuing slowing, spreading, and sinking of precipitation and runoff. Especially viable in the northern and eastern portions of the basin, where sandy and gravelly soils predominate, and slopes are steeper than in the central, western, or southern portions of the basin, OBGMA will work with partners such as the OWCD, the Citrus Research Board (CRB), among others, to educate and pursue grant funding to maintain existing groves in a fashion that favors groundwater recharge and grove health.

As an example, a not-uncommon practice among Ojai farmers is to remove 10 percent of the oldest fruit trees in a grove annually. When this is conducted, or a grove is replaced completely, new trees are planted in their place. If, with funding assistance from the





OBGMA and its partners, the trees were planted along contour, then observations of runoff patterns and increased recharge, as well as water conservation, may be realized. Over a 10-year period, an entire grove could be replaced. Over time, the complete contour farming of the basin is realized.

Abandoned Wells.

Ventura County has a program to address abandoned wells as part of the water well ordinance. The OBGMA encourages a special program by the County to implement that program in the Ojai Basin to identify all abandoned wells, such as to determine if they pose any hazard to the quantity or quality of groundwater in the basin, and to identify the actions needed and help obtain the resources to rectify any problems. The Agency supports evaluation of abandoned or idle wells to determine whether they can be converted to monitoring wells, rehabilitated, or properly destroyed in accordance with Ventura County standards.

Abandoned Well Inspection program

By permitting well construction, modifications and destructions, OBGMA will have an opportunity to review wells prior to changes in conditions. Some of these wells may be ideal candidates to convert to depth-discrete monitoring wells or other monitoring uses, as agreeable with the property owners, county, city, or funding agencies.

Artificial Recharge.

The artificial recharge of the basin from San Antonio Creek by the OWCD is strongly endorsed by the OBGMA. The Ojai Water Conservation District (“OWCD”) was involved in a program for enhanced percolation of stream flow at San Antonio Creek until 1985. This involved the diversion of surface flows into a series of percolation basins and was highly successful. The program was discontinued after the emergency construction of a debris basin on San Antonio Creek by Ventura County using Federal Emergency Management Agency funds, following the major “Wheeler Fire” in the watershed. The result of that debris basin was the destruction of most of the percolation basins.

To rehabilitate these spreading grounds, the OBGMA supports the San Antonio Creek Spreading Grounds Rehabilitation Project (“SACSGRP”), one of the key projects of the Watersheds Coalition of Ventura County suite of applications. The SACSGRP is intended to increase groundwater storage and recharge in the Ojai Basin by rebuilding the abandoned diversion works, rehabilitating the existing spreading ground basins, and constructing aquifer recharge wells adjacent to San Antonio Creek, just southwest of the confluence of the Gridley and Senior Canyons. The project site is located on an 11.4 acre parcel of land owned by the VCWPD adjacent to San Antonio Creek, within the unincorporated portion of Ventura County, approximately 0.9 miles northeast of the City of Ojai. The project received \$1,315,000 in grant funding from the State Water Resources Control Board through the Proposition 50 Integrated Regional Water Management Grant, which was awarded to the Watershed Coalition of Ventura County, and approximately \$200,000 in local match contributions from the stakeholders. The





stakeholder group is composed of the OBGMA, the OWCD, the GSWC, the CMWD and the VCWPD and was formed in January 2008 to collaborate on the implementation and maintenance of the project. The primary purpose of the project is to capture 25 cubic feet per second (cfs) of surface flow (when available) from San Antonio Creek to recharge groundwater in the Ojai Basin. This will result in greater groundwater storage and production from local water supply wells and less reliance on already-limited surface water supplies. A depth-discrete monitoring well (“SACSGRP DDMW”) was installed near the spreading grounds to monitor the effectiveness of this important groundwater project and obtain a better hydrogeologic understanding of the basin. The SACSGRP DDMW consists of a nested series of five 2-inch-diameter PVC casings to discretely screen the intervals from 40 to 90 feet, 100 to 110 feet, 140 to 150 feet, 190 to 210 feet, and 255 to 295 feet below ground surface.

In late 2017, the final approval of regulatory agencies was granted to divert creek flow to the spreading grounds under permit. Though some maintenance will be necessary to mitigate debris from the Thomas Fire in the watershed, the winter and spring rains of 2017-18 may result in spread water via this system.

Lower basin spreading grounds

Given the understanding that the upper stratigraphic portions of the basin near the City of Ojai contribute more directly to surface flow in San Antonio Creek than other portions of the basin, a collection of roof and hardscape water in a convenient location for shallow aquifer recharge (SHAQ) would benefit the basin discharge to the habitat and basins downstream.

A detailed feasibility study should be conducted, in partnership with the City, OBGMA, and a funding entity. Site selection, depths of excavations if needed, and multi-use considerations would all be essential components, in addition to hydrogeologic factors.

Ojai Basin Desalter

For decades, the deeper aquifers of the central portion of the Ojai Basin have been known to be saline in nature, with a high sodium chloride concentration potentially from evaporite deposits associated with drying lake beds on the order of 100,000 years ago. Today, several wells penetrate these deeper aquifers, which comprise a depth below 480 feet in well 4N/22W-6K12, below 505 feet in -6K13, below 590 feet in -6J7, 450 feet in -6H3. Geophysical logs from -6H3 indicate high capacity aquifers from 510 to 700 feet, but of poor quality. Estimates of upwards of 10,000 acre feet of water in the basin may be comprised of these saline waters.

By using existing wells for sources that may not be usable untreated, running the water through a reverse osmosis or desalination facility, discharging of the brine to the Ojai Valley Sanitary District (OVSD), the water could be used to augment the municipal and/or agricultural supply of the valley.





Because the extracted water could be replaced with fresher water for shallower aquifers or recharge, a long-term benefit would be the desalination of the lower aquifers and increase in usable groundwater from the basin.

A more detailed feasibility study must be conducted, but partners such as Casitas MWD, the City, the Ojai Water Conservation District, and OVSD could all contribute and benefit from such a project.

Watershed Management.

The OBGMA will work with other stakeholders in the Ventura River Watershed to effectively understand and manage the drainage area that includes Ojai. Such a project is also included in the suite of tasks applied for by the Watersheds Coalition of Ventura County, under the Ventura River Watershed Management Plan (“VRWMP”). The OBGMA supports this endeavor and the understanding of the Ojai Basin will be ameliorated with additional monitoring wells provided under the project.

In compliance with Government Code Section 65350.5 the OBGMA will always have its Groundwater Management Plan available for review by the land use agencies in contact with the basin.

Upper Ventura River Groundwater Basin Sustainability Agency

Co-operation Agreement (Inter-basin) with UVRGA

Once the UVRGA develops its GSP, the OBGMA will review and provide comment as well as collaborate on linking projects. Of special concern is the shared boundary on the western side of the Ojai Basin and the discharge to San Antonio Creek from the Ojai Basin. Both agencies are implementing detailed studies to measure outflow and inflow via this waterway. Consideration will be given to entering into an Interbasin Agreement with UVRGA pursuant to GSP Emergency Regulations §357.2

Management Plan Objective 4: Communicate Effectively

The effectiveness of the OBGMA depends upon its ability, within its limited means, to meet the needs of the water users and well owners of the Basin. This is dependent upon effective, two-way communication between the OBGMA and the users it serves. The Agency implements the following elements:





Ad hoc Advisory Committees

Ad hoc advisory committees with representatives of the well owners and water users in the basin have been periodically created by the OBGMA Board and have been a means of developing a dialogue between users and the Agency. Advisory committees will be used by the Board as a nucleus of interested and affected users to consider and develop the details of actions proposed under this Plan.

Annual Report

The OBGMA will prepare an annual report as required by law which it will publish itself at minimum expense. Technical contractors will only be used if required to perform technical analysis of data collected during the year. Information learned about the basin and water use in the basin will be shared by the Agency with all well owners directly and with water users in the basin through the general news media and the publications of local water purveyors. Actions or items of special interest will be shared with well owners by direct mailing newsletters, which will also include notice of OBGMA meetings and agendas. Board members will be available to meet with basin water users to address issues of concern and the ongoing management activities of the Agency.

Key avenues for outreach and communications

The OBGMA continually communicates with its constituents via the following means:

- Website (www.obgma.com)
- Mailers
- Monthly Meetings (including posted agendas)
- Newspaper outreach
- Presentations at stakeholder meetings
- Ojai Day participation
- Office, staff, and consultant access

Management Plan Objective 5: Administrate Efficiently





The resources available to the OBGMA to carry out its mission and serve the water users of the basin are limited. Therefore cost containment measures are essential. The Agency implements the following elements:

Funding.

The OBGMA is funded by extraction charges levied onto pumpers in the Ojai Basin to initiate, carry on, and complete the powers, purposes and groundwater management activities of the Agency. The approved budget for the 2017/2018 fiscal year is \$142,022 based on 3,750 acre-feet of extractions. The OBGMA operates from a small office, with one part time office assistant who also acts in the capacity of secretary and treasurer. The agency has one professional, technically qualified staff person as a manager at least part time. These expenses, along with regular audits, legal services, and required insurance consume the majority of the funding. The agency is also a participant in funding projects that are within its purview, such as groundwater basin models, the SACSGRP, and grant applications.

Link Budget with extraction fees

Facing budget shortfalls with conservation, OBGMA developed a comparative cost of service analysis linking budget expenditures with its fee structure. It was clear that as conservation increased, groundwater pumping decreased, and resulting in decreased revenues without raising fees.

Development of fixed cost base wellhead fee and extraction rates

The OBGMA elected to modify its fee collection from a use-based format to a per-wellhead base fee with additional fees based on well extraction volumes. Per SGMA authorities, a public hearing was held on October 26, 2017 in which no majority protest was raised. The OBGMA approved this fee modification by resolution at its November 30, 2017 meeting.

Recognition and regulation of De Minimis Users

While SGMA defines and allows for limited regulation of de minimis groundwater users, and the OBGMA recognizes de minimis user as those extracting 2 AF/yr or less, these parties remain regulated as their numbers in sum can potentially be a significant component of groundwater extraction from the basin.

Hence, Per Ordinance 9, the OBMGA requires metering of all extraction facility regardless of volume extracted. This is in keeping with the relatively small total extraction volumes from the Ojai Basin, compared to larger basins in California where two orders of magnitude greater than Ojai – in acre feet – may be extracted annually.





and on the north by the Topatopa Mountains. Major surface drainages that contribute influx or recharge to the basin include San Antonio Creek and the various tributary streams that drain the East End of the Ojai Valley and flow into San Antonio Creek. Steep slopes in these creeks, especially those flowing out of Senior Canyon and Thacher Creek, are responsible for forming extensive alluvial fan deposits as the fast-moving, turbulent, debris-laden mixtures of water and air coming out of the mountains (often in catastrophic fashion) slows, spreads out, and deposits suspended sediment. These deposits of sand and gravel, thickest closest to the mountains in the northeastern portion of the basin, are largely responsible for filling the Ojai Basin over time and forming the water-bearing aquifers of the basin. The basin is deepest in the center and southern areas where sediments have built up against the boundary defined by the Santa Ana Fault. The thickness of the water-bearing alluvium is as much as 715 feet. The primary storage areas are approximately four sand and gravel units that are each on the order of up to 100 feet thick. Owing to the large-size clast-supported nature of the aquifers, as well as limited areal extent (<10 square miles), ground level subsidence is a conceptually low likelihood in the Ojai Basin.

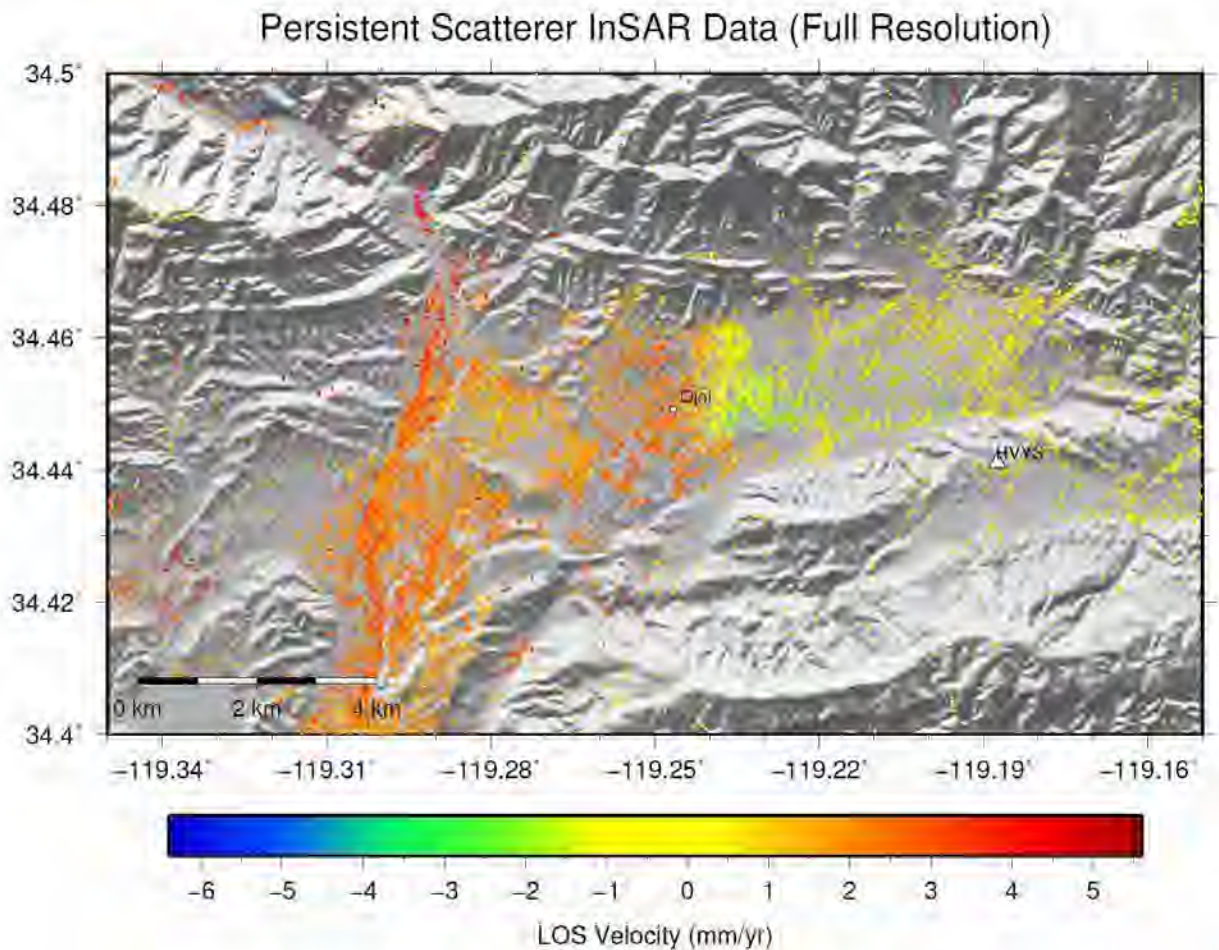


Figure 6. InSAR data from 2005-2010 and Line-of-Sight annual changes in millimeters per year (after Marshall, et al., 2013). Demonstrates very little to no change between alluvial and bedrock surfaces.



The basin has areas of confined, semi-confined, and unconfined groundwater. Unconfined conditions exist in the northern and eastern portions of the basin, in the areas of the alluvial fan heads. Groundwater in the rest of the aquifer system is, depending on the amount of water in storage and groundwater level position, mostly confined to semi-confined in the central, southern, and western portions of the basin. Groundwater generally flows in a southwesterly direction; however, it also flows towards the municipal wells in the central portion of the basin. Depth to water can be on the order of 300 feet in the eastern and northern alluvial fan-head portions of the basin (with seasonal variations between 50 and 90 feet). In the southern and western portions of the basin, depth to water is typically less than 50 feet (with seasonal variations on the order of 15 feet). During wet periods, artesian conditions or springs can occur in the southwestern part of Ojai Basin when the elevation to which groundwater will naturally rise exceeds the ground surface elevation.

The Ojai Basin has the largest capacity of the Ventura River Watershed's four groundwater basins. It has a maximum capacity of approximately 85,000 acre-feet, with a safe annual year of approximately 5026 acre-feet. A "maximum capacity" does not reflect the amount of usable or recoverable fresh water, only that the basin has the capacity to hold this gross volume. Not all of the storage capacity contains economically recoverable water or water that is of acceptable quality for use.



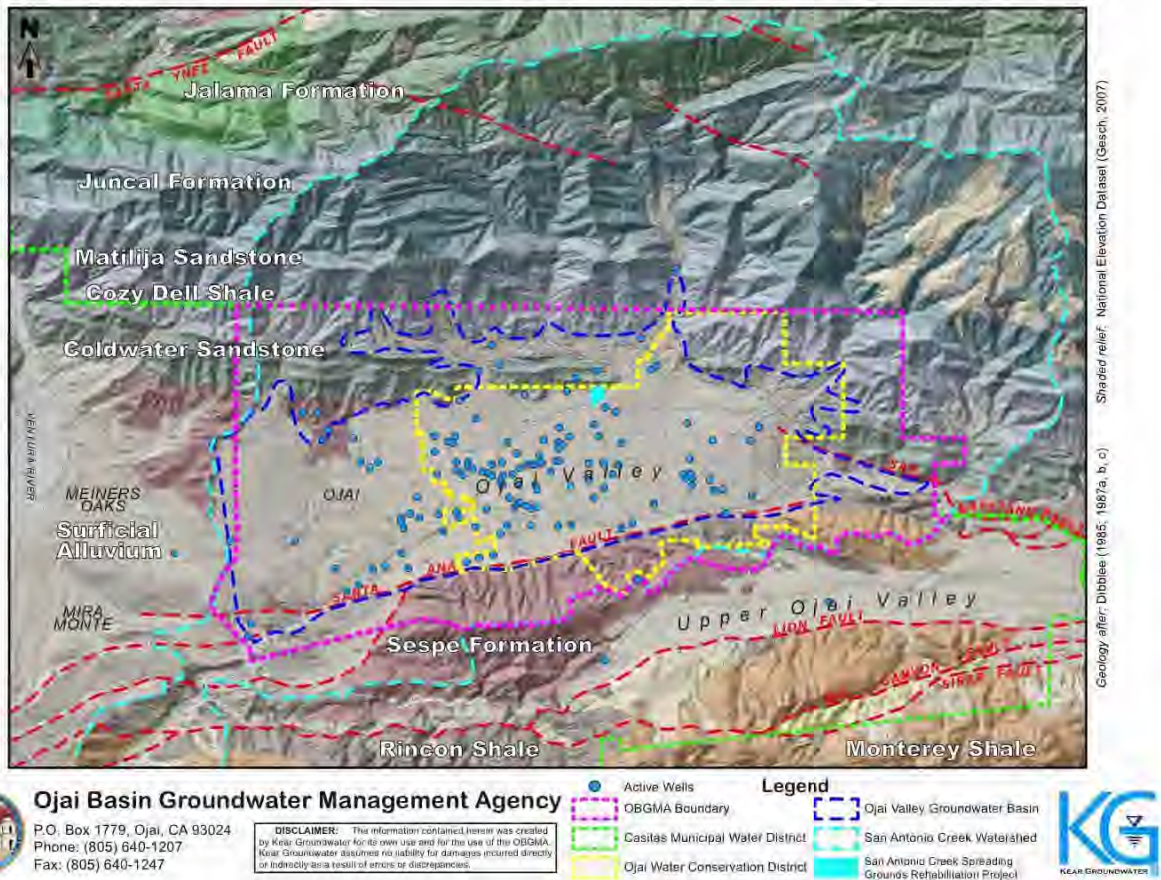


Figure 7. Ojai Basin Geologic Map.

Ojai Basin Geology

The Ojai Basin is part of the Transverse Ranges geomorphic province. Rocks in this region have been folded into a series of predominantly east-west-trending anticlines and synclines associated with thrust and reverse faults. Late Eocene to Miocene sedimentary rocks of dominantly marine origin are deformed in a series of folds and faults to form the Ojai Basin and its surrounding mountains (Figure 7). Exposed bedrock units are not considered part of the groundwater basin in conformance with the DWR's definition of a groundwater basin as being comprised of alluvium only. These bedrock units are Late Eocene to Miocene sedimentary rocks of mostly marine origin. From oldest to youngest, these units include the Juncal Formation, Matilija Sandstone, Cozy Dell Shale, Coldwater Sandstone, Sespe Formation, Rincon Shale, and Monterey Shale. Minor groundwater production is yielded from the consolidated bedrock formations, as the groundwater is stored only in fractures.

The primary water-bearing units in the Groundwater Basin are Quaternary sediments that unconformably overlie the older sedimentary rocks along valley floors and stream channels. These include historical, Pleistocene-aged dissected gravel terraces and active, Holocene-aged





deposits. Active sedimentation occurs as stream channel deposits of gravel and sand, such as at San Antonio Creek, alluvial fan deposits of gravel, and floodplain alluvium of clay, silt, sand and gravel. The alluvial deposits may reach several hundred feet of thickness, with typical well yields that range from 100 to 600 gallons per minute (GPM).

Coarse grained sand and gravel aquifer units appear to be thickest near the north and east portions of the basin (the alluvial fan heads) and thinnest to the south and west where fine grained lacustrine and floodplain deposits predominate as confining layers, separating the water-bearing zones into as many as a half-dozen correlative aquifer units. Groundwater in the alluvial sediments may be unconfined or confined, depending on water levels and the presence of clay-rich confining units. With the exception of higher elevation areas associated with the alluvial fan heads, the aquifer system is capable of being under confined conditions in most of the basin, but may be confined or unconfined at different times depending on the degree of saturation and the thicknesses of aquifer and aquitard units.

Regional deformation was caused by north-south compression, which may have began during the late Pliocene or as late as 700,000 years ago and continues today. Regional crustal shortening due to this compression is largely taken up locally by faults and associated folds. Major faults are the San Cayetano, Santa Ana, Santa Ynez, Lion, Big Canyon, and Sisar. The importance of structural geology is relevant from a hydrogeologic standpoint for several reasons. Faults and bedrock can act as barriers to groundwater flow boundaries. Faults can also provide zones of fracture in consolidated rocks from which groundwater can be extracted at wells. Where not cutting the overlying alluvium, faults can cause deeper formation groundwater to rise and subcrop into the overlying alluvial formations.

Ojai Basin Groundwater Recharge

In the Ventura River Watershed, no significant water is imported for human uses including agricultural, irrigation, or municipal supplies. Virtually all water to the Ojai Valley Groundwater Basin derives from the hydrologic cycle as precipitation within the mountainous area surrounding the basin and precipitation on the valley floor itself. The majority of recharge to the basin is from infiltration of precipitation on the valley floor and percolation of surface waters through alluvial channels. Some additional recharge is provided by excess irrigation flow (with a little more than half typically sourced from Lake Casitas) and a minor amount of subsurface flow. The OBGMA's monitoring of the basal alluvial aquifer at the SACSGRP DDMW indicate a favorable component of "recharge without rainfall," as discharges from adjacent bedrock aquifers contribute spring flow and subterranean contributions to the alluvial aquifers.

The Ojai Basin is located within a Mediterranean-type climatic zone characterized by long, dry summers and short, mild winters. The vast majority of precipitation occurs in the winter months. Precipitation rates within the Basin are variable, and cyclic patterns occur, sometimes with deficient rainfall over several consecutive winters (droughts). Recharge from precipitation within the basin is considered to also be variable and to follow similar trends.





Groundwater levels within the basin have been observed to exhibit relatively large fluctuations that correlate with wet and dry periods. The drainage area for the Ojai Basin is relatively large (36 square miles) compared to the alluvial surface area of about 10 square miles, and as such the amount of groundwater in storage responds quickly to heavy precipitation. Most of this recharge occurs where Horn Canyon (Thacher Creek), Gridley Canyon and Senior Canyon (San Antonio Creek), and Reeves Creek enter the basin at alluvial fan heads. Each of these intermittent streams merge as they flow southwest across the basin and exit as San Antonio Creek, the second largest tributary to the Ventura River after Matilija Creek. The headwaters of San Antonio Creek and its tributaries originate in the Topatopa Mountains north of the basin. San Antonio Creek has nearly perennial flow as it leaves the basin, sourced by effluent groundwater from the Ojai Basin. Lion Canyon Creek drains the Upper Ojai Valley and also contributes a potentially significant amount of flow to San Antonio after it exits the Ojai Valley. While visual observations of this are commonplace, the flow is currently being quantified by other investigators. Surface water in San Antonio Creek then joins the Ventura River system and flows south before discharging into the Pacific Ocean.

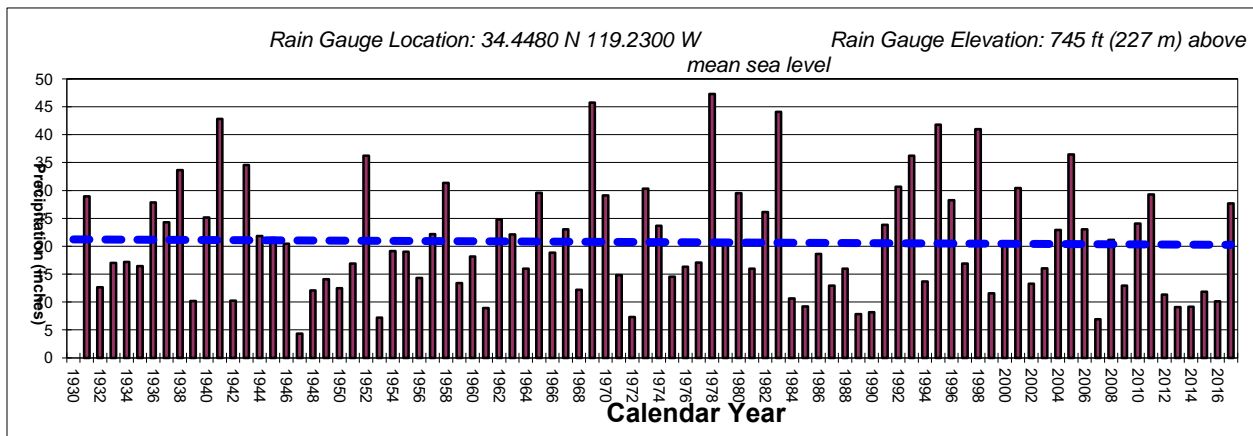


Figure 8. Precipitation at the Ojai Valley Floor.

The average annual precipitation within Ojai Basin is about 21 inches. In addition to the precipitation bar chart presented above (Figure 8), the accumulative departure from average annual precipitation (Figure 9) is an indicator of drought periods versus periods of "normal" or "wet" periods. As the curve declines to the right, a period of drought is realized. Locally, it appears that a drought period began after the end of the 2011 calendar year, but it follows an approximately 15 year period of relatively wet conditions.



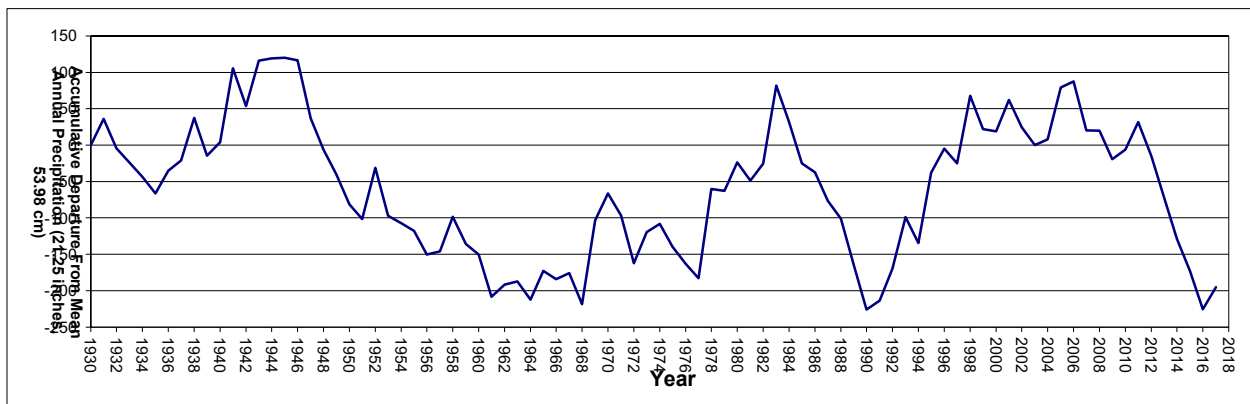


Figure 9. Accumulative Departure Curve from the 1931-2017 Average Annual Precipitation.

Based on the amount of precipitation measured within the watershed, and modeled recharge estimates, the OBGMA estimates that the 21 inches of annual average precipitation accounts for about 6000 acre-feet of groundwater recharge (Figure 10). During the 2011 calendar year, 29.31 inches of rain fell on the valley floor and upwards of 10,000 acre-feet of water recharged to the basin. During the following three calendar years of drought conditions, where 11.35, 9.07, and 15.12 inches of rain fell on the valley floor, respectively, a maximum of around 6700 acre-feet of total recharge was added to the basin storage, assuming no evapotranspiration.

Recharge is primarily focused in the area of alluvial fan heads on the northern and eastern boundaries of the basin and within stream channels, including alluvial channels that extend into the bedrock areas to the north and east (Figure 11). Modeled and observed phenomena indicate that any precipitation less than 11 inches (absent fire conditions) on the valley floor is taken up by evapotranspiration and soil storage, among other factors, and that significant recharge is limited to subsurface flow or excess irrigation flow during these drier years.

The model mass balance indicates that the vast majority of water inflow into the basin is from recharge and the primary outflows are groundwater extraction in wells and groundwater discharge to surface streams. Over the model calibration period, a significant amount of the total mass of water within the system was released from and entered into storage due to fluctuations in hydraulic head, and these respective amounts were approximately equal. This indicates that although the amount of groundwater in storage fluctuated widely during the calibration period, the average amount of groundwater in storage was almost unchanged from the beginning to the end of the model run.

The lateral groundwater model extent was assigned to cover the geographic and vertical extent of alluvial deposits in the Basin. Vertically, the model extends to the estimated depth of the alluvial deposits, and vertical model discretization is based on analysis of geophysical logs from 24 wells located within the Basin. Ten model layers were used to represent discrete aquifer and semi confining units. The model is discretized into time periods, termed “stress periods,” that correspond to 3-month water year quarters. Model boundary conditions were established to represent surrounding features that may provide inflow to or outflow from the model domain.





Boundary conditions included recharge from precipitation, irrigation, septic systems and historical spreading grounds, evapotranspiration by riparian vegetation, groundwater discharge to stream channels, groundwater exchange between bedrock and alluvial aquifers, groundwater extraction (i.e., pumping) in wells, and downgradient alluvial outflow. Model parameters associated with the boundary conditions were established based on basin-specific data, where available. The DPWM was used to estimate the distribution of recharge from precipitation based on site-specific climatological, geologic, soils, and vegetation factors.

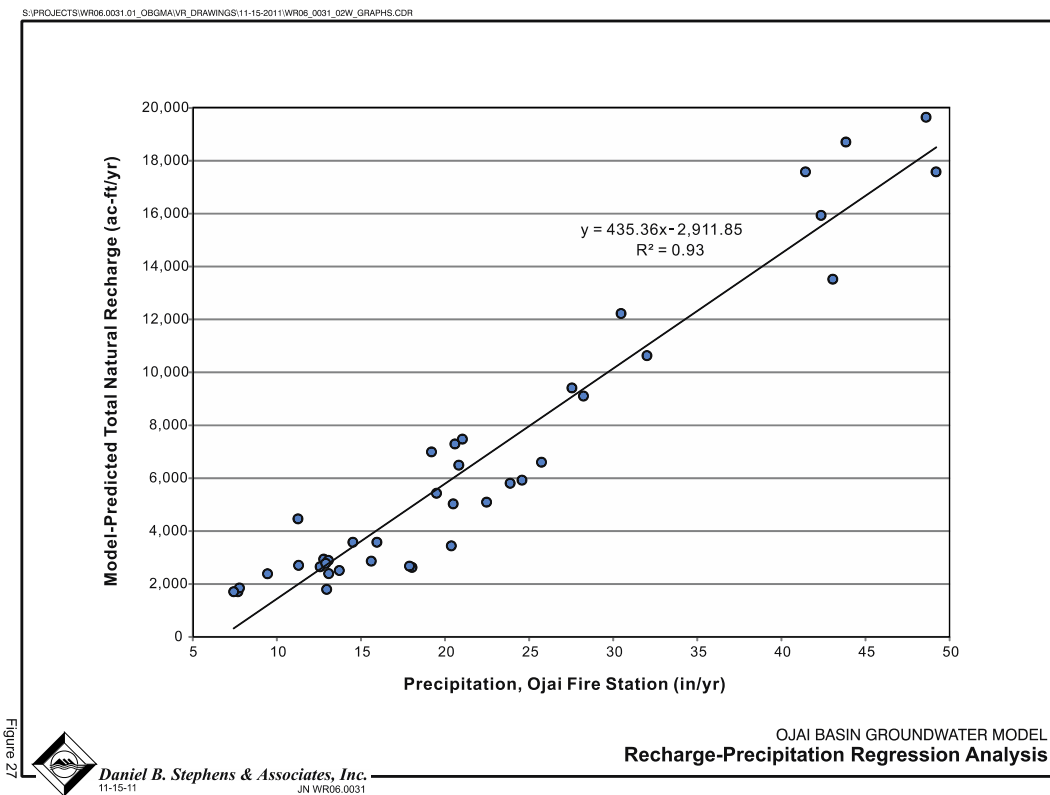


Figure 10. Model-Predicted Relationship between Precipitation and Recharge.



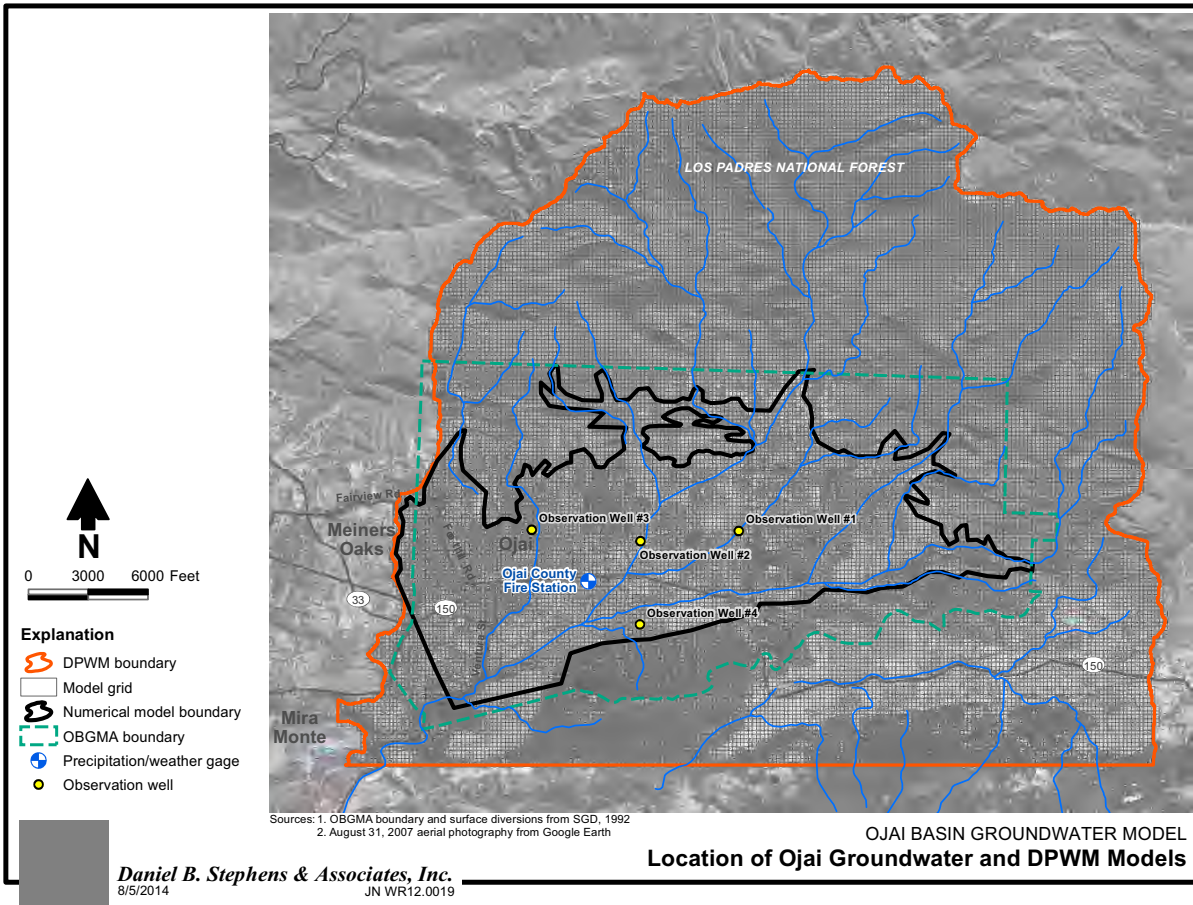


Figure 11. Model Domain, grid and recharge areas.

Ojai Basin Groundwater Storage and Key Water Levels

Monitoring of water levels by the County and OBGMA in several key wells provide a direct insight into basin storage and the effects of drought on portions of the basin. Generally, peripheral northern and eastern areas appear to be less affected by the droughts as they store the bedrock-derived recharge first as compared to central and southern portions of the basin. Additional storage capacity and extraction from the central portions of the basin compared to the peripheral areas also contribute to this phenomenon of discrepancy in water levels.

Figure 12 presents the historic groundwater levels at the key observation well, one of four observation wells used in the DPWM. The objective of the predictive model simulations is to evaluate anticipated groundwater elevations in the Ojai Basin through water year 2020 (until





September 30, 2020) by assuming three future scenarios: median precipitation conditions, continued dry conditions, and wet conditions. At Observation Well #1, the observed December 2013 groundwater levels at this location were as low as they have been since 1965. For the median-precipitation predictive simulation, groundwater levels are modeled to rise approximately 40 to 50 feet following hypothetical wet years (assumed 2015, 2018), decline following hypothetical dry years, and are similar to 2013 levels at the end of the model simulation period. For the wet-weather simulation, groundwater levels rise significantly in the hypothetical extremely wet year (assumed 2018, 48.6 inches precipitation) and are similar to 2012 levels at the end of the simulation period, still relatively low compared to the longer historical record. For the dry-weather simulation, groundwater levels are lower at the end of the simulation period than observed groundwater levels since 1961.

As expected, groundwater levels fluctuate based on precipitation increases during hypothetical wet years (2015, 2018), and decline during hypothetical dry years (2016, 2019, 2020). The predicted total precipitation from 2015 to 2020 ranges from around 111 inches in the dry conditions simulation, 132 inches in median conditions, and 146 inches in wet conditions.

Median precipitation condition scenarios predict (1) an overall net decline over the simulation period for the central portion of the basin near the Ojai City municipal well field and in the southern portion of the basin, (2) a net groundwater level rise in the northwestern portion of the basin, and (3) no significant net change in the eastern-central portion of the basin. In all cases, wet-weather scenario simulations result in a predicted net increase in groundwater levels; however groundwater levels are predicted to continue to be generally lower than those observed over the last forty years. Dry-weather simulations result in a predicted continued net decline in groundwater elevations.



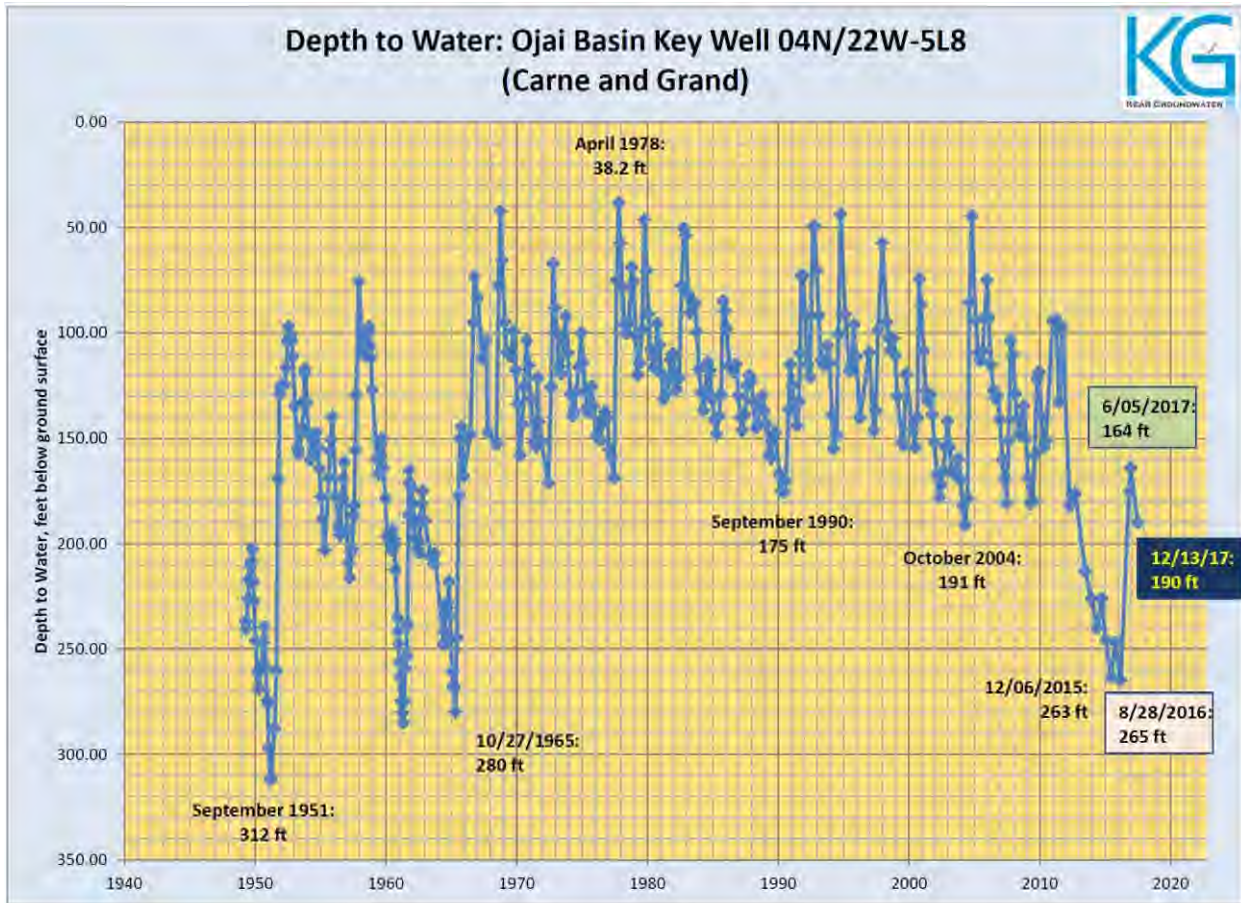


Figure 12. Historic Groundwater Levels at Key Observation Well

Based on hydrographic data, the OBGMA estimates that the amount of groundwater in storage in the Ojai Basin at the spring high point is as follows:





Table 2 - Ojai Basin Groundwater in Storage				
Year	Estimated Total Storage (Acre-feet)	Percent Basin storage	Springtime high, key well (ft bgs)	Precipitation at Ojai Fire Station (inches)
1975	77264	91%	100	14.57
1976	78031	92%	125	16.32
1977	70018	82%	137	17.05
1978	79792	94%	38	47.3
1979	76651	90%	69	20.74
1980	78851	93%	46	29.51
1981	74314	87%	95	15.99
1982	78128	92%	110	26.13
1983	83875	99%	50	44.07
1984	73978	87%	86	10.62
1985	72294	85%	114	9.23
1986	76753	90%	85	18.64
1987	78509	92%	115	12.94
1988	72077	85%	120	15.97
1989	70991	84%	130	7.82
1990	69046	81%	147	8.17
1991	72899	86%	115	23.85
1992	69720	82%	73	30.66
1993	79000	93%	49	36.25
1994	75000	88%	106	13.71
1995	79000	93%	44	41.79
1996	74000	87%	96	28.28
1997	73000	86%	109	16.92
1998	79000	93%	57	40.97
1999	73500	86%	102	11.57
2000	72000	85%	119	20.62
2001	74000	87%	74	30.41
2002	62567	74%	129	13.29
2003	57087	67%	142	16.03
2004	55094	65%	160	22.92
2005	80000	94%	44	36.43
2006	62810	74%	75	23.05
2007	49750	59%	130	6.94
2008	59000	69%	103	21.16
2009	50000	59%	135	12.93
2010	54627	64%	118	24.07
2011	63944	75%	94	29.31
2012	62402	73%	98	11.35
2013	48000	56%	176	9.07
2014	45000	53%	226	9.16
2015	45000	53%	226	11.86
2016	41310	49%	247	10.12
2017	57087	67%	164	25.78
1975 to 2017 Averages	68031 acre feet	80 %	--	20.79





These calculations were prepared for the OBGMA by the VCWPD using groundwater levels at the key well. The historic low in basin storage was in 1951 during a significant drought and before the current practice of conjunctive use, including CMWD water imports, was commonplace. Water levels in the key well fell to their lowest point of 580 ft AMSL in September 1951. An estimated 43,741 acre-feet of groundwater was in storage in the basin at that time. The springtime-high water level that year was 652 ft AMSL. This nadir is a significant threshold because the confined aquifer skeleton would have been maximally compacted at that time. Static water levels below that depth would increase compaction and potentially cause subsidence and irrecoverable storage capacity in the Ojai Basin. In 2014, static water levels fell to about 665 ft AMSL, the lowest levels since 1965. Figure 13 presents the relationship between estimated groundwater storage in the basin and the springtime-high water level at the key observation well.

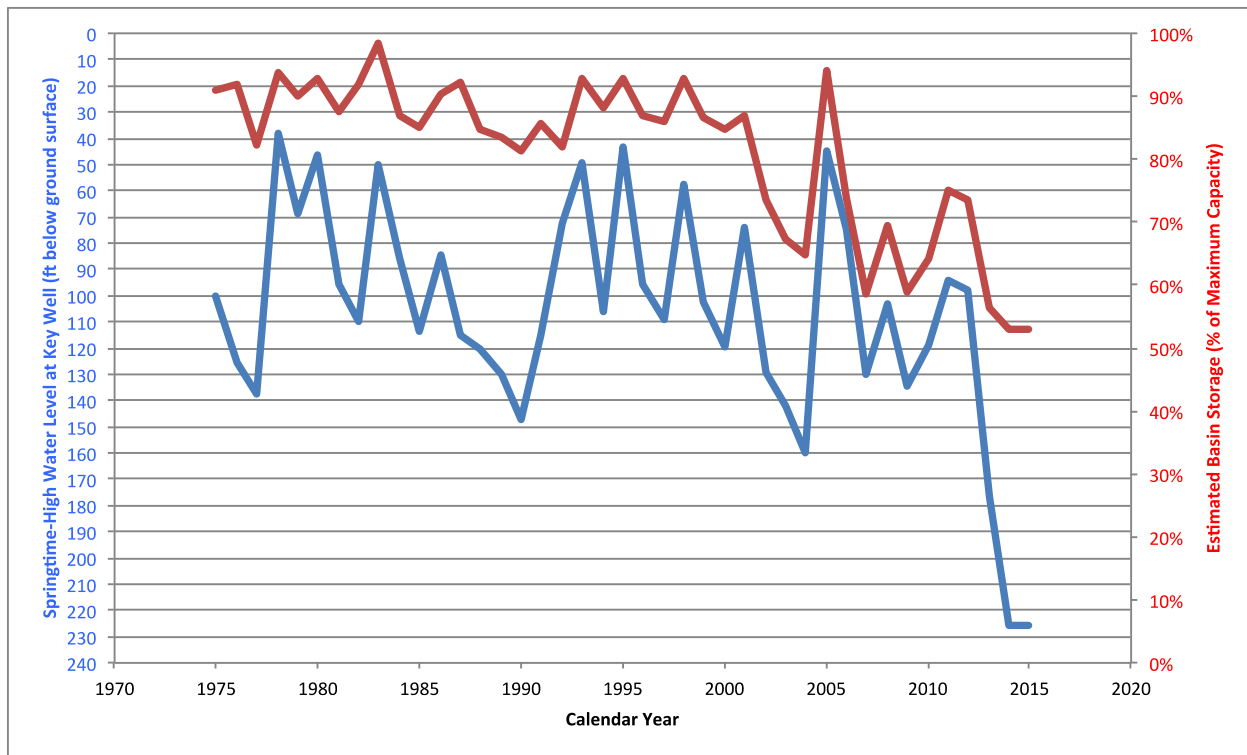


Figure 13. Relationship between Basin Storage and Springtime-High Water Level at Key Well.

The amount of groundwater in storage is a key metric tracked by the OBGMA. A correlation between precipitation, recharge, water levels, and storage is an indication of a basin in good



health and absent overdraft. Owing to its high tributary area to alluvial aquifer ratio, recharge to the basin remains significant even in years with only slightly above average rainfall.

Ojai Basin Groundwater Extractions

The primary discharge mechanism from the basin is groundwater pumping. The OBGMA has kept a record of the reported groundwater extractions in the basin since 1993. These data are divided into two columns: extractions by the municipal water purveyor for residences and businesses in the City of Ojai, primarily for domestic use (column E), and extractions from private wells, primarily for irrigation use (column D). These are added together to show total groundwater extractions (column F). Importations from Lake Casitas are reported to OBGMA and shown in column C. Since 1993, water imported from Lake Casitas and water extracted from private well have been added together to show the “Estimated Irrigation Demand” (column B). Prior to 1993, an estimate of irrigation demand based on land use, crop water requirements, evapotranspiration, and rainfall was made, then the Lake Casitas importations were subtracted, to come up with an estimate of private well extractions in the basin. All units in the table are in acre-feet.





Table 3: Groundwater Extractions, Demands and Imports, 1985-2017

A. Calendar Year/Water Year Ending 9-30)	B. Estimated Irrigation Demand (excludes GSWC purchase)	C. Casitas Importation (including to GSWC)	D. Estimated Groundwater Extraction (Private Wells)	E. Groundwater Extraction (GSWC)	F. Estimated Total Groundwater Extractions
1985	7200	4181	3019	1638	4657
1986	7500	3633	3867	1663	5530
1987	7800	4473	3327	1744	5071
1988	7796	4635	3161	1839	5000
1989	7093	5169	1924	1766	3690
1990	9804	4961	4843	1804	6647
1991	7631	3377	4254	1819	6073
1992	8769	2744	6052	1645	7697
1993	6829	2800	4029	2070	6099
1994	7072	3433	3639	1946	5585
1995	6117	3530	2587	1846	4433
1996	6801	4468	2333	1569	3902
1997	8017	5272	2745	1583	4328
1998	5071	3115	1956	1913	3869
1999	6185	3922	2263	2181	4444
2000	7054	4044	3010	2080	5090
2001	7204	3195	4009	2258	6267
2002	7021	4249	2772	2220	4992
2003	6450	3428	3022	2066	5088
2004	7058	4185	2873	1824	4697
2005	5462	2768	2694	1955	4649
2006	5462	2796	2666	1818	4484
2007	6877	3770	3107	1963	5070
2008	6492	3176	3316	1736	5052
2009	7054	3411	3643	1751	5394
2010	5633	2404	3229	1742	4971
2011	5867	2990	3191	1934	5125
2012	6292	2986	3664	1646	5310
2013	6739	4689	2916	1484	4400
2014	6613	5054	2142	1350	3492
2015	6018	4298	2302	1188	3490
2016	6528	4319	2209	1030	3239
2017	5473	2924	2547	1279	3826



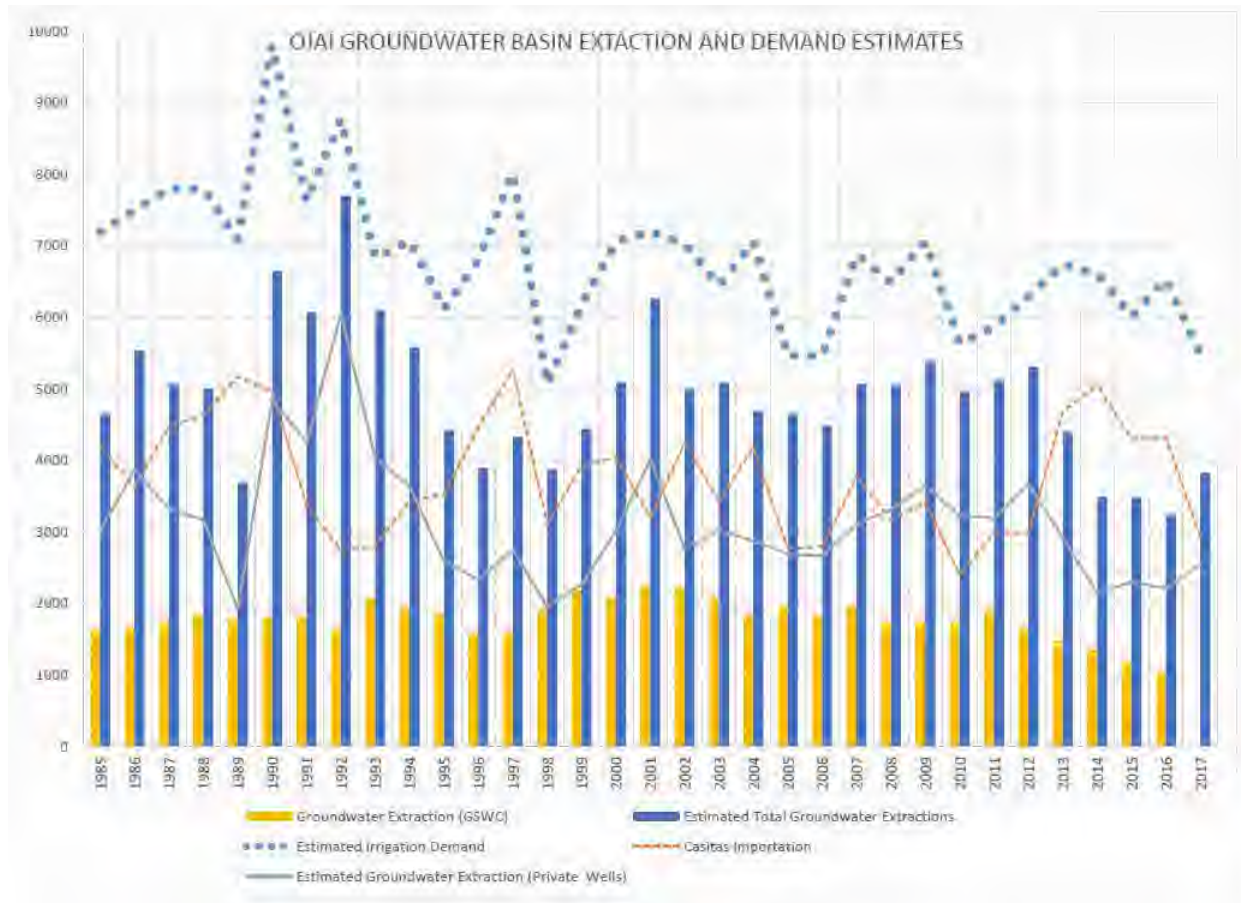


Figure 14. Estimated Total Basin Demand, 1985 to 2017.

Groundwater use in the Ojai Basin between 1985 and 2017 averaged approximately 4898 acre-feet annually, of which some 1768 acre-feet (or 36%) was pumped by the GSWC (and subsequently Casitas) for municipal and domestic supply. In addition to GSWC, the mutual water companies and active private wells supply both agricultural and domestic water in the basin. During the 1985 to 2013 period, the highest production was 7697 acre-feet (1992, with 1645 AF from GSWC and 6052 AF from private wells) and the lowest was 3239 acre-feet (2016, with 1030 AF from GSWC and 2209 AF from private wells). Figure 14, above, presents the estimated total annual basin groundwater extraction.

Ojai Basin Groundwater Natural Discharge

Because of the basin's relatively limited storage capacity, the basin may be depleted rapidly during drought periods by groundwater pumping and groundwater outflow to San Antonio Creek at the basin's natural discharge points.





Groundwater rising above the level of a stream bottom results in what is called a "gaining stream," where groundwater seeps out of the surface and flows downstream, thus depleting the aquifer. For much of the year, including almost all of the dry-season, all of the water in the Ventura River and its tributaries is from groundwater and springs (excluding the lower stretch of the river that is fed by treated wastewater). Only during storms, and for a relatively short period of time afterwards, do surface runoff and flows from soil water add to the base flow.

Modeled discharge to surface streams is reported to average about 2280 acre-feet per year. Smaller components of discharge are to evapotranspiration (about 260 acre-feet/yr) and outflow to downgradient bedrock and alluvium (about 130 acre-feet/yr). In the 2010-2011 water year, a total of nearly 10,600 acre-feet are calculated to have discharged at San Antonio Creek beneath the Casitas Springs bridge at Highway 33. This compares to about 900 acre-feet at the same point for water year ending 2012. The Ojai Basin comprises approximately 70% of the surface water tributary area to this gauge and is one of the only groundwater basins that provides perennial discharge to the creek system. Although no active gauge is present to date near the discharge point from the Ojai Basin, monitoring of the San Antonio Creek at Creek Road is within the purview of the OBGMA and a planned activity.

As part of their surface and groundwater modeling project, the SWRCB will be installing and maintaining several gauges in the Ventura River Watershed. Among these is a gauge at the Skunk Ranch Road bridge over San Antonio Creek. SWRCB will maintain and monitor this for a 2 year period, and has offered the gauge to OBGMA thereafter. OBGMA is committed to maintaining the gauge and will continue to quantify discharge from the basin. This will be coupled with the key well water elevation and other water level maps of the producing aquifers and perched systems which feed the stream to improve basin understanding.

Instream flow studies and "requirements" are currently being conducted and evaluated by several entities. The OBGMA will continue to update its records and management practices in accordance with its enabling legislation and ongoing external factors.

[Summer pools at San Antonio Creek](#)

To augment potential habitat capacity, the OBGMA supports the creation of artificial pools along the bedrock reaches of San Antonio Creek. By excavating pools into the bedrock, along the stream channels, perennially discharged groundwater from the Ojai Basin could fill these pools and allow for areas of over-summering during drier periods.

Feasibility studies should be conducted, and partnerships with OVLC and regulatory agencies may be highly beneficial.

[Shallow Perched system vs. deep production system](#)

Based on the continued observations of the OBGMA in the surface water and groundwater systems, there appears to be a perched system in the southern and western portion of the basin that perennially discharges groundwater to surface water of San Antonio Creek. This

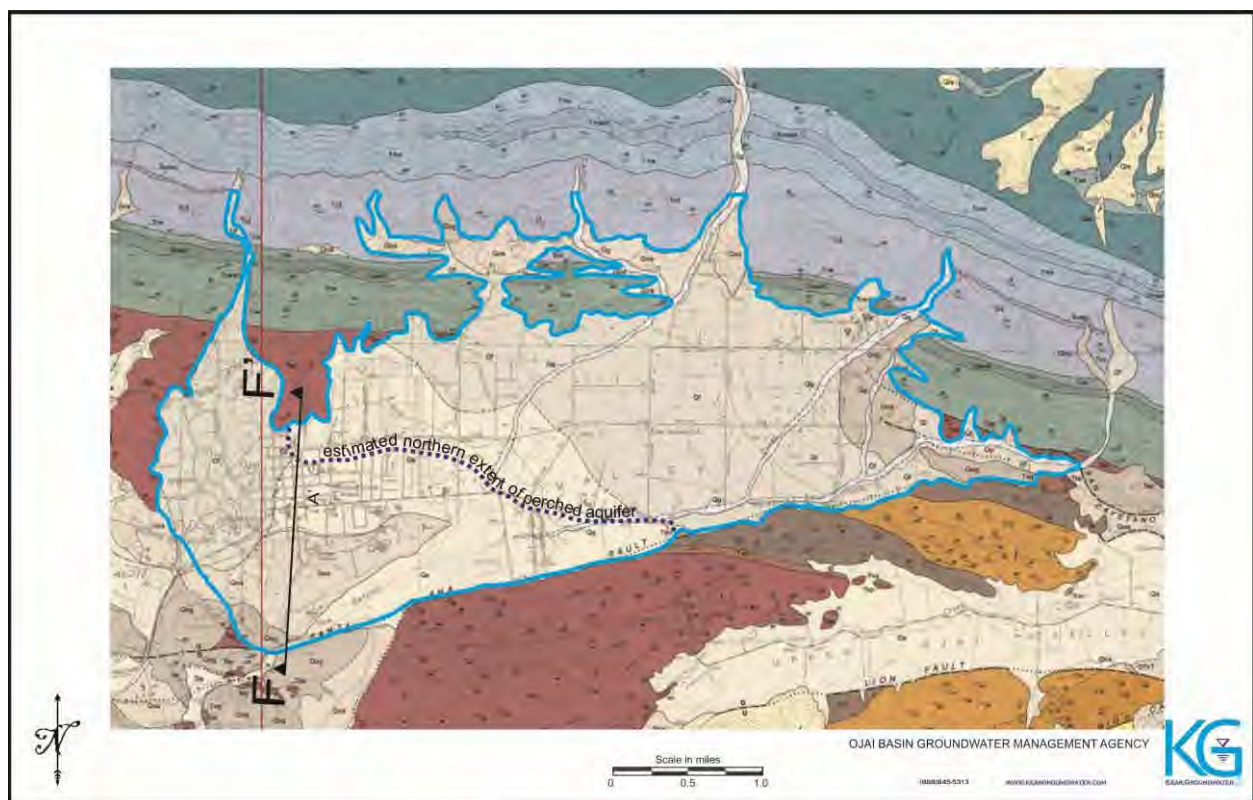


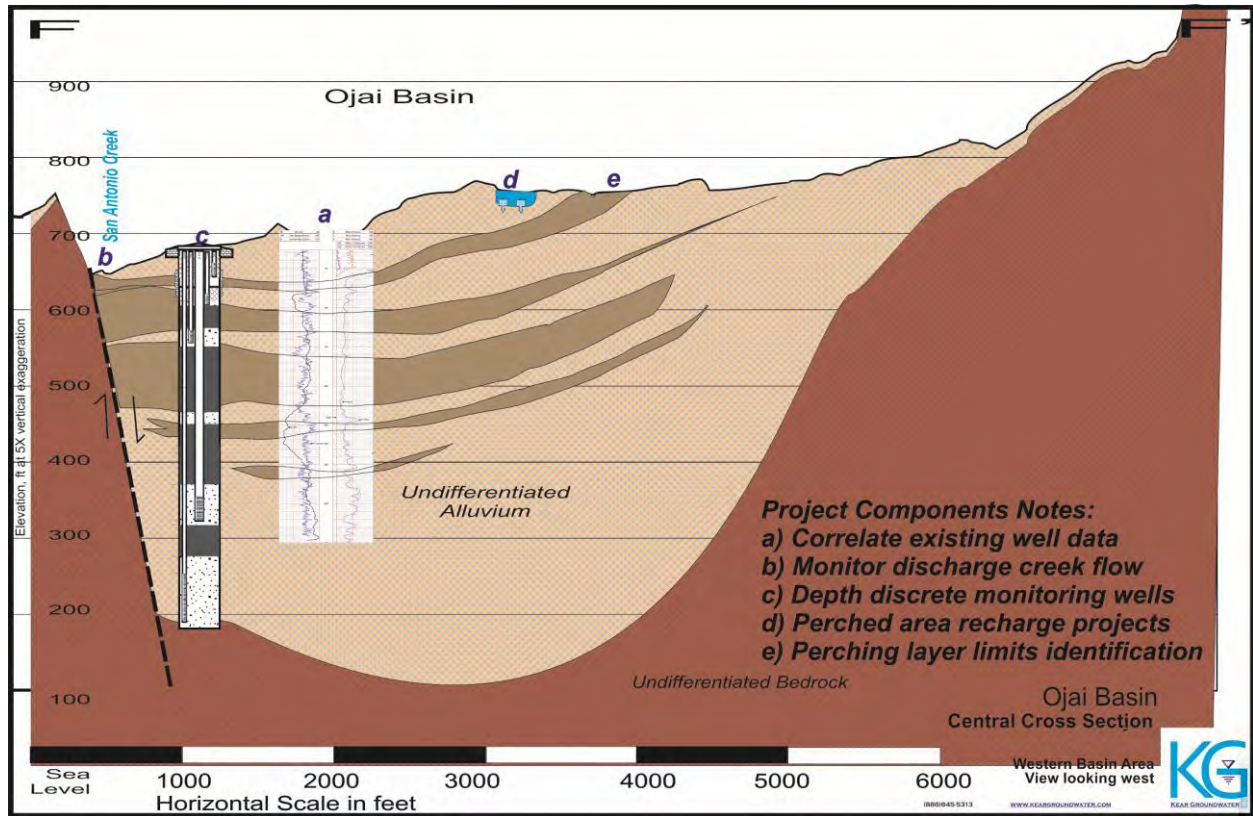


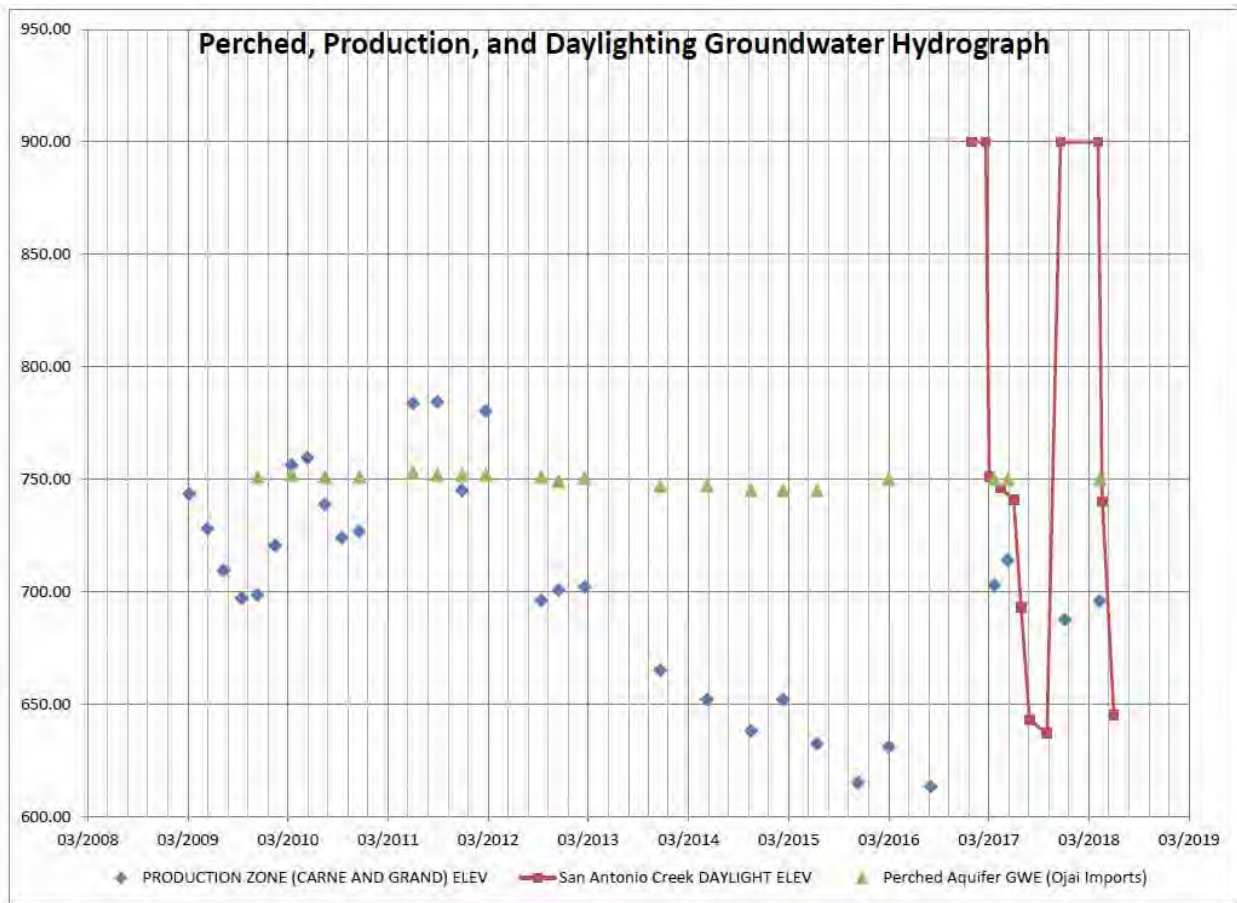
is separate from the deeper production aquifers which appear to respond consistently differently to recharge and discharge patterns. To better quantify this phenomenon, a number of projects can be undertaken, including:

- a continued and enhanced surface water monitoring program in the discharge area
- a new series of depth discrete monitoring wells in the perched aquifer area
- additional water level dataloggers set up in the discharge area
- add flow gauge at basin boundary

As shown on the following three graphics, there is a complex relationship between surface flow, perched water and the production zones of the basin.







Ojai Basin Groundwater Quality

Groundwater supplies a significant percentage of the water used for drinking and irrigation in the watershed, and is the principal source of streamflow for most of the year except in very wet years. The quality of groundwater is important for drinking, irrigation, aquatic ecosystem health, and other uses. Groundwater in the watershed is generally of good enough quality for drinking and irrigating, though a few parameters must be regularly monitored, and water from some wells must be blended with water from other sources to meet drinking water quality standards. Average concentration of total dissolved solids (TDS) is 812 mg/L and ranges from 671 to 1090 mg/L in county-sampled and reported wells.

The quality of the watershed’s groundwater is greatly influenced by the quality and quantity of surface water runoff that recharges the groundwater basins, and by the natural interaction of groundwater with sediments in the surrounding geologic formations. Other factors that can influence groundwater quality include impacts from land uses overlying groundwater basins, use and density of septic systems, well depth, and age of groundwater.





Regional groundwater has been analyzed less frequently and at fewer locations than surface water. Public supply wells in California are required by law to be sampled for inorganic, organic, radiological, and microbiological constituents on a routine basis. These data are submitted to the SWRCB and integrated into the State's GeoTracker GAMA (Groundwater Ambient Monitoring & Assessment Program) database. In addition, water suppliers are required to prepare for their customers annual water quality consumer confidence reports, which contain information on the quality of their water supply sources. The VCWPD performs annual water quality monitoring at seven to eight wells within the Ojai Basin. Groundwater quality monitoring is also required of property owners subject to violation-related cleanup requirements; this monitoring is overseen by the Regional Water Quality Control Board or the Ventura County Environmental Health Division.

Figure 15 presents the Piper diagrams of selected inorganic constituent from sampled well in the basin. Groundwater chemistry in the Ojai Basin is quite variable. Constituents include TDS, sodium (Na^+), potassium (K^+), calcium (Ca^{2+}), magnesium (Mg^{2+}), chloride (Cl^-), bicarbonate (HCO_3^-), carbonate (CO_3^{2-}) and sulfate (SO_4^{2-}) for the wells sampled by the County of Ventura in the Ojai Basin in 2014.

Water samples from three wells were analyzed for inorganic chemicals (Title 22 metals) in previous years. No inorganic chemical was above the primary maximum contaminant level ("MCL") for drinking water. Two wells had iron (Fe) concentrations above the MCL for drinking water. Depth-discrete information indicates a higher chloride concentration in deep aquifers in the central and southwestern portion of the basin. Nitrate is the main groundwater quality concern for most of the Ventura River Watershed.

San Antonio Creek drains the Ventura River Watershed's largest urban area, the City of Ojai, as well as the most intensively farmed area in the watershed, the Ojai Valley's East End. San Antonio Creek is on the Clean Water Act's Section 303(d) list of impaired waterbodies for bacteria, nitrogen, low dissolved oxygen, and total dissolved solids. High concentrations of chlorides and total dissolved solids are commonly seen during dry conditions when groundwater, high in dissolved salts, is the main source of flow. San Antonio Creek is also one of the tributaries that has been designated as critical habitat for the endangered southern California steelhead.



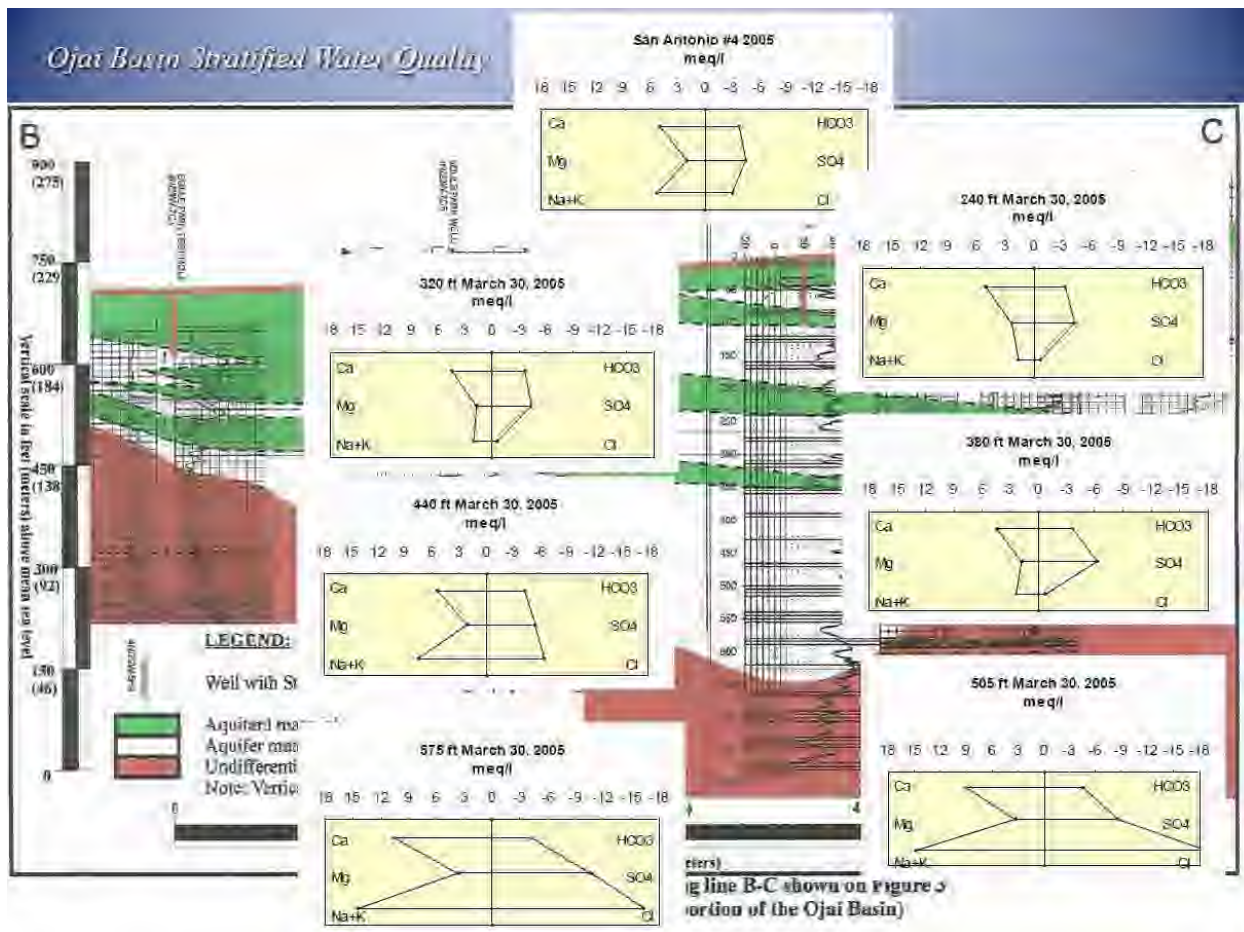


Figure 15. Stiff Water Quality Diagrams depicting sodium-chloride character water at depth in the central portion of the Ojai Basin, obtained during drilling of a pilot hole for a municipal supply water well during the high groundwater storage period of March 2005.

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**UPPER VENTURA RIVER GROUNDWATER AGENCY
MINUTES OF REGULAR MEETING JANUARY 18, 2018**

The Board meeting was held at Casitas Municipal Water Districts meeting room at 1055 Ventura Avenue, Oak View, CA 93022. Directors present were: Bruce Kuebler, Larry Rose, Diana Engle, Emily Ayala and Kevin Brown; alternate director present was: Glenn Shephard for Jeff Pratt. Also present were: Executive Director Cece Vandermeer and Attorney Dylan Johnson. Public present were; Bert Rapp, Bryan Bondy, Steve Offerman, Eddy Pech, Po Chi Fung and Regina Hirsch.

- 1) **CALL TO ORDER**- Chairperson Bruce Kuebler called the meeting to order at 2:00 P.M.
- 2) **PLEDGE OF ALLEGIANCE** – Led by Bruce Kuebler.
- 3) **PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA** – No public comments were received.
- 4) **CONSENT ITEMS**

a. Approve Minutes from December 14, 2017

Rose moved to approve the meeting minutes. Seconded by Engle.

Ayes: Bruce Kuebler, Glenn Shephard, Diana Engle, Kevin Brown, Larry Rose and Emily Ayala.

b. Financial Reports for December 2017

Vandermeer presented the Treasurer's Report for December 2017. Engle asked if all member agencies have made their first period contributions. Vandermeer stated that there were 2 agencies that have not yet contributed.

Rose moved to approve the Financial Reports. Seconded by Engle.

Ayes: Bruce Kuebler, Emily Ayala, Glenn Shephard, Diana Engle, Kevin Brown and Larry Rose.

5) DIRECTOR ANNOUNCEMENTS

Rose stated that he recently reviewed the property known as "The Terrace". Rose reported that the property was for sale.

Engle stated that she would like to add an item to the agenda providing the Board an opportunity to modify the agenda. Attorney Johnson recommend an item be placed before the Public Comment period and be titled Agenda Modification.

Ayala questioned how the recent rain, after the Thomas Fire, has affected gauges in the Basin. Ayala described how the rain had formed clay in the Basin and the East End, and if Ventura County would run bulldozers in the streams and rivers that it would be beneficial.

Shephard mentioned that Ventura County provides rain information on their website, complete with dates.

Kuebler reported that he attended the January 19 meeting at Ventura County regarding grant opportunities for the collaboratively for the Ojai Valley. Kuebler introduced Regina Hirsch, Sierra Watershed Progressive, who was presenter at the County meeting. Kuebler attended a meeting sponsored by Supervisor Bennett and Assembly member Monique Limon to explore planning and funding opportunities for the Ojai Valley water supply. Attendees included representatives from OBGMA, OWCD, CMWD, City of Ojai, mutual water companies, and Regina Hirsch (Sierra

Watershed Progressive), and Tom Ash (Inland Empire Utilities Agency). Discussions focused on coordinating as a group to explore water needs and priorities of the Ojai Valley. Key projects are CMWD Horizontal Bore and connection to the SWP. There was consensus for a more aggressive Arundo removal program. The next meeting of this new Conjunctive Use of Casitas Group will be on January 19, 2018 at 12:30 pm in Supervisor Bennett's conference room. Major topic will be grant opportunities. Engle requested MOWD be included in the meeting. Kuebler stated he had asked for that and had briefed MOWD president Jim Kentosh and told him about next meeting.

6) GSP PROJECT MANAGER COMMENTS

Bondy summarized the information he received from the Association of California Water Agencies conference he attended regarding GSPs. There were 70-80 grant applications and DWR thought most applicants would receive some funding. Grant funding will be announced in mid-February.

Kuebler requested Bondy to review important hydrologic reports on the basin as background for his role as GSP project manager. Cost will not exceed \$2960.

7) GSP DISCUSSION WITH LOCAL DWR REPRESENTATIVE EDDIE PECK

8) ACTION ITEMS

a. Election of Officers

The Board will elect a Chair, Vice-Chair and Secretary.

Rose moved to reelect Kuebler as Chair, Bergen as Vice-Chair, Engle as Secretary. Seconded by Shephard.

Ayes: Bruce Kuebler, Emily Ayala, Glenn Shephard, Diane Engle, Kevin Brown and Larry Rose.

b. Water Bond Proposal

The Board considered supporting the Water Supply and Water Quality Bond Act of 2018 Initiative that could benefit water-related projects in Ventura Co.

No public comments

Engle stated that the flow study would need to include quality control procedures.

With the absence of Jordan Kear and no written proposal, Engle moved to continue the Approval of Flow Study to the January 18 Board meeting. Seconded by Shephard.

Ayes: Bruce Kuebler, Emily Ayala, Glenn Shephard, Diana Engle, Kevin Brown, Larry Rose.

c. Director Travel to Groundwater Conference.

No public comments

The Board will consider paying expenses for Director Kuebler to attend the Association of Ground Water Agencies/American Ground Water Trust Conference, "Everything Aquifers and Groundwater Management" in Ontario, CA on February 12 and 13, 2018. Total cost of conference \$860.



Engle suggested that a regular agenda item be placed on the agenda for any conferences that might be of interest to the Board. Bondy stated that he could provide information on any upcoming conferences that would be pertinent to the Board.

Rose moved to approve the Director Travel with the amended mileage to \$0.545 mile, the Internal Revenue Service reimbursement rate. Seconded by Ayala.

Ayes: Emily Ayala, Glenn Shephard, Diana Engle, Kevin Brown, Larry Rose. Bruce Kuebler abstained.

d. **Letter Supporting OBGMA Act Amendment.**

The Board considered approving a letter in support of the OBGMA Act AB 1794, to replace the board vacancy left by Southern California Water Company.

No public comments

Bondy stated that the development of Standard Operating Procedures and Quality Assurance/Quality Control protocols for data collection be authored by Kear Groundwater and Bondy Groundwater will do a peer review. Bondy stated that the SOP will cover collection of data. Kuebler asked Bondy if the \$8,000 included Bondy Groundwater's time. Bondy stated that he had not discussed the proposal with Kear and did not know what the \$8,000 included. Kear had been displaced by the fire and was not in attendance to discuss the proposal.

Kuebler moved to continue the item to the January 18, 2018 agenda, so a scope of work with the description of the project and hours for Bondy and Kear would be available. Seconded by Brown.

Ayes: Bruce Kuebler, Mary Bergen, Glenn Shephard, Diana Engle, Kevin Brown, Larry Rose.

9) **COMMITTEE REPORTS**

a) **Funding Options and Budget Review Ad Hoc Committee**

Bergen stated that after the first of the year she would work with Vandermeer to do a complete budget review and develop a format for reporting the current financial status. A complete list of well owners, including addresses, is needed for both public outreach and development of funding options, Shephard said that his staff could provide the necessary information.

10) **EXECUTIVE DIRECTOR'S REPORT**

Vandermeer stated that she had received general liability quotes, but the companies she contacted, requested the Bylaws, and now with the approved Bylaws, she will be able to obtain the policy premium amounts.

11) **ADJOURNMENT** – The meeting was adjourned at 3:10 pm. The Board requested staff cancel the regular meeting scheduled for January 11, 2018 and schedule a special meeting on January 18, 2018 at 2pm to enable attendance of Agency consultants, who are unavailable during the regular meeting date and time.



Action: _____

Motion: _____ 2nd: _____

B. Kuebler ___ M. Bergen ___ J. Pratt ___ D. Engle ___ K. Brown ___

L. Rose ___ E. Ayala ___





REGULAR MEETING OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS

January 22, 2018

10:00 a.m.

LIS - 15b

Exhibit C - Page 143 of 170

**To navigate through sections of agenda use bookmarks to the left*



LEGISLATIVE INTENT SERVICE

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6252 Telegraph Road, Commerce, CA 90040

MEETING	TIME & DATE	LOCATION
Regular Meeting of the Central Basin Municipal Water District Board of Directors	10:00 a.m. Monday, January 22, 2018	Board Room 1st Floor

AGENDA

1. Roll Call

- Invocation
- Pledge of Allegiance
- Certification by the Board Secretary to the Board of Directors that the Agenda was posted in Accordance with the Brown Act

2. Public Comment and Presentations – 1) Service Award and Standing Ovations

(This time has been set aside for persons in the audience to make comments or inquiries on matters which are listed on the agenda or which are within the general subject matter jurisdiction of the Board of Directors (the "Board") that are not listed on this agenda. Although no person is required to provide their name and address as a condition to attending a Board meeting, persons who wish to address the Board are asked to state their name and address. Each speaker will be limited to three (3) continuous minutes. Speakers may not lend any portion of their speaking time to other persons or borrow additional time from other persons.)

3. Walk-On Items: Items of business not appearing on the posted agenda but which must be added to the agenda subject to required findings under Government Code Section 54954.2(b) because immediate action is required. (Determine the need to discuss and/or take action on item(s) introduced that came to the attention of the District subsequent to the posting of the agenda.)

NOTE: At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.

METROPOLITAN WATER DISTRICT ACTIVITIES REPORT
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- 4. MWD Activities Update**
- Staff
 - Directors

ANNUAL BOARD REORGANIZATION

5. Board of Directors' Reorganization

A. Review of Administrative Code

B. Election of Officers

- President
- Vice President

C. Election of Metropolitan Water District Representatives and Approval of Resolution No. 01-18-935 Appointing Directors as Metropolitan Water District Representatives

Recess to Central Basin Financing Corporation Meeting
--

Financing Corporation Agenda

- A. Determination of Quorum
- B. Public Comment



- C. Election of Board Officers
 - President
 - Vice President
- D. Confirmation of Legal Counsel

Adjournment of Financing Corporation

**Reconvene to
Central Basin Municipal Water District Board Meeting**

**Central Basin Municipal Water District
Agenda Continued**

CONSENT CALENDAR

- 6. **Financial Report**
 - A. Demands
 - B. Investment Report, Liquidity and Day's Cash Evaluation – December 2017
- 7. **Fiscal Year 2018 Budgeted Performance Report at November 30, 2017**
- 8. **Fiscal Year 2018 Contracts Report at December 31, 2017**
- 9. **Water Supply and Resources Update**
- 10. **Metropolitan Water District Program Updates**
- 11. **Discussion of Recycled Water Customer Development**

ACTION CALENDAR

- 12. **Fiscal Year 2016-2017 Comprehensive Annual Financial Report (CAFR) and Annual Financial Audit**

RECOMMENDED MOTION: That the Board receive and file this report.

- 13. **Adopt Resolution No. 01-18-936 to Authorize Establishment of Investment Account with the Los Angeles County Pooled Investment Fund**

RECOMMENDED MOTION: That the Board:

- 1. Authorize the District to establish an investment account in the Los Angeles County Pooled Investment Fund; and
- 2. Approves, adopts and authorizes the President to sign Resolution No. 01-18-936, "A RESOLUTION OF BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS IN THE LOS ANGELES COUNTY TREASURY POOL."

- 14. **Discussion and Approval of Resolution for Proposed Retail Meter Charge**

RECOMMENDED MOTION: That the Board approves, adopts, and authorizes the President to sign Resolution No. 01-18-937, "A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT ESTABLISHING A RETAIL METER CHARGE."



15. Appointment of Board Treasurer and Deputy Treasurer

RECOMMENDED MOTION: That the Board appoints Andrew Hamilton, Finance Director, as the Board Treasurer and Dorrett Lambey, Accounting Manager, as Deputy Treasurer effective January 22, 2018 and revoke any prior appointments.

16. Approval to Pay Nossaman LLP Legal Invoice for December 2017 in Excess of \$25,000

RECOMMENDED MOTION: That the Board approve payment to Nossaman for legal services for the month of December 2017, in the amount of \$27,509.79.

INFORMATION CALENDAR FOR DISCUSSION

17. Discussion on Construction Progress of UTC Aerospace Recycled Water Expansion Pipeline Project

CLOSED SESSION

18. Pursuant to Government Code Section 54956.9(d)(2) - Conference with Legal Counsel regarding anticipated litigation - one case

19. Pursuant to General Manager Contract and Government Code Section 54957 - Performance Evaluation: General Manager

"This session has been placed on the agenda at the request of Kevin P. Hunt in accordance with the terms of his employment agreement for periodic review."

COMMENTS

20. General Counsel's Report

21. General Manager's Report on District Activities

22. Director's Report on Meeting and Conference Attendance

23. Director's Comments and Future Agenda Items

ADJOURNMENT

NEXT MEETING: MONDAY, FEBRUARY 26, 2018 10:00 A.M.

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Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the Central Basin Municipal Water District's ("District") Internet Web Site (www.centralbasin.org). These are also available for public review prior to a meeting in the Board Secretary's Office. Any public writings distributed to at least a majority of the Board regarding any items on this regular meeting agenda will also be made available at the Board Secretary's Office at the District's headquarters located at 6252 Telegraph Road, Commerce, California, 90040-2512 – during normal business hours.

In addition, the District may also post such documents on the District's Web Site at www.centralbasin.org. In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the Board Secretary's Office at (323) 201-5527 at least 48 hours prior to the meeting.

Enforcement of Decorum: While members of the public are free to level criticism of District policies and the action(s) or proposed action(s) of the Board or its members, members of the public may not engage in behavior that is disruptive to the orderly conduct of the proceedings, including, but not limited to, conduct that prevents other members of the public from being heard when it is their opportunity to speak or which prevents members of the audience from hearing or seeing the proceedings. Members of the public may not threaten any person with physical harm or act in a manner that may reasonably be interpreted as an imminent threat of physical harm.)





Submitted herewith to receive and file the following demands on the General and Bond Fund accounts for the period ended December 31, 2017

CHECK	PAYEE	DESCRIPTION	TOTAL
21220	AMERICAN PAYROLL INSTITUTE, INC.	Membership Renewal	219.00
21221	AT&T	Monthly Phone Service - Cudahy Pump Station - 10/19/2017 - 11/18/2017	143.35
21222	CALIFORNIA WATER SERVICE CO	Monthly Water Service - District HQ - Water - 10/21/2017 - 11/20/2017	154.41
21223	CAPITAL ONE COMMERCIAL	District Kitchen Supplies	473.20
21224	CINTAS	Janitorial Supplies - 11/14/17 & 11/28/2017	1,045.35
21225	CITY OF WHITTIER	Monthly - WUA WQPP Treatment Plant October 2017 (46,295.51) WQPP Lease November 2017 (9,120.00)	55,415.51
21226	D.N.S. SOLUTIONS, INC.	Monthly Janitorial Services - October 2017	1,165.00
21227	ECS IMAGING, INC.	Laserfiche Software Renewal - 12/14/2017 - 12/13/2018	8,739.97
21228	FEDERAL EXPRESS	Courier Services	78.80
21229	FRONTIER	Monthly Telephone Expense - SCADA/WQPP Acct# 7045(58.16) Acct# 8045 (53.86) - November 2017	112.02
21230	GARDEN OF EATING LLC	Meeting Expense - CB Board Meeting - 11/27/17	247.12
21231	LIBERTY UTILITIES (PARK WATER) CORP	CARW Toilet Direct Install Program - Conservation Credit - Agreement 70029	27,320.00
21232	MUFG, UNION BANK, N.A.	Investment Custody Payment - October 2017	333.33
21233	ROUNDHOUSE MARINE STUDIES LAB & AQUARIUM	Education Program - Waterlogged Outreach Classes - November 2017	1,725.00
21234	SEMA dba: CELL BUSINESS EQUIPMENT	Copier Usage Fees	1,350.86
21235	SHRED-IT	Shredding Services - 11/10/17	66.55
21236	SO CAL SANITATION LLC	Monthly Porta Potty Rental & Maintenance - Rio Hondo Pump Station	114.84
21237	SO CALIFORNIA EDISON	Monthly Utilities - WQPP Well 1 (1,577.07) Hollydale PS (992.29) District HQ (2,284.38) - October 2017	4,853.74
21238	SOLARWINDS	Software Annual Maintenance Renewal	1,473.00
21239	SOUTHWEST MGMT CONSULTANTS	Quagga Mussel Professional Services - September & October 2017	10,000.00
21240	SPRINT	Monthly Cellular Phone Services - RHPS - September (160.47), October (238.83) & November 2017 (284.89)	684.19
21241	TELEPACIFIC COMMUNICATIONS	Monthly Phone & Data Service - RHPS & Dist HQ - 11/16/17-12/15/17	4,712.03
21242	TERMINIX PROCESSING CENTER	Pest Control Maintenance	180.00
21243	THE GAS COMPANY	Monthly Gas Service - 10/09/2017 - 11/09/2017	62.57
21244	TYLER TECHNOLOGIES, INC.	Financial System Software Renewal - 10/01/2017 - 09/30/2018	56,353.50
21245	TYLER TECHNOLOGIES, INC.	Software upgrade - Conversion Services	800.00
21246	U.S. BANK NATIONAL ASSOCIATION	2008B LOC Drawing Fee - 12/06/2017	250.00
21247	UNDERGROUND SERVICE ALERT/SC	Monitoring Services - Recycled Water Operations - November 2017	376.30
21248	WECK LABORATORIES, INC.	Lab Fees and Analysis Service - WQPP	574.00
21249	WILLIAMS DATA MANAGEMENT	Monthly Data Tape Storage - September 2017	78.00
21250	PAYROLL	PAYROLL	1,853.87
21251	PAYROLL	PAYROLL	1,137.91
21252	NOSSAMAN LLP	Legal Services - General Counsel - October 2017	38,089.54
21253	NOSSAMAN LLP	Legal Services - General Counsel - November 2017	32,590.96
21254	360 BC GROUP, INC.	Hosting - December 2017	750.00
21255	ALLTECH INDUSTRIES, INC.	Security Services - October 2017 (1,740.75) & November 2017 (2,178.00)	3,918.75
21256	ALSTON & BIRD LLP	Legal Services	416.00
21257	AT&T	Monthly Phone Service - Rio Hondo/SCADA - 12/07/2017 - 01/06/2018	138.21
21258	CALIFORNIA SPECIAL DISTRICTS ASSOCIATION	Membership Renewal	6,842.00
21259	CALIFORNIA WATER SERVICE CO	Monthly Fire Service - CB HQ - December 2017	30.12
21260	CITY OF PICO RIVERA	Monthly Water Payment - Rio Hondo Pump Station - 11/07/2017 - 12/06/2017	24.73
21261	D.N.S. SOLUTIONS, INC.	Monthly Janitorial Services - November 2017	1,165.00
21262	FEDERAL EXPRESS	Courier Services	229.37
21263	FRONTIER	Monthly Telephone Expense - SCADA/WQPP Acct# 8045 - December 2017	55.50
21264	GARDEN OF EATING LLC	Meeting Expense - CB Board Meeting December 2017 (283.18) & Staff Holiday Luncheon (488.35)	771.53
21265	GREGORIO'S LAWN SERVICE	Monthly Landscape Service RHPS, CB HQ - November 2017	555.00
21266	INNOVYZE, INC.	Water H2O Net License Renewal	1,200.00
21267	J.C. BUILDING REPAIR	Handyman Services - November & December 2017	1,215.00
21268	KEY DISPOSAL INC	Monthly Trash Disposal Service - December 2017	204.40
21269	LOREN LILLESTRAND	Consulting - Professional Leadership Development Training - 12/07/17	788.71
21270	LOS ANGELES COUNTY FIRE DEPARTMENT	RHPS Chemical Facility Cers Permit Renewal	741.00
21271	MEANS CONSULTING, LLC	Professional Services - Quagga Mussels Control Plan - November 2017	4,103.50
21272	MUFG, UNION BANK, N.A.	Investment Custody Payment - November 2017	333.33
21273	NDS	Courier Services - November 2017	286.72
21274	NIXON PEABODY, LLP	Ethics Investigations Retainer - November 2017	1,350.00
21275	NORWALK-LA MIRADA UNIFIED SCHOOL DISTRICT	School District Bus - Education Program - 12/01/2017	215.25
21276	QUEST SOFTWARE INC.	Desktop Authority Software Renewal - 05/31/2018 - 05/31/2019	308.25
21277	SEMA dba: CELL BUSINESS EQUIPMENT	Copier Lease - 11/15/2017 - 12/14/2017	114.83
21278	SILVERADO STAGES / RYAN'S EXPRESS	Charter Bus Services - Education Program - 11/03/2017 & 11/17/2017	1,120.00
21279	SO CAL SANITATION LLC	Monthly Porta Potty Rental & Maintenance - Rio Hondo Pump Station - 12/12/17 - 01/08/18	114.84
21280	SO CALIFORNIA EDISON	Monthly Utilities - Cudahy PS (209.19) Hollydale PS (907.89) PRV (28.61) - November 2017	1,145.69
21281	SO CALIFORNIA EDISON	Monthly Electricity Service - Rio Hondo Pump Station - 10/31/2017 - 12/01/2017	23,490.98
21282	SPRINT	Monthly Cellular Phone Services - District - 11/03/2017 - 12/02/2017	1,399.56
21283	STATE WATER RESOURCES CONTROL BOARD	NPDES Operating Permit Fee - Century RW System	11,877.00
21284	TERMINIX PROCESSING CENTER	Pest Control Maintenance	180.00
21285	TOWNSEND PUBLIC AFFAIRS, INC.	Consulting Services - November 2017	5,000.00
21286	TYLER BUSINESS FORMS	Office Supplies	88.24
21287	U.S. BANK NATIONAL ASSOCIATION	2008B COP Debt Remarketing	49,799.86
21288	VALLEY SOIL, INC.	Conservation Professional Services - Southeast Water Efficiency Program	7,562.00
21289	PAYROLL	PAYROLL	755.31
21290	PAYROLL	PAYROLL	2,231.71
21291	PAYROLL	PAYROLL	317.46
Total Checks:			383,613.77
Payroll			
12/06/17	NET PAYROLL - EMPLOYEES	12/06/2017 - Payroll	65,345.44
12/04/17	INTERNAL REVENUE SERVICE	Federal Payroll Taxes	24,765.94
12/06/17	NATIONWIDE RETIREMENT SOLUTIONS	457b/Roth Payment	1,434.88
12/04/17	STATE OF CA FRANCHISE TAX BOARD	CA State Payroll Taxes	4,245.28
12/08/17	PERS - CA PUBLIC EMP' RETIREMENT SYS - VOIDED	PERS - Employee Contribution - Voided on 12/31/2017 - Damaged	13,326.74
12/08/17	PERS - CA PUBLIC EMP' RETIREMENT SYS	PERS - Employee Contribution	12,267.09
12/08/17	SIP - CA PUBLIC EMP' RETIREMENT SYS	457b/ Payment	865.77
12/20/17	NET PAYROLL - EMPLOYEES	12/20/2017 - Payroll	64,898.91
12/18/17	INTERNAL REVENUE SERVICE	Federal Payroll Taxes	24,207.81
12/18/17	INTERNAL REVENUE SERVICE	Federal Payroll Taxes	1,594.96

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<u>CHECK</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
12/18/17	STATE OF CA FRANCHISE TAX BOARD	CA State Payroll Taxes	4,219.02
12/20/17	STATE OF CA FRANCHISE TAX BOARD	CA State Payroll Taxes	267.64
12/28/17	SIP - CA PUBLIC EMP' RETIREMENT SYS	457b/ Payment	825.77
12/28/17	PERS - CA PUBLIC EMP' RETIREMENT SYS	PERS - Employee Contribution	11,685.72
12/20/17	PERS - CA PUBLIC EMP' RETIREMENT SYS	PERS - Employee Contribution	463.25
12/20/17	NATIONWIDE RETIREMENT SOLUTIONS	457b/Roth Payment	1,469.85
Total Payroll:			231,884.07
Director's Demands			
	PEDRO ACEITUNO	District Director's Expense - Monthly Auto Allowance	397.00
		District Director's Expense - Communications Allowance	200.00
		District Director's Meetings - Per Diem	932.68
		Other Deduction	(117.04)
		Payroll Taxes Withheld - Period Ended 12-06-17	(140.43)
			1,272.21
	ROBERT O. APODACA	District Director's Expense - Monthly Auto Allowance	397.00
		District Director's Expense - Communications Allowance	200.00
		District Director's Meetings - Per Diem	1165.85
		Deferred Compensation Contribution	-174.88
		Other Deduction	(134.86)
		Payroll Taxes Withheld - Period Ended 12-06-17	(230.86)
			1,222.25
	ARTURO CHACON	District Director's Expense - Monthly Auto Allowance	397.00
		District Director's Expense - Communications Allowance	200.00
		District Director's Meetings - Per Diem	932.68
		Deferred Compensation Contribution	(100.00)
		Other Deduction	(231.69)
		Payroll Taxes Withheld - Period Ended 12-06-17	(228.16)
			969.83
	PHILLIP HAWKINS	District Director's Expense - Monthly Auto Allowance	397.00
		District Director's Expense - Communications Allowance	200.00
		District Director's Meetings - Per Diem	2,098.53
		Deferred Compensation Contribution	(200.00)
		Other Deduction	(206.21)
		Payroll Taxes Withheld - Period Ended 12-06-17	(574.18)
			1,715.14
	LETICIA VASQUEZ	District Director's Expense - Monthly Auto Allowance	397.00
		District Director's Expense - Communications Allowance	200.00
		District Director's Meetings - Per Diem	932.68
		MET Director's Meetings - Per Diem	699.51
		Other Deduction	(404.13)
		Payroll Taxes Withheld - Period Ended 12-06-17	(360.40)
			1,464.66
	PEDRO ACEITUNO	District Director's Meetings - Per Diem	1,165.85
		Other Deduction	(89.17)
		Payroll Taxes Withheld - Period Ended 12-20-17	(79.27)
			997.41
	ROBERT O. APODACA	District Director's Meetings - Per Diem	1,165.85
		Deferred Compensation Contribution	(174.88)
		Other Deduction	(89.19)
		Payroll Taxes Withheld - Period Ended 12-20-17	(108.01)
			793.77
	ARTURO CHACON	District Director's Meetings - Per Diem	1,165.85
		Deferred Compensation Contribution	(100.00)
		Other Deduction	(203.86)
		Payroll Taxes Withheld - Period Ended 12-20-17	(154.03)
			707.96
	LETICIA VASQUEZ	District Director's Meetings - Per Diem	1,399.02
		MET Director's Meetings - Per Diem	1,165.85
		Other Deduction	(429.80)
		Payroll Taxes Withheld - Period Ended 12-20-17	(478.66)
			1,656.41
Total Director's Demands:			10,799.64
Employee District Expense Reimbursement Claims			
	12/20/2017 TAMMY HIERLIHY		106.32
	12/20/2017 DONALD JONES		39.48
Total Employee Expense Claims:			145.80
Other Payments			
	12/22/2017 FIRST BANKCARD - CENTRAL BASIN DISTRICT	District Credit Card Expenses - 11/30/17	2,288.83
	12/21/2017 FIRST BANKCARD - CENTRAL BASIN FINANCE	District Credit Card Expenses - 11/30/17	1,782.95
	12/21/2017 FIRST BANKCARD - DINA HIDALGO	District Credit Card Expenses - 11/30/17	74.39
	12/21/2017 FIRST BANKCARD - JOEY LEGASPI	District Credit Card Expenses - 11/30/17	467.83
	12/21/2017 FIRST BANKCARD - SANDRA LINARES-PLIMPTON	District Credit Card Expenses - 11/30/17	39.00
	12/21/2017 FIRST BANKCARD - JACQUELINE KOONTZ	District Credit Card Expenses - 11/30/17	82.43
	12/21/2017 FIRST BANKCARD - ALBERT PLIMPTON	District Credit Card Expenses - 11/30/17	559.33
	12/06/17 CITIBANK NEW YORK	2008B Swap Interest Payment - November 2017	26,437.44
	12/06/17 MUFJ, UNION BANK	2008B Variable Interest Cost	9,720.52
	12/29/17 METROPOLITAN WATER DIST OF SO CAL	October 2017 Production	1,750,557.39
Total Other Payments:			1,792,010.11
TOTAL WIRES / EFT / ACH PAYMENTS			2,024,039.98
TOTAL DEMANDS			2,407,653.75

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JANUARY 11, 2018 – Finance & Audit

Apodaca, Oskoui, Aceituno

JANUARY 22, 2018 - Board Meeting

Prepared by: Dorrett Lambey

Submitted by: Andrew Hamilton

Approved by: Kevin Hunt, P.E.

CONSENT CALENDAR

INVESTMENT REPORT, LIQUIDITY AND DAY'S CASH EVALUATION – DECEMBER 2017

Investment Policy Summary

Central Basin's Investment Policy, created in compliance with California Government Code, Section 53600 et seq, offers the requirements and practices used to manage the District's available cash and investment portfolio. In addition to maintaining compliance with the legal investment authority established by the California Government Code, the District, like most other local government agencies, has established three investment objectives: (1) Safety of Principal, (2) Protection of Liquidity, and (3) Return on Investment. In practice, the investment objectives translate into conservative treasury practices that seek to protect District assets from loss.

The Investment Policy, reviewed and approved at least annually by the Central Basin Board of Directors, stipulates that the District's Treasurer/Finance Director publish a monthly report to the Board of Directors "indicating the types of investment by fund, institution, date of maturity, and amount of deposit, and shall provide the current market value of all securities with a maturity of more than 12 months, rates of interest, and expected yield to maturity."

Central Basin's 2017 Investment Policy was presented to the Finance and Audit Committee on February 9, 2017 and approved by the Board of Directors on February 27, 2017.

Investment Report Composition

The District maintains its investments in unrestricted and restricted categories. Unrestricted investments include an active investment portfolio under the custody services of MUFG Union Bank (Exhibit B), investments in the California State Treasurer's Local Agency Investment Fund (LAIF) and bank deposits used for daily operating use held by MUFG Union Bank.

Restricted investments have been established per the debt covenants pertaining to the 2010A Certificates of Participation (COP) bonds. The debt covenants requires maintenance of a bond reserve invested in qualified federal government agency bonds. The District ensures that the debt covenants related to reserves are in compliance.

December 2017 Investment Report

- Total District cash and investments, inclusive of unrestricted and restricted sources, are \$12.5 million as of December 31, 2017 and \$11.2 million as of November 30, 2017 with an increase of \$1,320,085.



- The total amount increased due to standby revenues received and final grant reimbursement for the Department of Water Resources Proposition 50 grant.

Unrestricted Cash and Investment Portfolio has a market value of \$6.2 million, with average maturity of 1.1 years and a weighted average yield of 1.76%. The Investment Portfolio has an increase of \$367,000 over the previous month due to investments that matured the last week in November and have been reinvested in the month of December.

- Cash in Bank increased by \$946,000 compared to the prior month. This is mainly due to stand by revenues collected within the month.
- LAIF Investment remained consistent compared to the prior month.

Restricted Cash and Investment Portfolio balances has increased slightly due to temporary market rate fluctuations compared to the prior month. The restricted portfolio has market value of \$2.3 million, with average maturity of 3.1 years and a weighted average yield of 1.76%.

Local Agency Investment Fund (LAIF)

The District maintains a liquidity cushion in the form of cash on hand in its service bank and LAIF deposits. The LAIF average effective investment yield increased by 0.029% from the prior month. Interest income is calculated and received quarterly. The District has \$2.1 million available with a one-day liquidity with LAIF in the Unrestricted Portfolio.

Local Agency Investment Fund (LAIF) Average Monthly Effective Yield	
November 2017	1.172%
October 2017	1.143%
September 2017	1.111%
August 2017	1.084%
July 2017	1.051%
June 2017	0.978%
May 2017	0.925%
April 2017	0.884%
March 2017	0.821%
February 2017	0.777%
January 2017	0.751%
December 2016	0.719%

Combined Portfolio Yield

- The combined Unrestricted and Restricted Portfolios yield is 1.26% which represents a slight decrease from the previous month’s yield of 1.34%.

FISCAL IMPACTS:

Changes in Unrestricted Portfolio Value

The Unrestricted Portfolio represents the cash readily available for spending by the District, while the Restricted Portfolio is reserved per the terms of the 2010A COPs purchase agreement.

Unrestricted Investment Portfolio and Industry Evaluation Criteria

The summary below offers insight into the monthly balances in the Unrestricted Portfolio over the last four fiscal years.

History of Unrestricted Investment Portfolio				
Cash in Bank, LAIF Investment, Unrestricted Investments				
	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
July	9,951,781	12,066,629	12,290,229	12,439,676
August	9,057,259	12,024,666	11,607,057	9,872,112
September	9,032,475	10,670,142	11,547,990	10,583,431
October	9,001,148	10,614,835	12,097,102	10,934,477
November	8,966,162	10,566,632	12,005,138	10,925,792
December	10,279,587	12,281,896	13,297,465	12,124,511
January		12,715,133	13,796,426	13,171,368
February		13,271,320	13,933,119	13,399,669
March		13,230,631	13,720,627	12,460,119
April		13,812,273	12,575,920	13,049,208
May		12,575,565	15,042,926	14,179,506
June		12,133,132	14,890,727	12,542,233
Average/Month	9,381,402	12,163,571	13,067,060	12,140,175

Standard & Poor’s published its current ‘Rating Methodology and Assumptions’ guidelines in January 2016. The guidelines offer comprehensive evaluation criteria to credit analysts in their approach to an enterprise operation like Central Basin.

Exhibit “E” reflects the 2016 Bonds refunded in October 2016 currently held in an escrow account with MUFG Union Bank.

The District is characterized at a level 3, ‘Good’ standing based on Standard and Poor’s Unrestricted Net Position and Liquidity Evaluation Criteria below.

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Standard & Poor's Unrestricted Net Position and Liquidity Evaluation Criteria	
Actual Cash	Characterization
More than \$75 Million	Level 1 'Strong'
\$20 Million to \$75 Million	Level 2 'Good'
\$5 Million to \$20 Million	Level 3 'Good'
\$1 Million to \$5 Million	Level 4 'Standard'
\$500,000 to \$1 Million	Level 5 'Standard'
Less than \$500,000	Level 6 'Vulnerable'

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance & Audit Committee on January 11, 2018 and agendized to the January 22, 2018 Board meeting Consent Calendar.

RECOMMENDED MOTION:

Receive and file.

EXHIBITS:

- Exhibit "A" – Treasurer’s Cash and Investment Report
- Exhibit "B" – Unrestricted Portfolio – Schedule of Investments
- Exhibit "C" – 2010A COP Reserve Fund – Schedule of Investments
- Exhibit "D" – Total Portfolio Information Report
- Exhibit "E" – 2016A Bond – Schedule of Investments

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**Central Basin Municipal Water District
Treasurer's Cash and Investment Report
as of 12/31/2017**


	<u>Month End Balance</u>
<u>Unrestricted Funds</u>	
Net Cash Available	\$ 1,999,399
LAIF (Note 1)	2,067,397
Investments (See Exhibit B)	<u>6,212,792</u>
	<u>\$ 10,279,587</u>
 <u>Restricted Funds</u>	
Bond Reserve Fund-2010 COP Bonds (Note 2/ Exhibit C)	<u>2,270,094</u>
	<u>2,270,094</u>
	<u>\$ 12,549,681</u>

NOTES:

- (1) Local Agency Investment Fund (LAIF) interest is computed daily on balances outstanding. LAIF yield for month ending November 2017 was 1.172%.

- (2) Bond Reserve is invested in qualified instruments of Federal government agencies per the terms of the 2010 COPS Installment Purchase Agreement. Union Bank is the trustee for this reserve fund.

I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the District's estimated expenditures for the next six months.


 Prepared by: Dorrett Lambey, Deputy Treasurer
 Submitted/Approved By Andrew Hamilton, Finance Director



Central Basin Municipal Water District
Unrestricted Portfolio - Schedule of Investments
December 31, 2017

Type	Agency	CUSIP	Moody's	S&P	Fitch	Purchase Date	Maturity Date	Days to Mat.	Years to Mat.	Purchase Price	Maturity Value	Discount/ Premium	Market Value	Unrealized Gain (Loss)	Interest Rate	Yield to Maturity	Annual Interest Payments
Negotiable CD	ZBNA INSTL CTE DEP	98778BHW1	AAA	AA+	AAA	4/5/2017	7/5/2018	186	0.5	\$ 245,000	\$ 245,000	\$ -	\$ 244,984	\$ (16)	1.200%	1.200%	\$ 2,940.00
Negotiable CD	Capital One Nat Assoc	14043RBD7	AAA	AA+	AAA	10/27/2015	10/22/2018	295	0.6	\$ 245,000	\$ 245,000	\$ -	\$ 245,117	\$ 117	1.600%	1.600%	\$ 3,958.00
Negotiable CD	Banquefirst Nat Assoc	066518DA4	AAA	AA+	AAA	3/29/2017	9/28/2018	271	0.7	\$ 245,000	\$ 245,000	\$ -	\$ 245,638	\$ (662)	1.400%	1.400%	\$ 3,444.00
Negotiable CD	Ally Bank Middle	02006LZ96	AAA	AA+	AAA	10/27/2017	10/1/2018	274	0.8	\$ 245,000	\$ 245,000	\$ -	\$ 244,539	\$ (461)	1.350%	1.350%	\$ 3,397.50
Agency Bond	FHLB	3130ACF33	AAA	AA+	AAA	10/29/2016	9/13/2021	1352	3.7	\$ 243,778	\$ 243,778	\$ 1,822	\$ 241,761	\$ (1,437)	1.875%	1.960%	\$ 4,593.75
Agency Bond	BMW BANK NORTH AMERICA	3130AELS4	AAA	AA+	AAA	10/29/2016	10/29/2018	302	0.8	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 1,988,520	\$ (11,380)	1.750%	1.750%	\$ 22,400.00
Negotiable CD	Franklin Synergy Bank	06580AHR4	AAA	AA+	AAA	4/28/2017	10/19/2018	262	0.8	\$ 245,000	\$ 245,000	\$ -	\$ 244,936	\$ (64)	1.400%	1.400%	\$ 3,430.00
Negotiable CD	Sallie Mae Bank	35471TDD1	AAA	AA+	AAA	4/19/2017	3/29/2019	453	1.2	\$ 245,000	\$ 245,000	\$ (123)	\$ 244,331	\$ (667)	1.550%	1.550%	\$ 3,185.00
Negotiable CD	Capital One Nat Assoc	14043RBD7	AAA	AA+	AAA	4/27/2017	4/22/2019	477	1.3	\$ 245,000	\$ 245,000	\$ (123)	\$ 244,331	\$ (667)	1.550%	1.550%	\$ 3,185.00
Agency Bond	FFCB	31331YYR8	AAA	AA+	AAA	9/16/2013	2/27/2018	58	0.2	\$ 113,309	\$ 100,000	\$ (13,209)	\$ 100,530	\$ (12,679)	4.570%	4.650%	\$ 3,920.00
Negotiable CD	FFCB	3131SSY6	AAA	AA+	AAA	8/16/2013	3/29/2018	88	0.2	\$ 247,396	\$ 215,000	\$ (32,396)	\$ 216,967	\$ (10,429)	6.070%	6.070%	\$ 10,900.50
Negotiable CD	Colman Sachs Bank	36161TR6G	AAA	AA+	AAA	5/27/2014	5/16/2018	136	0.4	\$ 244,187	\$ 245,000	\$ 813	\$ 245,007	\$ (821)	1.600%	1.600%	\$ 3,920.00
Negotiable CD	Morgan Stanley	61780ADR7	AAA	AA+	AAA	8/26/2017	9/3/2019	511	1.7	\$ 245,000	\$ 245,000	\$ -	\$ 247,288	\$ (2,288)	1.750%	1.750%	\$ 4,340.00
Corporate Bond	Sallie Mae Bank	795460E66	AAA	AA+	AAA	4/3/2017	8/6/2018	218	0.8	\$ 346,889	\$ 247,000	\$ 1,112	\$ 247,220	\$ (1,331)	1.700%	1.700%	\$ 4,195.00
Negotiable CD	Apple Inc	037833AQ3	AA1	AA+	N/A	8/12/2014	5/6/2019	491	1.3	\$ 100,700	\$ 100,000	\$ (700)	\$ 100,230	\$ (470)	2.100%	2.100%	\$ 2,100.00
Negotiable CD	State Bank of India	866264Z98	AAA	AA+	AAA	9/27/2013	9/15/2019	619	1.7	\$ 244,786	\$ 245,000	\$ 2,206	\$ 245,282	\$ (496)	2.150%	2.150%	\$ 6,267.50
Negotiable CD	Discover Bank	254572AM0	AAA	AA+	AAA	10/6/2014	10/1/2019	639	1.8	\$ 244,022	\$ 245,000	\$ 978	\$ 245,860	\$ (838)	1.850%	1.850%	\$ 2,312.50
Negotiable CD	Wells Fargo Bank	849763L07	AAA	AA+	AAA	12/9/2017	12/9/2019	703	1.9	\$ 125,000	\$ 125,000	\$ -	\$ 124,548	\$ (452)	2.000%	2.000%	\$ 4,990.00
Negotiable CD	First Tech, Federal Cre	33715LB55	AAA	AA+	AAA	12/19/2017	12/16/2019	715	2.0	\$ 249,000	\$ 249,000	\$ -	\$ 248,985	\$ (15)	2.000%	2.000%	\$ 4,990.00
TOTALS													\$ 6,212,792	\$ (64,482)	\$ 6,148,310	\$ 102,942.75	

Acknowledged and certified that these investments are in accordance with the District's investment policy.

Prepared by: *[Signature]*
Submitted/Approved by: Andrew Hamilton, Finance Director



Central Basin Municipal Water District
 2010A COP Reserve Fund - Schedule of Investments
 December 31, 2017

Type	Agency	CUSIP	Rating		Purchase Date	Maturity Date	Days to Mat.	Years to Mat.	Purchase Price	Maturity Value	Discount/ (Premium)	Market Value	Unrealized Gain (Loss)	Interest Rate	Yield to Maturity
			Moody's	S&P											
Money Market	Blackrock T-Fund	09248U715	AAA	AA+	12/31/2017	11/1/2018	1	0.0	\$ 23,545	\$ 23,545	\$ -	\$ 23,545	\$ -	0.920%	0.970%
Agency Bond	FFCB	3133EGC29	AAA	AA+	11/2/2016	11/2/2020	1,037	2.8	\$ 260,000	\$ 280,000	\$ -	\$ 254,371	\$ (5,629)	1.350%	1.380%
Agency Bond	FHLB	3130ARW66	AAA	AA+	8/25/2016	8/25/2020	966	2.7	\$ 830,000	\$ 830,000	\$ -	\$ 816,687	\$ (13,313)	1.400%	1.420%
Agency Bond	FHLB	3130ATZX6	AAA	AA+	5/31/2016	5/25/2021	1,241	3.4	\$ 200,000	\$ 200,000	\$ -	\$ 195,550	\$ (4,450)	1.600%	1.640%
Agency Bond	FHLMC	3134GBTT9	AAA	AA+	6/30/2017	6/29/2021	1,276	3.5	\$ 980,000	\$ 989,258	\$ (743)	\$ 979,942	\$ (10,058)	1.875%	1.890%
TOTALS										\$ 2,302,802	\$ (743)	\$ 2,270,094	\$ (33,451)	Avg. Years to Mat. 3.1	Weighted Avg. Yield 1.63%

Acknowledged and certified that these investments are in accordance with the District's investment policy.

[Signature]
 Dorrett Lambey/Deputy Treasurer

Andrew Hamilton, Finance Director

Prepared by:
 Submitted/Approved by:



Total Portfolio Information Report

Type	Total Market Value/Balance	Weighted Average Yield Per Investments Class	Weighted Avg. Days to Maturity	Weighted Avg. Years to Maturity	Average Years to Maturity Per Type	% of Total Portfolio	Allowed Per Investment Policy
Cash in Bank	\$ 1,999,399	0.00%	-	-	-	15.9%	N/A
Money Market	\$ 23,545	0.00%	0.00	0.00	-	0.2%	20%
LAIF	\$ 2,067,397	0.15%	0.16	0.00	0.00	16.5%	N/A
Negotiable CD	\$ 3,564,693	0.46%	114.01	0.31	0.88	28.4%	30%
Corporate Bond	\$ 100,230	0.02%	3.92	0.01	0.62	0.8%	10%
Agency Bond	\$ 4,794,418	0.63%	278.87	0.76	1.57	38.2%	N/A
Total	\$ 12,549,681	1.26%	396.97	1.09		100.0%	

(1)

Total Portfolio Yield (2)		1.26%
LAIF Yield		1.08%
Yield Performance Index (CB to LAIF)		116%

(1)- Maximum of 40mm total deposit allowed in LAIF



Central Basin Municipal Water District
 2016A - Escrow Account Portfolio - Schedule of Investments
 December 31, 2017

Type	Agency	CUSIP	Moody's	Rating S&P	Fitch	Purchase Date	Maturity Date	Days to Mat.	Years to Mat.	Purchase Price	Maturity Value	Discount/Premium	Market Value	Unrealized Gain (Loss)	Interest Rate	Yield to Maturity
Money Market	Uninvestd Cash	904UC2491	AAA	AAA+	AAA	12/31/2017	1/1/2018	1	0.0	\$	0.18	\$	0.18	\$	0.000%	0.000%
US Treasury	State and Local Gov	855SLGB06	N/A	N/A	N/A	10/13/2016	8/1/2017	-152	-0.4	\$	111,904	\$	111,904	\$	0.710%	0.710%
US Treasury	State and Local Gov	855SLGBJ4	N/A	N/A	N/A	10/13/2016	2/1/2018	32	0.1	\$	1,727,300	\$	1,727,300	\$	0.800%	0.800%
US Treasury	State and Local Gov	855SLGLC8	N/A	N/A	N/A	10/13/2016	8/1/2018	213	0.6	\$	94,985	\$	94,985	\$	0.880%	0.880%
US Treasury	State and Local Gov	855SLGLD6	N/A	N/A	N/A	10/13/2016	2/1/2019	397	1.1	\$	1,755,403	\$	1,755,403	\$	0.960%	0.960%
US Treasury	State and Local Gov	855SLGLE4	N/A	N/A	N/A	10/13/2016	8/1/2019	578	1.6	\$	3,614,678	\$	3,614,678	\$	1.040%	1.040%
US Treasury	State and Local Gov	855SLGLF1	N/A	N/A	N/A	10/13/2016	2/1/2020	762	2.1	\$		\$		\$		
TOTALS																
										\$ 7,304,270	\$ 7,304,270	\$	\$ 7,304,270	\$	Avg. Yield Met. 1.6	Weighted Avg. Yield 0.96%

Acknowledged and certified that these investments are in accordance with the District's investment policy.

Prepared by: *Dorrell Lambe*
 Submitted/Approved by: Andrew Hamilton, Finance Director



JANUARY 11, 2018 – Finance & Audit
 Apodaca, Oskoui, Aceituno
JANUARY 22, 2018 - Board Meeting
 Prepared by: Dorrett Lambey
 Submitted by: Andrew Hamilton
 Approved by: Kevin P. Hunt, P.E.

CONSENT CALENDAR

FISCAL YEAR 2018 BUDGET PERFORMANCE REPORT AT NOVEMBER 30, 2017

SUMMARY:

This report summarizes the budgetary performance at November 30, 2017 Operating, Capital Improvement Projects (CIP), and Grants budgets. The spreadsheets that make up Exhibit “A” provide the basis for the report narrative.

The debt service coverage ratio calculation is an important measurement of the District’s financial performance and is closely monitored by external agencies. Quarterly publication, at a minimum of debt coverage ratios is required by the District’s Debt Management Policy. The District exceeds this requirement. Attached as Exhibit “C” are calculations, with accompanying narrative, of debt service coverage performance for the year to date and for prior fiscal years.

Report Timing

Five months, or 42% of the 12-month Fiscal Year is complete.

Operating Budget

The adopted operating budget for fiscal year 2018 estimated an operating margin of \$1.7 million and is currently inclusive of budget reductions approved by the Board of Directors in September 2017. At November 30, total revenue collections are \$16.3 million and total expenses are \$12.7 million. The excess revenue to expense is \$3.6M due to the Standby Charges Revenue accrued in October. Below is a summary.

	2017-2018	2018 Year-to-Date	2017 Year-to-Date	Variance			
				\$		% of	
				To Budget	Budget	To prior Year	Prior Year
	Budget	Actual	Actual				
Total Revenue	39,401,484	16,256,275	30,888,843	23,145,209	41.26%	\$ (14,632,568)	-90.01%
Water Cost	27,924,958	9,322,764	22,662,502	18,602,194	33.39%	\$ (13,339,738)	-143.09%
Net Revenue	11,476,526	6,933,511	8,226,341	4,543,015	60.41%	\$ (1,292,829)	-18.65%
Total Expenses	37,657,425	12,674,964	26,965,085	24,982,461	33.66%	\$ (14,290,121)	-112.74%
Water Cost	27,924,958	9,322,764	22,662,502	18,602,194	33.39%	\$ (13,339,738)	-143.09%
Operating Expenses	9,732,467	3,352,200	4,302,583	6,380,267	34.44%	\$ (950,383)	-28.35%
Net Operating Margin	1,744,059	3,581,311	3,923,758	(1,837,252)	205.34%	\$ (342,447)	-9.56%



Operating Revenues

Central Basin's operating revenue in FY 2018 is now budgeted at \$39.4 million compared to \$50.5 million previously.

Potable water sales and related surcharges are up slightly in FY 2018 over the prior year by \$92,000, or 1% due to the approved increase in administrative surcharge rate effective July 2017.

Replenishment sales of 5,300 acre feet were delivered in November, revenues will be reflected in December.

Recycled water sales and correlated Local Resource Program (LRP) income are up \$104,000, or 5.1% higher than the prior year, due to the approved rate increase and slightly higher sales.

Standby charges function as a direct property assessment to real estate parcel owners, and are collected by the District consistent with the County of Los Angeles' property tax remittance schedule. Notification in the amount of \$3.3 million has been confirmed.

Operating Expenses

Central Basin operating expenses in the FY 2018 amended budget are \$37.6 million due to budget reductions approved by the Board in September 2017. Of this amount, \$27.9 million in operating expenses are for the purpose of purchasing water for re-sale. These water costs are not discretionary as the District exercises little control over their size and composition.

\$9.7 million of the District's expense budget after reductions can be defined as discretionary. The spreadsheet that follows offers a summary of the District's discretionary spending on departmental and functional operations.

- Legal Services represents five months of activity and reflects an increase in spending due to Legal Counsel's review of the AB 1794 reimbursement filing with the State of California and two lawsuits related to AB 1794.
- Engineering and Operations increased due to work performed on the Rio Hondo and Century Pump Stations.
- Water Resources & Planning is at 44% of budget due to already being billed annually by the San Gabriel River Watermaster.



District Departmental/Functional Operations Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	
	<u>Budget</u>	<u>Actual</u>	<u>%</u>	<u>Over</u>	<u>Prior Y-T-D</u>
				<u>Prior Year</u>	<u>Actual</u>
Administration & Board Services	1,037,151	401,665	39%	(8,244)	409,909
Legal Services & Settlements	262,000	180,270	69%	(58,787)	239,057
Finance Department	905,273	358,004	40%	2,360	355,644
Debt Service Interest	2,385,073	319,627	13%	17,015	302,612
Human Resources	904,976	364,504	40%	(162,612)	527,116
Public Affairs	774,808	280,596	36%	(66,006)	346,602
Engineering & Operations	1,993,221	873,032	44%	108,808	764,224
Water Resources & Planning	658,451	292,788	44%	148,783	144,005
Information Technology & Building Srvc	807,514	278,493	34%	(47,610)	326,103
Departmental Operations Expense	9,728,467	3,348,979	34%	(66,294)	3,415,273

Revenue vs. Expense Summary Analysis

Information derived from Exhibit "A" offers snapshots of important budgetary performance areas.

The spreadsheet below summarizes the performance of potable water sales and related surcharges against water purchases. This portrait displays a core business function of the District.

Potable Water Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	2017-2018	Year-to-Date		Increase/(Decrease)	
	<u>Budget</u>	<u>Actual</u>	<u>%</u>	<u>Over</u>	<u>Prior Y-T-D</u>
				<u>Prior Year</u>	<u>Actual</u>
Potable Sales & Surcharges	20,535,000	9,567,336	47%	92,496	9,474,840
Potable Purchases	18,444,500	8,576,823	47%	(107,544)	8,684,368
Net Revenue Potable Water	2,090,500	990,513	47%	200,041	790,472

Note: The District bills customers for the prior month, hence revenues recorded are as of the prior month.

Recycled water delivery and income represent the second core component of the District's business model, as shown in the following spreadsheet.



Recycled Water Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	
	<u>Budget</u>	<u>Actual</u>	<u>%</u>	<u>Over</u>	<u>Prior Y-T-D</u>
				<u>Prior Year</u>	<u>Actual</u>
Recycled Sales & LRP	4,232,500	2,093,629	49%	111,240	1,982,389
Recycled Water & Capital Credit Costs	1,992,221	867,691	44%	61,589	806,102
Gross Revenue Recycled Water	2,240,279	1,225,939	55%	49,651	1,176,287

Note: The District bills recycled water for the previous two month, hence revenues recorded are for two months prior.

The District’s LRP revenue and capital credits expense are combined with recycled water costs to financially analyze recycled water operations.

Through an LRP agreement with MWD currently in place, the District receives \$250 per acre foot for a portion of recycled water sold in the service area. This contract is in place until June 30, 2019. The District budgeted LRP revenue of \$749,500 for FY 2018.

There is an expense component to the District’s LRP activities in the form of capital credit agreements. The District entered into agreements with the City of Vernon and Upper San Gabriel Valley Municipal Water District (USGVMWD) to repay capital costs each incurred for construction activities. The payments are triggered by recycled water use in acre-feet and are limited to re-payment of their costs. Both contracts expired on June 30, 2017. A new contract was approved by the Board for (USGVMWD) which provides a \$90 per acre foot capital credit.

Shown separately from recycled water income and expense, LRP activities are displayed below.

Local Resource Program (LRP) Pass-through Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	
	<u>Budget</u>	<u>Actual</u>	<u>%</u>	<u>Over</u>	<u>Prior Y-T-D</u>
				<u>Prior Year</u>	<u>Actual</u>
LRP Revenue	749,500	358,225	48%	(282,950)	641,175
Capital Credits:USGVMWD	4,000	3,221	81%	(45,142)	48,363
Net LRP	745,500	355,004		(237,808)	592,812

Replenishment water delivery and income make up the third core component of the District’s revenue sources. Replenishment sales, while subject to long-term agreement with the Water Replenishment District (WRD), are not take-or-pay in nature, and this means that the District cannot rely on this source of income on a recurring basis.



Replenishment sales commence for the month of November from WRD. The District currently budgeted the sale of 10,400 AF in FY 2018. There were 32,689 AF sold in FY 2017.

Beginning in FY 2016, the District modified its collection methodology for Readiness-to-Serve (RTS) charge. Using the MWD approach, we now assess the RTS to our customers on the basis of a four-year user average. MWD adjusts its rate on a calendar year basis, while the District adjusts its rate on a fiscal year basis. Therefore, in the first six months of the fiscal year RTS revenues will be more than the cost. For the second half of the fiscal year, expenditures will exceed revenues; thereby matching the revenues against the cost at the end of the fiscal year.

Readiness-to-Serve (RTS) Pass-through Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	Prior Y-T-D
	Budget	Actual	%	Over	Actual
				Prior Year	
RTS Revenue	866,750	301,595	35%	(305,697)	607,292
RTS Expense	866,750	238,531	28%	(258,323)	496,854
Net RTS Revenue	0	63,064		(47,374)	110,438

Capacity charge, similar to revenue and expense are expected to offset at end of the year.

Capacity Charges Pass-through Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	Prior Y-T-D
	Budget	Actual	%	Over	Actual
				Prior Year	
Capacity Charge Revenue	564,308	245,340	43%	(111,613)	356,953
Capacity Charge Expense	564,308	245,333	43%	(93,021)	338,354
Net Capacity Revenue	-	7		(18,592)	18,599

The Water Quality Protection Program (WQPP) was established years ago to mitigate the effects of contaminants in a portion of the service area. The program is and has been pass through in nature each year, and the net WQPP amount displayed below will return to \$0 at the end of each fiscal year. Year-end accounting adjustments play a crucial role in managing this program.



Water Quality Protection Program (WQPP) Pass-through Revenue vs. Expense Summary					
41.66% of Fiscal Year Complete					
	Year-to-Date	Year-to-Date		Increase/(Decrease)	
	<u>Budget</u>	<u>Actual</u>	<u>%</u>	<u>Over</u>	<u>Prior Y-T-D</u>
				<u>Prior Year</u>	<u>Actual</u>
WQPP Revenue	860,400	357,050	41%	92,683	264,368
WQPP Expense	821,400	262,076	32%	186,437	75,639
Net WQPP	39,000	94,974		(93,755)	188,728

Capital Improvement Projects (CIP) Budget Report

The District adopted \$1.39 million in capital spending plans this year. Currently, the District is conducting work on the recycled distribution system. The District paid \$97,000 in capital expenditures to date.

Grants Projects Budget Report

The District is awaiting approval of the first claim for Fiscal Year 2018 for the Proposition 84 Gateway Cities Recycled Water Expansion Program submitted October 2017. The District paid out a total of \$25,304 in Proposition 84 grant funds for this fiscal year: \$3,704 for Southeast Water Efficiency Program and \$21,600 for Gateway Cities Recycled Water Expansion.

The District currently has a grant receivable of \$972,871 pending collection for the Proposition 84 Gateway Cities Recycled Water Expansion Program and Southeast Water Efficiency Program.

Retention in the amount of \$86,000 has been collected in the month of December for Proposition 50 Department of Water Resources Grant.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance & Audit Committee on January 11, 2018 and agendized to the January 22, 2018 Board meeting Consent Calendar.



RECOMMENDED ACTION:

Receive and file.

EXHIBITS:

Exhibit "A" – All Budgeted Funds, Operating, Water Sales in Acre feet

Exhibit "B" – Summary of Monthly Water Sales and LRP Recycling Subsidy

Exhibit "C" – Debt Coverage Ratios and Credit Ratings

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Operating Statement of Revenues and Expense Report
Five Month Ended November 30, 2017
41.66% of Fiscal Year Complete

	2017-2018	2018 Year-to-Date	2017 Year-to-Date	Variance			
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	\$ <u>To Budget</u>	% of <u>Budget</u>	\$ <u>To prior Year</u>	% of <u>Prior Year</u>
Revenues							
Potable Imported Water							
MWD Commodity	\$ 18,444,500	\$ 8,577,300	\$ 8,643,545	(9,867,200)	46.50%	\$ (66,244)	-0.77%
Administrative Surcharge & Late Pmt Fee	2,090,500	990,036	646,563	(1,100,464)	47.36%	\$ 343,473	34.69%
Infrastructure Surcharge	-	-	184,733	0	0.00%	\$ (184,733)	0.00%
MWD Passthrough - RTS	866,750	301,595	607,292	(565,155)	34.80%	\$ (305,697)	-101.36%
MWD Passthrough - Capacity	564,308	245,340	356,953	(318,968)	43.48%	\$ (111,613)	-45.49%
Replenishment Water							
MWD Commodity	7,228,000	-	13,067,290	(7,228,000)	0.00%	\$ (13,067,290)	0.00%
Administrative Surcharge	728,000	-	1,539,919	(728,000)	0.00%	\$ (1,539,919)	0.00%
Water Meter Service Charge	709,398	292,913	243,865	(416,485)	41.29%	\$ 49,048	16.74%
Recycled Water							
Recycled Water Sales	3,483,000	1,735,404	1,341,214	(1,747,596)	49.82%	\$ 394,190	22.71%
Local Resource Program (LRP) Rebate	749,500	358,225	641,175	(391,275)	47.80%	\$ (282,950)	-78.99%
Contractual Administrative Fee	11,800	3,517	10,847	(8,283)	29.80%	\$ (7,330)	-208.44%
Water Quality Protection Program (WQPP)	860,400	357,050	264,368	(503,350)	41.50%	\$ 92,683	25.96%
Standby Charges & Interest & Penalties	3,268,840	3,266,792	3,267,318	(2,048)	99.94%	\$ (526)	-0.02%
Investment Earnings	150,000	92,852	60,531	(57,148)	61.90%	\$ 32,322	34.81%
Interest and Penalty	20,000	16,185	12,422	(3,815)	80.93%	\$ 3,763	0.00%
Miscellaneous	226,488	19,065	808	(207,423)	8.42%	\$ 18,256	0.00%
Total Operating Revenue	\$ 39,401,484	\$ 16,256,275	\$ 30,888,843	(23,145,209)	41.26%	\$ (14,632,568)	-90.01%
Expenses							
Potable Imported Water Costs							
Full Service	\$ 18,444,500	\$ 8,576,823	\$ 8,684,368	9,867,677	46.50%	\$ (107,544)	-1.25%
MWD Passthrough - RTS	866,750	238,531	496,854	628,219	27.52%	\$ (258,323)	-108.30%
MWD Passthrough - Capacity	564,308	245,333	338,354	318,975	43.48%	\$ (93,021)	-37.92%
Capital Credits	4,000	3,221	48,363	779	80.53%	\$ (45,142)	-1401.46%
Replenishment	7,228,000	-	13,067,287	7,228,000	0.00%	\$ (13,067,287)	#DIV/0!
District Administration							
Department Administration	678,341	265,113	281,995	413,228	39.08%	\$ (16,882)	-6.37%
Board Services	358,810	136,552	127,915	222,258	38.06%	\$ 8,638	6.33%
Finance Department							
Department Administration	803,663	342,833	348,144	460,830	42.66%	\$ (5,311)	-1.55%
Standby Charge Administration	101,610	15,171	7,500	86,439	14.93%	\$ 7,671	50.56%
Bond Administration 2008 B COPs	542,460	156,974	171,163	385,486	28.94%	\$ (14,189)	-9.04%
Bond Administration 2010 A COPs	1,480,613	131,086	131,449	1,349,527	8.85%	\$ (363)	-0.28%
Bond Administration 2016 COPs	362,000	31,567	227,427	330,433	8.72%	\$ (195,861)	-620.47%
Human Resources	904,976	364,504	527,116	540,472	40.28%	\$ (162,612)	-44.61%
External Affairs							
Department Administration	599,128	240,195	256,223	358,933	40.09%	\$ (16,028)	-6.67%
Education	80,250	8,210	9,036	72,040	10.23%	\$ (826)	-10.06%
Government Relations	17,480	612	58,719	16,868	3.50%	\$ (58,107)	-9493.27%
Communications, Outreach & Events	77,950	31,579	22,624	46,371	40.51%	\$ 8,955	28.36%
Water Resources & Planning							
Department Administration	481,770	164,759	186,519	317,011	34.20%	\$ (21,760)	-13.21%
Water Resources	176,681	128,029	144,005	48,652	72.46%	\$ (15,976)	-12.48%
Engineering & Recycled Water Operations							
Department Administration	-	-	-	0		\$ -	
Engineering & Recycled Water Operations	1,996,421	873,551	766,962	1,122,870	43.76%	\$ 106,589	12.20%
Water Quality Protection Plan (WQPP)	821,400	262,076	75,639	559,324	31.91%	\$ 186,437	71.14%
Recycled Water Customer Development	9,800	358	-	9,442	3.65%	\$ 358	100.00%
Information Technology							
Department Administration	245,986	100,842	102,186	145,144	40.99%	\$ (1,344)	-1.33%
IT & Building Services	561,528	177,651	223,917	383,877	31.64%	\$ (46,266)	-26.04%
Miscellaneous	-	7,405	-	(7,405)	0.00%	\$ 7,405	100.00%
Legal Services	262,000	180,270	239,057	81,730	68.81%	\$ (58,787)	-32.61%
Legal Settlement	-	-	425,000	0	#DIV/0!	\$ (425,000)	#DIV/0!
Utilities - Electricity	(18,000)	(9,439)	(9,223)	(8,561)	52.44%	\$ (216)	2.29%
Interest Expense	5,000	1,157	6,485	3,843	23.14%	\$ (5,328)	-460.61%
Total Operating Expenses	\$ 37,657,425	\$ 12,674,964	\$ 26,965,085	24,982,461	33.66%	\$ (14,290,121)	-112.74%
Net Operating Margin	\$ 1,744,059	\$ 3,581,311	\$ 3,923,758	1,837,252	205.34%	\$ (342,447)	

LEGISLATIVE INTENT SERVICE (800) 666-1917



Water Sales and LRP Recycling Subsidy Summary

November 30, 2017

Potable Water Sales (in AF)			
	FY 16	FY 17	FY 18
July	2,407.1	2,012.6	1,855.7
August	2,382.5	2,137.2	1,987.6
September	2,328.8	1,781.5	1,756.6
October	2,150.8	1,717.1	1,739.8
November	1,930.0	1,570.9	1,421.7
December	2,143.5	1,368.8	
January	1,909.4	1,289.1	
February	1,711.8	1,006.8	
March	1,536.9	1,189.2	
April	1,653.8	1,319.3	
May	1,755.5	1,516.8	
June	1,707.8	1,597.8	
Sales	23,618	18,507	8,761
Budget	30,000	30,000	18,500
%	79%	62%	47%

Replenishment Water Sales (AF)			
	FY 16	FY 17	FY 18
July	0.0	0.0	0.0
August	0.0	0.0	0.0
September	0.0	0.0	0.0
October	0.0	10,144.8	0.0
November	0.0	11,854.0	0.0
December	11,546.2	9,953.6	
January	855.5	0.1	
February	0.0	736.9	
March	7,233.4	0.0	
April	0.0	0.0	
May	0.0	0.0	
June	0.0	0.0	
Sales	19,635	32,689	0
Budget	15,000	31,000	25,000
%	131%	105%	0%

Recycled Water Sales (AF)			
	FY 16	FY 17	FY 18
July	491.3	491.7	564.9
August	535.5	553.1	573.9
September	545.1	643.6	505.1
October	578.5	519.9	480.9
November	430.2	356.4	419.4
December	344.6	327.3	
January	286.0	176.4	
February	187.9	134.4	
March	272.0	127.6	
April	252.2	250.6	
May	329.8	389.9	
June	432.0	475.6	
Sales	4,685	4,447	2,544
Budget	5,407	4,858	5,300
%	87%	92%	48%

Recycling LRP Subsidy			
	FY 16	FY 17	FY 18
July	122,778	122,925	56,323
August	133,715	138,275	61,075
September	136,204	160,900	54,028
October	143,148	129,975	53,020
November	106,858	89,100	43,000
December	86,150	81,825	
January	71,500	44,100	
February	118,475	33,600	
March	-3,500	31,900	
April	63,050	62,650	
May	174,315	97,475	
June	16,135	118,900	
Subsidy	1,168,828	1,111,625	267,445
Budget	1,452,750	1,214,500	749,500
%	80%	92%	36%



Net Revenue & Debt Coverage Ratio Calculations

Five Month Ended November 30, 2017

41.66% of Fiscal Year Complete

Revenue	Budget	At 11/30/17	%
Operating Revenue			
Potable Water Sales	\$ 2,090,500	\$ 990,513	47%
Replenishment Water Sales	728,000	-	0%
Recycled Water Sales	3,494,800	1,738,921	50%
MWD LRP Rebate	749,500	358,225	48%
RTS	-	63,064	100%
Capacity Charge	-	7	100%
WQPP	860,400	357,050	41%
Water Service Meter Charge	709,398	292,913	41%
Subtotal Operating Revenue	<u>\$ 8,632,598</u>	<u>\$ 3,800,693</u>	44%
Non-Operating Revenue			
Standby Charge	3,268,840	3,266,792	100%
Investment Earnings	150,000	92,852	62%
Miscellaneous Income	246,488	35,250	14%
Subtotal Non-Operating Revenue	<u>\$ 3,665,328</u>	<u>\$ 3,394,894</u>	93%
	<u>\$ 12,297,926</u>	<u>\$ 7,195,588</u>	59%
Expense			
Operating Expense			
District Administration	\$ 1,037,151	\$ 401,665	39%
General Counsel	262,000	180,270	69%
Finance	803,663	342,833	43%
Capital Credits	4,000	3,221	81%
Standby Charge Administration	101,610	15,171	15%
Human Resources	904,976	364,504	40%
External Affairs	774,808	280,596	36%
Engineering & Recycled Water Operations	1,993,221	873,032	44%
WQPP	821,400	262,076	32%
Water Resources & Planning	658,451	292,788	44%
IT & Building	807,514	278,493	34%
Subtotal Operating Expense	<u>\$ 8,168,794</u>	<u>\$ 3,294,649</u>	40%
Total Expense	<u>\$ 8,168,794</u>	<u>\$ 3,294,649</u>	40%
Net Revenue	<u>\$ 4,129,132</u>	<u>\$ 3,900,938</u>	



Net Revenue & Debt Coverage Ratio Calculations

Five Month Ended November 30, 2017

41.66% of Fiscal Year Complete

Debt Service (Displayed as Equal Monthly Increments for Consistency of DCR Calculation)

2008 COPs (Principal)	\$ 300,000		\$ 125,000	42%
2008 COPs (Interest)	380,156		\$ 158,398	42%
2010 COPs (Principal)	1,120,000		\$ 466,667	42%
2010 COPs (Interest)	1,468,813		\$ 612,005	42%
2016 COPs (Interest)	362,000		\$ 150,833	42%
2016 COPs (Principal)	-		\$ -	
Total Debt Service	\$ 3,630,968	\$ 3,630,968	\$ 1,512,903	42%

Debt Coverage Ratios

In May 2010, the District issued \$37,935,000 in Refunding Certificates of Participation to refinance prior debt and to finance capital improvements to the recycled water system. The Official Statement and Installment Purchase Agreement that record the borrowing obligate the District to "fix, prescribe and collect rates and charges for the water service which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to one-hundred fifteen percent (115%) of Debt Service for such Fiscal Year." This requirement is expressed as the "debt coverage ratio."

The debt coverage ratio (DCR) not only measures our performance in meeting our legal obligation to achieve a minimum ratio of 115%, it is also used by Moody's Investor Service and Standard & Poor's to assign credit ratings to the District.

The DCR is determined by dividing Net Revenue by Debt Service.	FY 2018 Budget	FY 2018 At 11/30/17
Net Revenue	4,129,132	3,900,938
Divided by		
Debt Service	3,630,968	3,630,968
 Moody's Method (The District targets 150%. 115% is minimum acceptable)	 114%	 107%
 US Bank Method (Minimum 115% target in accordance with Installment Purchase Agreement. However, US Bank eliminates External Affairs expenses from its calculation, and this increases the DCR)	 135%	 115%





JANUARY 11, 2018 - Finance & Audit
 Apodaca, Oskoui, Aceituno
JANUARY 22, 2018 - Board Meeting
 Prepared by: Sharon Kumar
 Submitted by: Sharon Kumar
 Approved by: Kevin P. Hunt, P.E.

CONSENT CALENDAR

FISCAL YEAR 2018 CONTRACTS REPORT AT DECEMBER 31, 2017

Background

Administrative Code Part 5, Chapter 1, Article 1, Section 1.5 C(c) and Section 1.16 require the General Manager to report on all contracts engaged by the District on a quarterly basis.

The attached contracts report meets the requirements of the Administrative Code for the quarter ending December 31, 2017.

Report Composition

The disclosure of all active Central Basin contracts is divided into five exhibits that are consistent with the procurement processes established in the Administrative Code, Chapter 5.

- **Exhibit A – Informal Solicitations** -- Contracts engaged through informal solicitation (contract value less than \$25,000), executed under General Manager’s authority as approved to form by General Counsel.
- **Exhibit B – Formal Solicitations** -- Contracts engaged through formal solicitation (contract value \$25,000 or more), approved by the Board of Directors, executed by the General Manager, and approved as to form by General Counsel.
- **Exhibit C – Exceptions to Competitive Solicitation Requirements** -- Contracts engaged without competitive solicitation, and include sole-source and cooperative acquisitions, approved by the Board of Directors (if contract value \$25,000 or more), or approved by the General Manager (if contract value \$24,999.99 or less), executed by the General Manager, and approved as to form by General Counsel.
- **Exhibit D – Non-Procurement Agreements and Memorandum of Understanding** – These contracts and agreements are engaged through the non-procurement process, approved by the General Manager (contract value \$24,999.99 or less) or Board of Directors (contract value \$25,000 or more), executed by the General Manager, and approved as to form by General Counsel. Each non-procurement agreement is accorded distinct evaluation and review by the General Manager or Board of Directors. Provider agreements, real estate leases and easements, recycled water agreements, imported water agreements



and conservation programming partnerships agreements – all examples of non-procurement agreements – share attributes with sole-sourced procurements because the District engages a specific vendor for a unique service.

- **Exhibit E – Legal Services Contracts** – These are contracts engaged through formal solicitation and approved by the Board of Directors (if contract value is \$25,000 or greater), approved by the General Manager (if contract value is \$24,999.99 or less), executed by the General Manager, and approved as to form by General Counsel. Procurement of legal services conform to Informal and Formal solicitation requirements, but are presented separately in the Contracts Report to facilitate reader understanding of this important area of District expense.

FISCAL IMPACTS:

None.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance & Audit Committee on January 11, 2018 and was agendaized to the January 22, 2018 Board meeting Consent Calendar.

RECOMMENDED MOTION:

Receive and file.

EXHIBITS:

- Exhibit “A” - Informal Solicitations
- Exhibit “B” - Formal Solicitations
- Exhibit “C” - Exceptions to Competitive Bid Requirements
- Exhibit “D” - Non-Procurement Agreements and MOUs
- Exhibit “E” - Legal Services Contracts

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Informal Solicitations

Contracts engaged through Informal Solicitation (contract value \$25,000 or less) and executed under General Manager's authority as approved to form by General Counsel

Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2015-9	CEDARS-SINAI/MEDICAL CENTER	ADMINISTER EMPLOYEE ASSISTANT PROGRAM (EAP)	\$ 2,100.00	1	\$ 2,800.00	\$ 4,900.00	1	07/01/14 - 06/30/21
2015-45	ECIVIS, INC.	GRANT RESEARCH AND MANAGEMENT SERVICES	\$ 16,350.00	0	\$ -	\$ -	0	03/27/15 - 06/30/18
2016-28	LIGHTHOUSE SERVICES, INC.	ETHICS HOTLINE SERVICE PROVIDER	\$ 2,600.00	0	\$ -	\$ -	0	02/01/16 - 02/01/18
2016-34	LILLESTRAND LEADERSHIP CONSULTING, INC.	PROVIDING LEADERSHIP TRAINING TO DISTRICT STAFF	\$ 13,000.00	2	\$ 9,038.00	\$ 22,038.00	2	03/16/16 - 12/31/18
2018-04	MAILFINANCE-NEOPOST	LEASE OF POSTAGE MACHINE	\$ 20,416.80	0	\$ -	\$ -	0	07/01/17 - 06/30/22
2018-12	SILVERADO STAGES, INC./RYAN EXPRESS	CHARTER BUS SERVICES	\$ 20,000.00	0	\$ -	\$ -	0	09/15/17 - 06/30/18

Formal Solicitations

Contracts engaged through Formal Solicitation (contract value \$25,000 or greater), approved by the Board of Directors, executed by the General Manager, and approved as to form by General Counsel

Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2016-3	360 BUSINESS CONSULTING	WEBSITE MANAGEMENT & GRAPHIC DESIGN SERVICE.	\$ 150,000.00	3	\$ -	\$ -	3	07/01/15 - 12/31/18
2014-38	NIGRO NIGRO, PC.	PROFESSIONAL AUDITING SERVICES FOR FISCAL YEAR: FY2013-14, FY2014-15, FY2015-16, FY2016-17 & FY2017-18	\$ 75,000.00	1	\$ 51,890.00	\$ 126,890.00	0	04/02/14 - 04/30/19
2014-40	WILLDAN FINANCIAL SERVICES	STANDBY SERVICES	\$ 55,500.00	1	\$ 15,000.00	\$ 70,500.00	0	04/28/14 - 04/27/18
2016-32	NIXON PEABODY, LLP	INDEPENDENT ETHICS INVESTIGATIVE FIRM THAT WILL INVESTIGATE ALL ETHICAL COMPLAINTS MADE AGAINST BOARD MEMBERS AND STAFF THROUGH HOTLINE	\$ 100,000.00	0	\$ -	\$ -	0	02/05/16 - 02/04/19
2016-45	CELL BUSINESS EQUIPMENT (CBE)	LEASE OF SAMSUNG COPIER (FINANCE)	\$ 25,000.00	0	\$ -	\$ -	0	05/01/16 - 04/30/21
2016-47	TETRA TECH	LA MIRADA RECYCLED WATER PIPELINE PROJECT	\$ 660,000.00	1	\$ -	\$ -	0	05/23/16 - 12/31/18
2017-3	TOWNSEND PUBLIC AFFAIRS, INC.	GRANTS CONSULTING SERVICES	\$ 60,000.00	1	\$ 60,000.00	\$ 120,000.00	1	07/01/16 - 06/30/18
2017-19	UNION BANK	DISTRICT'S BANKING SERVICES FOR 3 YEARS ADOPTED ON RESOLUTION NO. 08-16-909	\$ -	0	\$ -	\$ -	0	08/08/16 - 08/07/19
2017-20	WEST YOST ASSOCIATES	RECYCLED WATER EXPANSION PROJECT FOR CITY OF LYNWOOD	\$ 214,697.00	3	\$ 26,969.70	\$ 241,666.70	1	12/16/16 - 06/30/18
2017-21	ADVANCED APPLIED ENGINEERING dba INFRASTRUCTURE ENGINEERS	RECYCLED WATER EXPANSION PROJECT FOR CITY OF BELL GARDENS	\$ 141,150.00	1	\$ -	\$ -	1	12/16/16 - 06/30/18
2017-28	GHD, INC.	ON CALL SERVICES FOR DESIGN & TECHNICAL SERVICES FOR RECYCLED WATER CUSTOMER DEVELOPMENT	\$ 150,000.00	0	\$ -	\$ -	0	02/16/17 - 06/30/19
2017-29	TETRA TECH	ON CALL SERVICES FOR DESIGN & TECHNICAL SERVICES FOR RECYCLED WATER CUSTOMER DEVELOPMENT	\$ 150,000.00	0	\$ -	\$ -	0	02/16/17 - 06/30/19
2017-32	SA ASSOCIATES	RECYCLED WATER EXPANSION PROJECT FOR CITY OF SOUTH GATE	\$ 324,000.00	1	\$ 31,430.00	\$ 355,430.00	0	03/14/17 - 06/30/18
2017-35	VALLEY SOIL, INC.	WATER-USE EFFICIENCY RETROFIT SERVICES	\$ 1,065,945.00	0	\$ -	\$ -	0	03/29/17 - 12/31/20
2017-38	CELL BUSINESS EQUIPMENT (CBE)	LEASE OF SAMSUNG COPIER (WORKROOM)	\$ 45,000.00	0	\$ -	\$ -	0	05/05/17 - 04/30/22

Formal Solicitations

Contracts engaged through Formal Solicitation (contract value \$25,000 or greater), approved by the Board of Directors, executed by the General Manager, and approved as to form by General Counsel

Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2017-39	WEST INTERACTIVE SERVICES CORPORATION dba CIVICLIVE	WEBSITE MANAGEMENT SERVICES	\$ 29,900.00	0	\$ -	-	0	06/13/17 - 06/30/19
2018-11	ALLTECH INDUSTRIES, INC.	SECURITY SERVICES FOR THE DISTRICT OFFICE	\$ 43,500.00	0	\$ -	-	0	09/01/17 - 06/30/19
2018-10	D.N.S. SOLUTION, INC.	JANITORIAL SERVICES FOR THE DISTRICT OFFICE	\$ 26,002.00	0	\$ -	-	0	09/01/17 - 06/30/19
2018-14	SEVERN TRENT ENVIRONMENTAL SERVICES, LLC	OPERATIONS & MAINTENANCE FOR RIO HONDO & CENTURY SYSTEM	\$ 4,110,254.00	0	\$ -	-	0	09/18/17 - 09/18/22
2018-17	W.A. BASIC CONSTRUCTION	RETROFIT CONSTRUCTION AT ACUNA PARK	\$ 33,400.00	0	\$ -	-	0	12/05/17 - 04/30/18
2018-22	RAMONA, INC.	UTC CONSTRUCTION PROJECT	\$ 482,050.00	0	\$ -	-	0	12/11/17 - 06/30/18



Exceptions to Competitive Solicitation Requirements

Contracts engaged without competitive solicitation, and include sole source and cooperative acquisitions, approved by the Board of Directors (contract value \$25,000 or greater), or executed by the General Manager (contract value up to \$24,999.99), and approved to form by General Counsel

Reporting Period:		Fiscal Year 2018 - October 1 to December 31, 2017						
Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2009-8	LA EXPRESS	STORAGE AND DELIVERY SERVICE. AMOUNT DEPENDS ON DELIVERY LOCATION.	estimated \$1,000 annually	0	\$ -	\$ -	0	08/25/08 - 01/01/99
2016-20	AMTECH ELEVATOR SERVICES	MAINTENANCE SERVICES TO DISTRICT'S ELEVATOR ON A QUARTERLY BASIS.	\$ 7,560.00	0	\$ -	\$ -	0	07/01/15 - 06/30/18
2016-27	SOFTWAREONE, INC.	USER LICENSES AGREEMENT FOR 25 DESKTOPS AND ALL SERVERS AT THE DISTRICT.	\$ 25,900.89	0	\$ -	\$ -	0	01/05/16 - 12/21/18
2016-40	ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE, INC.(ESRI)	SOFTWARE AGREEMENT	\$ 71,346.00	0	\$ -	\$ -	0	3/30/2016 - 03/30/19
2014-50	KEENAN & ASSOCIATES	INSURANCE AGENT FOR THE DISTRICT. BILLED ANNUALLY.	estimated \$170,000 annually	0	\$ -	\$ -	0	05/08/14 - 01/01/99
2016-51	US BANK (LOC)	LETTER OF CREDIT	\$ -	1	\$ -	\$ -	1	06/26/17 - 09/30/18
2017-12	ROUNDHOUSE MARINE	WATERLOGGED EDUCATIONAL PROGRAM	\$ 60,000.00	0	\$ -	\$ -	0	10/01/16 - 09/30/19
2017-31	TELE PACIFIC	DISTRICT'S TELEPHONE SYSTEM UPGRADE	\$ 16,650.00	0	\$ -	\$ -	0	2/2/2017 - 04/01/20
2017-43	SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA)	DISTRICT'S WORKERS COMP INSURANCE PROVIDER.	estimated \$15,000 annually	0	\$ -	\$ -	0	05/22/17 - 04/30/20
2018-24	JOINT POWERS RISK & INSURANCE MANAGEMENT AUTHORITY (JPRIMA)	DISTRICT'S GENERAL LIABILITY; EXCESS LIABILITY; PROPERTY & CRIME; DIRECTORS & OFFICERS LIABILITY; EMPLOYMENT PRACTICE LIABILITY COVERAGE. BILLED ANNUALLY THRU KEENAN & ASSOCIATES.	estimated \$170,000 annually	0	\$ -	\$ -	0	07/01/17 - 06/30/20
2018-09	MEANS CONSULTING, LLC	DEVELOPING QUAGGA MUSSEL CONTROL PLAN	\$ 18,574.00	0	\$ -	\$ -	0	07/25/17 - 06/30/18
2018-18	RAFTELIS FINANCIAL CONSULTANTS, INC.	UPDATING DISTRICT'S EXISTING 5 YEAR FINANCIAL FORECAST MODEL	\$ 15,000.00	0	\$ -	\$ -	0	10/10/17 - 06/30/18
2018-20	LOS ANGELES CONSERVATION CORPS	WATER WANDERING PROGRAM	\$ 20,000.00	0	\$ -	\$ -	0	11/16/17 - 06/30/18
2018-23	CEDARS-SINAI MEDICAL CENTER	OUTPLACEMENT SERVICES	\$ 4,800.00	0	\$ -	\$ -	0	10/23/17 - 12/31/18



EXHIBIT D

Non-Procurement Agreements and Memorandum of Understanding

Contracts engaged through Non-Procurement process, approved by the Board of Directors, executed by the General Manager, and approved as to form by General Counsel.

Each Non-Procurement agreement is accorded unique evaluation and review by the Board of Directors. Provider agreements, real estate leases and easements, recycled water agreements, imported water agreements and conservation program partnership agreements are defined as Non-Procurement Agreements.

Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
1963-1	METROPOLITAN WATER DISTRICT	THIS IS A RESOLUTION #6278 DATED BACK IN YEAR 1963 WITH CITY OF LAKEWOOD FOR USING MET'S CEMB-43 CONNECTION. RESOLUTION #0-63-164 WAS ALSO SIGNED BETWEEN THE DISTRICT AND MWD.	\$ -	0	\$ -	-	0	03/06/63 - 01/01/99
1998-3	METROPOLITAN WATER DISTRICT	SERVICE CONNECTION OF CEMB-53 SERVICE CONNECTION	\$ -	0	\$ -	-	0	11/13/97 - 01/01/99
2004-10	METROPOLITAN WATER DISTRICT	SERVICE CONNECTION OF CEMB-55 SERVICE CONNECTION	\$ -	0	\$ -	-	0	07/01/03 - 01/01/99
2003-1	LONG BEACH WATER COMPANY	CONTRACT C-1340 WITH CITY OF LONG BEACH FOR USING MET'S CEMB-44 CONNECTION. CITY PAID DISTRICT \$50,000 FOR THE RIGHT TO USE CEMB-44, MWD CONNECTION. MWD RESOLUTION 6299 IS EXECUTED WITH THE DISTRICT.	\$ -	0	\$ -	-	0	01/01/03 - 01/01/99
1994-1	CITY OF CERRITOS - C120	RECLAIMED WATER PURCHASE AGREEMENT	\$ -	0	\$ -	-	0	12/02/93 - 01/01/18
2005-4	CITY OF DOWNEY - C1390	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	09/27/04 - 01/01/99
2006-4	CITY OF DOWNEY - C1668	DEVELOPMENT OF RECYCLED WATER FACILITIES	\$ -	0	\$ -	-	0	01/27/06 - 01/01/99
2005-5	CITY OF LYNWOOD	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	09/27/04 - 01/01/99
2004-5	CITY OF NORWALK	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	01/12/04 - 01/01/99
2004-6	CITY OF SOUTH GATE	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	01/12/04 - 01/01/99
2005-6	CITY OF VERNON	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	11/23/04 - 01/01/99
2004-7	SOUTHERN CA WATER COMPANY	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	04/01/04 - 01/01/99
2004-8	UPPER SAN GABRIEL VALLEY MWD	REGULATORY AND ADMINISTRATIVE COMPLIANCE MEASURE FOR RECYCLED WATER TITLE 22	\$ -	0	\$ -	-	0	11/04/03 - 01/01/99
2014-47	CITY OF HUNTINGTON PARK	THIS LETTER OF INTEREST WAS SIGNED BY BOTH PARTIES TO DEVELOP A NEW WATER SUPPLY. BOTH PARTIES INTEND TO ENTER INTO AN AGREEMENT TO EXPLORE THE DEVELOPMENT OF A JOINT WATER PRODUCTION FACILITY CONSISTING OF AN ADVANCED WATER TREATMENT PLANT USING RECLAIMED WATER FROM LA COUNTY SANITATION DISTRICT.	\$ -	0	\$ -	-	0	04/30/14 - 01/01/99



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Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2015-26	CITY OF MONTEBELLO	DISTRICT IS WILLING TO FINANCE (\$615,000) CITY TO CONSTRUCT RECYCLED WATER FACILITIES TO CONNECT MONTEBELLO GOLF COURSE'S IRRIGATION SYSTEM TO THE DISTRICT'S RECYCLE WATER MAIN. CITY DESIRES TO PURCHASE RECYCLED WATER FROM THE DISTRICT FOR IRRIGATION OF GOLF COURSE.	\$ 615,000.00	0	\$ -	-	0	1/28/2015 - 01/01/199
2015-28	CITY OF SOUTH GATE	DISTRICT SHALL PAY THE AGGREGATE SUM OF FORTY THOUSAND DOLLARS (\$40,000.00) FOR THE ACQUISITION OF THE RECYCLED WATER IMPROVEMENTS FROM CITY. THE CONTRACT WAS SIGNED ON 06/09/15 WHERE DISTRICT TAKE THE OWNERSHIP OF 10-INCH DIAMETER RECYCLED WATER LATERAL ON FIRESTONE BLVD FOR \$40,000. THIS CONTRACT IS FOREVER.	\$ 40,000.00	0	\$ -	-	0	06/09/15 - 01/01/199
1993-1	CITY OF WHITTIER	C252-RIO HONDO PUMP STATION LEASE: IN 1992 THE DISTRICT ENTERED INTO A 55 YEAR LEASE AGREEMENT C252 WITH CITY OF WHITTIER FOR ABOUT 4 ACRES OF PROPERTY IN PROC RIVERA TO HOUSE THE RIO HONDO PUMP STATION. IN 2003 THIS LEASE WAS AMENDED BY EXPANDING THE AMOUNT OF LAND BY 12,500 SQUARE FEET TO HOUSE WQPP. UNDER CONTRACT 2004-9. AMOUNT IS BUDGETED EVERY BUDGET PROCESS AND CONTRACT IS AMENDED TO ADD THE BUDGET IN ORDER TO PAY THE LEASE OUT. PAYMENT IS DONE ANNUALLY	\$101,000 estimated annually	0	\$ -	-	0	12/14/92 - 12/14/47
2007-2	WQPP MOU	MOU BETWEEN CITY OF WHITTIER, CITY OF PICO RIVERA AND CITY OF SANTA FE SPRING. ON 12/18/17 BOARD MEETING A TIME EXTENSION WAS APPROVED UP TO DECEMBER 31, 2018 FOR TRANSITION.	\$ -	11	\$ -	-	11	06/25/07 - 12/31/18
2004-9	CITY OF WHITTIER	IN 2003 CONTRACT C252 LEASE WAS AMENDED FOR 10 YEARS BY EXPANDING THE AMOUNT OF LAND BY 12,500 SQUARE FEET TO HOUSE WQPP. ON 12/18/17 BOARD MEETING A TIME EXTENSION WAS APPROVED UP TO DECEMBER 31, 2018 FOR TRANSITION.	\$ -	4	\$ -	-	4	11/19/03 - 12/31/18
2004-3	CITY OF WHITTIER	C1405-WUA-03-009-WHITTIER UTILITY AUTHORITY (WQPP) THIS AGREEMENT IS TO USE WHITTIER UTILITY AUTHORITY'S PUMPING PLANTS PRODUCTION FACILITY, DRAIN LINE, SEWER LINE & TRANSMISSION SYSTEM PLUS TO REIMBURSE COSTS FOR USING SYSTEM. ON 12/18/17 BOARD MEETING A TIME EXTENSION WAS APPROVED UP TO DECEMBER 31, 2018 FOR TRANSITION.	\$ -	3	\$ -	-	3	07/07/03 - 12/31/18
2009-5	CITY OF WHITTIER	C2115-WHITTIER UTILITY AUTHORITY - THIS AGREEMENT IS FOR THE OPERATIONS & MAINTENANCE OF THE WATER QUALITY PROTECTION PLAN (WQPP). ON 12/18/17 BOARD MEETING A TIME EXTENSION WAS APPROVED UP TO DECEMBER 31, 2018 FOR TRANSITION.	\$ -	3	\$ -	-	3	01/01/09 - 12/31/18

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Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2015-39	COOKS HILL PROPERTIES, LLC	COOK HILL PROPERTIES, LLC (COOK HILL) IS THE AUTHORIZED SIGNATORY FOR MONTEBELLO LAND COMPANY. IN ORDER TO BUILD A NEW PROJECT PIPELINE, COOK HILL IS CONDUCTING A FEASIBILITY STUDY REPORT AND NEEDS ASSISTANT FROM DISTRICT STAFF. COOK HILL WILL REIMBURSE THE DISTRICT STAFF TIME FROM \$10,000 UP TO \$25,000. DISTRICT HAS RECEIVED \$10,000.	\$ 10,000.00	0	\$ -	-	0	04/27/15 - 01/01/19
1998-1	LACFCD RENTAL AGREEMENT NO.99-20	DISTRICT RENT THE PROPERTY FOR THE MAINTENANCE AND OPERATION OF A 72 INCH REINFORCED CONCRETE RECLAIMED WATER PIPELINE WHICH WAS CONSTRUCTED WITHIN APPROXIMATELY 35 LINEAL FEET OF DISTRICT RIGHT-OF-WAY UNDER PERMIT NO. 93069-A, ISSUED MAY 4, 1993. THIS CONTRACT IS FOREVER.	\$600 annually	0	\$ -	-	0	01/04/98 - 01/01/99
1998-2	LACFCD RENTAL AGREEMENT NO.99-19	DISTRICT RENT THE PROPERTY FOR THE MAINTENANCE AND OPERATIONS OF A 30 INCH RECLAIMED WATERLINE WHICH WAS CONSTRUCTED WITHIN 424 LINEAL FEET OF THE DISTRICT RIGHT WAY UNDER PERMIT NO. 93214-A, ISSUED SEPTEMBER 30, 1993. THIS CONTRACT IS FOREVER.	\$1,700 annually	0	\$ -	-	0	01/01/98 - 01/01/99
2015-35	SANITATION DISTRICTS OF LOS ANGELES COUNTY	PURCHASE OF RECYCLED WATER FROM LOS COYOTES RECLAMATION (LCRP) AND SAN JOSE CREEK PLANT (S.JCP). TERM IS FOR 25 YEARS STARTING 03/11/15.	\$ -	0	\$ -	-	0	03/11/15 - 03/11/40
2012-31	U.S. ARMY CORPS OF ENG.	WELL CB1 IS LOCATED ON PROPERTY OWNED BY THE DEPARTMENT OF THE ARMY CORPS OF ENGINEERS. THE DISTRICT OBTAINED AN EASEMENT FOR THE OPERATION AND MAINTENANCE OF WELL CB1, WHICH CONSIST OF A SEGMENT OF PIPELINE FROM WELL CB1 TO DELIVER RAW WELL WATER TO THE WQPP PLANT, AND AN ACCESS ROAD. THE TERM IS FOR 25 YEARS WITH AN ANNUAL PAYMENT OF \$3,100.	\$ 77,500.00	0	\$ -	-	0	03/01/12 - 02/28/37
2013-49	IPKEYS POWER PARTNER, LLC	PROVIDES REBATES TO DISTRICT TO ASSIST SOUTHERN CALIFORNIA EDISON TO MEET ITS DEMAND REDUCTION RESPONSE. IPKEYS POWER PARTNER, LLC IS A REGISTERED AGGREGATOR AND DEMAND RESPONSE PROVIDER FOR SOUTHERN CALIFORNIA EDISON. IPKEY'S PURPOSE IS TO FIND KILOWATT HOURS TO SAVE DURING PERIODS OF HIGH DEMAND ENERGY IS SHORT.	\$ 21,757.44	0	\$ -	-	0	01/15/13 - 12/31/18
1982-1	LONG BEACH WATER DEPARTMENT	THIS CONTRACT IS BETWEEN THE DISTRICT, CITY OF LONG BEACH, CITY OF COMPTON AND UPPER SAN GABRIEL VALLEY MWD FOR LONG BEACH JUDGEMENT. THIS CONTRACT IS ACTIVE FOREVER.	\$ -	0	\$ -	-	0	05/13/82 - 01/01/99
2003-1	LONG BEACH WATER DEPARTMENT	THIS IS A CONTRACT WITH CITY OF LONG BEACH FOR USING MET'S CENB-44 CONNECTION	\$ -	0	\$ -	-	0	01/01/03 - 01/01/99

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Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2003-2	CITY OF VERNON (MALBURG STATION)	DISTRICT APPROXIMATELY SUPPLIES 1,500 ACRE-FEET OF RECYCLED WATER PER YEAR TO MALBURG GENERATING STATION. THE TERM OF THIS AGREEMENT IS 30 YEARS. ONE TEN (10) YEAR AUTOMATIC RENEWALS WILL OCCUR UNLESS EITHER PARTY PROVIDES NOTICE IF INTENT TO TERMINATE 60 DAYS IN ADVANCE OF THE APPLICABLE TERM PERIOD.	\$ -	1	\$ -	\$ -	0	07/15/02 - 07/15/32
2003-3	CITY OF VERNON - MOU	MOU FOR DEVELOPMENT OF RECYCLED WATER CUSTOMERS	\$ -	0	\$ -	\$ -	0	07/15/02 - 01/01/99
2006-5	CITY OF VERNON (VERNON POWER STATION)	DISTRICT APPROXIMATELY SUPPLIES 13,500 ACRE-FEET OF RECYCLED WATER PER YEAR TO VERNON POWER GENERATING STATION. THE TERM OF THIS AGREEMENT IS 30 YEARS. TWO TEN (10) YEAR AUTOMATIC RENEWALS WILL OCCUR UNLESS EITHER PARTY PROVIDES NOTICE IF INTENT TO TERMINATE TWO YEARS IN ADVANCE OF THE APPLICABLE TERM PERIOD.	\$ -	0	\$ -	\$ -	0	11/22/05 - 11/21/35
2014-44	LOS ANGELES DEPARTMENT OF WATER & POWER	UNDER THIS AGREEMENT THE DISTRICT SELL 46 ACRE-FEET OF WATER PUMPING RIGHTS TO THE LADWP FOR \$10,000 PER ACRE-FOOT AND TRANSFER THE ENCUMBRANCE OF LEASED WATER RIGHTS TO WALNUT PARK MUTUAL COMPANY ACCORDINGLY.	\$ -	0	\$ -	\$ -	0	05/22/14 - 06/30/18
1992-2	LA METROPOLITAN TRANSPORTATION AUTHORITY LICENSE #RWSA000601	UNDER THIS CONTRACT THE DISTRICT COMPENSATE MTA PER YEAR FOR THE USE OF PORTION OF THE MTA PROPERTY NEAR FLORA VISTA STREET, CITY OF BELLFLOWER AS A SITE FOR A WATER PIPELINE FOR TRANSPORTING RECLAIMED WATER.	\$ 29,163.00	0	\$ -	\$ -	0	04/28/92 - 01/01/99
2000-1	MWD: 22151 CENTURY & RIO HONDO WATER RECYCLE PROGRAM.	PARTNERSHIP AGREEMENT. FOR CENTURY & RIO HONDO WATER RECYCLING PROGRAMS LOCAL; RESOURCES PROGRAM CONVERSION AGREEMENT.	\$ -	0	\$ -	\$ -	0	07/01/99 - 07/31/19
2005-3	MWD: 66641 FUNDING AGREEMENT	MWD: 66641 FUNDING AGREEMENT COMMERCIAL REBATE	\$ -	0	\$ -	\$ -	0	01/01/05 - 06/30/25
2007-3	MWD: 70029 RESIDENTIAL REBATE	MWD: 70029 RESIDENTIAL REBATE RESIDENTIAL REBATE	\$ -	0	\$ -	\$ -	0	07/01/06 - 06/30/25
2000-1	MWD-LOCAL RESOURCES PROGRAM	LRP CONTRACT FOR CENTURY AND RIO HONDO WATER RECYCLING PROGRAMS	\$ -	0	\$ -	\$ -	0	07/01/99 - 07/31/19
2016-20	AMTECH ELEVATOR SERVICES	AMTECH SHALL PROVIDE QUARTERLY MAINTENANCE SERVICES TO THE DISTRICT'S ELEVATOR.	\$ 7,560.00	0	\$ -	\$ -	0	07/01/15 - 06/30/18
1999-1	CALPERS-LOAN PROGRAM EMPLOYEE ENROLLMENT	UNDER THIS AGREEMENT THE EMPLOYER WILL DEDUCT LOAN REPAYMENT DIRECTLY FROM EMPLOYEE SALARY AND REMIT PAYMENTS ALONG WITH DEFERRALS.	\$ -	0	\$ -	\$ -	0	11/16/98 - 01/01/99
2009-9	SAN GABRIEL VWC - WATER RIGHTS PURCHASE	THIS IS THE WATER RIGHTS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS	\$ -	0	\$ -	\$ -	0	11/18/08 - 01/01/99

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Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2002-2	SHIELDS CONSULTING GROUP, INC.	SHIELD CONSULTING WILL PREPARE AND FILE MANDATED COSTS CLAIMS.	\$ 2,560.00	0	\$ -	-	0	05/17/02 - 01/01/99
2015-38	SO.CA. EDISON	DISTRICT RENT A PROPERTY IN THE CITY OF PICO RIVERA WITH EDISON FOR THE 30-INCH RECYCLED WATER PIPELINE CROSSING IN THE RIO HONDO DISTRIBUTION SYSTEM. THIS CONTRACTS FOR 5 YEARS WITH A ONE-TIME FEE OF \$4,922.	\$ 4,922.00	0	\$ -	-	0	06/01/15 - 05/31/20
2013-36	TASC - TRUST FUNDED HRA - VEBA	ADMINISTERS ALL HEALTH BENEFITS FOR THE DISTRICT. THIS AGREEMENT IS EFFECTIVE AS OF 01/01/13 AND SHALL CONTINUE FOR 24 MONTHS AND EACH 12 MONTHS PERIOD THEREAFTER UNTIL TERMINATION PURSUANT BY GIVING 90 DAYS NOTICES.	\$ -	0	\$ -	-	0	01/01/13 - 12/31/18
2013-51	TASC - FLEXIBLE BENEFITS PLAN (FSA)	FSA PLAN. AGREEMENT IS EFFECTIVE 01/01/13 AND CONTINUE FOR 36 MONTHS AND EACH 12 MONTH PERIOD THEREAFTER UNTIL TERMINATION PURSUANT BY GIVING 60 DAYS NOTICES.	\$ -	0	\$ -	-	0	01/01/13 - 01/01/19
2014-51	TASC - NOTIONAL (HRA)	NOTIONAL HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLAN. AGREEMENT IS EFFECTIVE 07/01/13 AND CONTINUE FOR 36 MONTHS AND EACH 12 MONTH PERIOD THEREAFTER UNTIL TERMINATION PURSUANT BY GIVING 60 DAYS NOTICES.	\$ -	0	\$ -	-	0	07/01/13 - 07/01/18
2013-43	WALNUT PARK WATER RIGHT LICENSE AGREEMENT	DISTRICT HEREBY GRANTS TO WALNUT PARK MUTUAL WATER DISTRICT A LICENSE TO EXTRACT 50 ACRE-FEET OF LICENSOR'S ALLOWED PUMPING ALLOCATION ALLOCATED TO LICENSOR UNDER AND PURSUANT TO JUDGEMENT DATED OCTOBER 11 1965 AND ENTERED IN LA SUPERIOR COURT CASE NO 786,656 ENTITLED "CENTRAL & WEST BASIN WATER REPLENISHMENT DISTRICT VS. CHARLES E. ADAMS, ET AL. DURING THE ANNUAL PERIODS COMMENCING JULY 1, 2012 AND CONTINUING TO AND INCLUDING JUNE 30, 2018.	\$ -	0	\$ -	-	0	07/01/12 - 06/30/18
1992-3	UNDERGROUND SERVICE ALERT OF SC.	THE DISTRICT DESIRE TO BECOME A MEMBER OF USA-SC AND USA-SC DESIRES TO ACCEPT THE DISTRICT AS A MEMBER. THE DISTRICT AGREES TO PAY DUES AND ASSESSMENTS AS ESTABLISHED BY USA-SC. THIS CONTRACT IS ACTIVE FOREVER.	\$ -	0	\$ -	-	0	08/20/91 - 01/01/99
1992-1	UNION PACIFIC RAILROAD PIPELINE (SOUTH GATE)	FOLDER # 438-17. THIS CONTRACT IS ACTIVE FOREVER UNTIL PIPELINE IS CROSSING. PAYMENT WAS MADE AS A ONE TIME PAYMENT.	\$ 3,325.00	0	\$ -	-	0	04/29/92 - 01/01/99
2010-9	UNION PACIFIC RAILROAD PIPELINE (PICO RIVERA) C2230	THIS IS A PIPELINE CROSSING AT PICO RIVERA. PAYMENTS WERE MADE IN OLD SYSTEM. FOLDER # 2598-35. THIS CONTRACT IS ACTIVE FOREVER UNTIL PIPELINE IS CROSSING.	\$ 8,500.00	0	\$ -	-	0	02/09/10 - 01/01/99
2012-26	UNION PACIFIC PIPELINE (SANTA FE SPRING) C2346	THIS AGREEMENT IS FOR PIPELINE THAT RUNS FROM BUKE STREET AND DICE ROAD RECYCLED AFTER MAIN IN THE CITY OF SANTA FE SPRINGS (AIR PRODUCTS LATERALS) PROJECT. A ONE TIME FEE OF \$12,203 HAS BEEN PAID OFF.	\$ 12,203.00	0	\$ -	-	0	05/09/12 - 01/01/99

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2012-27	USA-FACT	BACKGROUND INVESTIGATION BEFORE HIRING	\$ -	0	\$ -	-	0	03/14/12 - 01/01/19
2014-34	WATER REPLENISHMENT DISTRICT	WATER PURCHASE AGREEMENT FOR THE SALE OF \$120,000 AF OF UNTREATED TIER 1 IMPORTED WATER	\$ 60,000 AF	1	\$ 60,000AF	\$ 120,000 AF	0	02/18/14 - 02/18/19
2008-9	BULLETIN DISPLAY LEASE & LAND	OUTDOOR SIGNAGE PROPOSAL	\$ -	0	\$ -	-	0	04/29/08 - 04/29/18
2008-10	WILLDAN FINANCIAL	ARBITRAGE SERVICES	\$ 1,800.00	0	\$ -	-	0	06/12/08 - 01/01/19
2016-31	LIBERTY UTILITIES	NON DISCLOSURE AGREEMENT	\$ -	0	\$ -	-	0	01/13/16 - 01/01/19
2016-50	CITY OF WHITTIER / WATER REPLENISHMENT DISTRICT	3 WAY AGREEMENT BETWEEN THE DISTRICT, WHITTIER AND WRD FOR DISTRICT TO GRANT CITY TEMPORARY USE OF LICENSED PREMISES AND GRANT USE TO WRD.	\$ -	0	\$ -	-	0	05/25/16 - 12/31/18
2017-2	SO. CA. EDISON NO. 9.4087 - CITY OF BELFLOWER - C2294	LICENSE AGREEMENT WITH SCE FOR VARIOUS PARCELS OF LAND OWNED BY SCE THAT ARE LOCATED IN THE CITIES OF DOWNEY AND BELLFLOWER FOR THE PURPOSE OF INSTALLING, OPERATING AND MAINTAINING RECYCLED WATER PIPELINES. THERE IS AN ANNUAL 3% RATE INCREASE FOR THE TOTAL AMOUNT OF \$17,623.49 FOR 5 YEAR PERIOD.	\$ 17,623.49	0	\$ -	-	0	07/01/16 - 06/20/21
2017-10	MCM MANAGEMENT CO.	GRANT PROJECT MANAGEMENT SERVICES FOR THE PROPOSITION 84 GATEWAY CITIES REGIONAL RECYCLED WATER SYSTEM EXPANSION	\$ 126,680.00	0	\$ -	-	0	08/22/16 - 12/31/20
2017-40	GATEWAY WATER MANAGEMENT AUTHORITY	PROP 84 - SOUTHWEST WATER EFFICIENCY PROJECT	\$ 1,159,433.00	0	\$ -	-	0	12/01/16 - 03/31/21
2017-41	GATEWAY WATER MANAGEMENT AUTHORITY	PROP 84 - RECYCLED WATER PROJECTS	\$ 1,046,143.27	0	\$ -	-	0	01/10/17 - 03/31/21
2018-01	CITY OF PICO RIVERA	REIMBURSEMENT OF FUNDS FOR SOUTHEAST WATER RELIABILITY PROJECT	\$ 818,315.07	0	\$ -	-	0	07/01/17 - 08/01/23
2018-02	SO.CA. EDISON NO.9.5080	EARLY 1990's THE DISTRICT CONSTRUCTED A PORTION OF THE RECYCLED WATER DISTRIBUTION SYSTEM WITHIN SCE PROPERTY IN THE CITIES OF PARAMOUNT & SOUTH GATE. A FEE INCREASE OF 3% EVERY OTHER YEAR.	\$ 351,558.61	0	\$ -	-	0	07/01/17 - 06/30/22
2018-03	SO. CA. EDISON NO. 9.4971	PARKING LOT LEASE AT THE DISTRICT OFFICE	\$ 142,707.00	0	\$ -	-	0	12/01/17 - 11/30/22
2018-06	MAYWOOD MUTUAL WATER COMPANY 1	DELAY PAYMENT SCHEDULE	\$ 74,756.22	0	\$ -	-	0	08/01/17 - 01/01/18
2001-01	UPPER SAN GABRIEL VALLEY MWD	RECYCLED WATER PURCHASE AGREEMENT	\$ -	1	\$ -	-	0	06/26/01 - 06/30/37

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2018-08	LOS ANGELES UNIFIED SCHOOL DISTRICT	TWEEDY BLVD RECYCLED WATER PIPELINE EXTENSION	\$ -	0	\$ -	-	0	10/02/17 - 01/01/19
2018-19	LIBERTY UTILITIES	ULTRA HIGH-EFFICIENCY TOILET PROGRAM	\$ 40,000.00	0	\$ -	-	0	07/01/17 - 06/30/18
2018-21	CITY OF MONTEBELLO	RETROFIT CONSTRUCTION AT ACUNA PARK	\$ 38,410.00	0	\$ -	-	0	12/05/17 - 12/31/2020



Legal Contracts

Contracts engaged through Formal Solicitation (contract value \$25,000 or greater), approved by the Board of Directors, executed by the General Manager, and approved as to form by General Counsel. Procurement of legal contracts conforms to the Formal Solicitation requirements, but are presented separately in the Contracts Report to facilitate reader understanding.

Reporting Period: Fiscal Year 2018 - October 1 to December 31, 2017

Contract Number	Contractor	Description	Original Amount	# of Amendments	\$ Value of Amendments	Revised Contract Amount	# of Time Extensions	Contract Term
2015-41	NOSSAMAN LLP	DISTRICT GENERAL COUNSEL	\$ 462,000.00	2	\$ 225,000.00	\$ 687,000.00	2	06/03/15 - 06/30/18
2016-43	ALSTON & BIRD LLP	SPECIAL LEGAL SERVICES FOR EXTERNAL INVESTIGATION AND QUI TAM	\$ 16,645.65	2	\$ 5,000.00	\$ 21,645.65	1	04/26/16 - 12/30/18





JANUARY 3, 2018 – Sp. Water Resources
 Gedney, Apodaca, Vasquez
JANUARY 22, 2018 – Board Meeting
 Prepared by: Chris Alvarez
 Submitted by: Tammy Hierlihy
 Approved by: Kevin P. Hunt, P.E.

CONSENT CALENDAR

WATER SUPPLY AND RESOURCES UPDATE

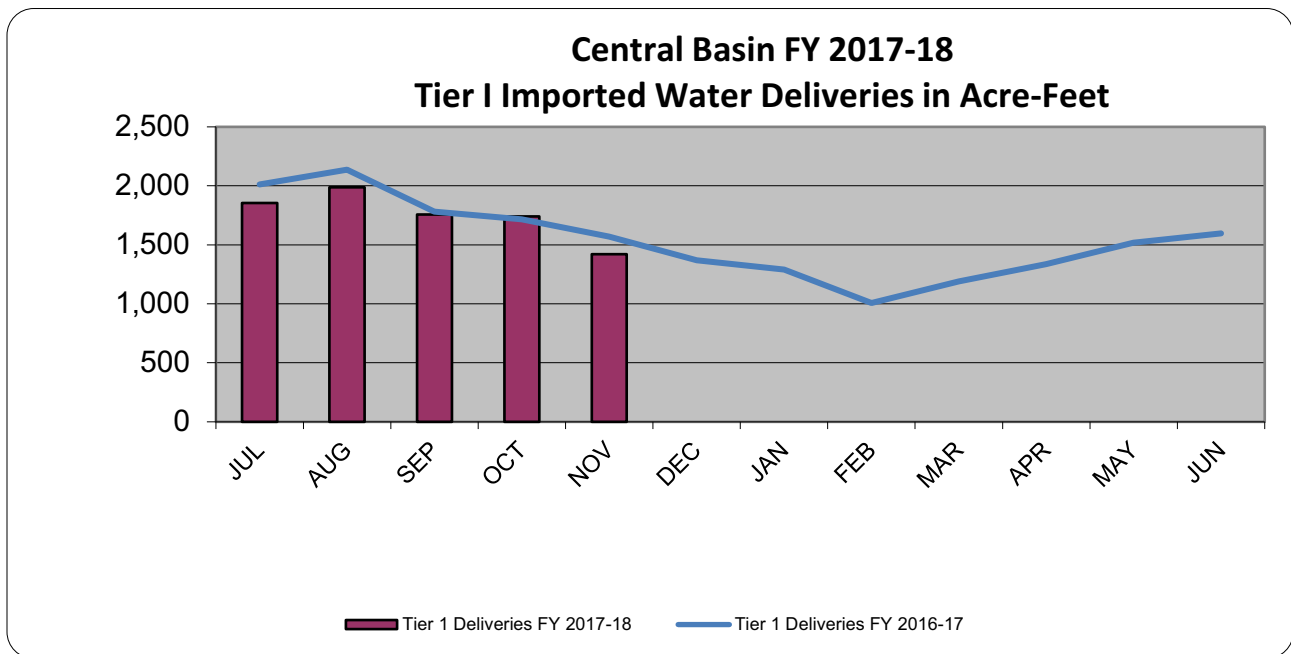
SUMMARY:

This report summarizes water supply data and water resources briefs.

Imported Water

For the month of November, Central Basin supplied 1,422 acre-feet (AF) direct deliveries of Tier 1 imported water. Last year in November, Central Basin supplied 1,571 AF. Figure 1 below graphically compares these deliveries to the previous year. A detailed list of these deliveries are included as Exhibit “A”.

Figure 1



Top Five Imported Water Producers

Figure 2 below shows the top five users of imported water, highlighting deliveries during the month of November compared to the previous fiscal year. Figure 3 below shows the actual water demands in acre-feet. In comparison to last year, Golden State deliveries are significantly lower, specifically at CenB-6. During the summer, Golden State took a lot of water at this connection but deliveries started to decrease in September and have essentially decreased to



zero. Staff attributes the irregular water deliveries to a well that was out of service and recently repaired. Trending analysis since June indicates no imported water use by the City of Huntington Park. Because of this significant decline, staff may propose tracking a different agency that is more dependent on imported water use.

Figure 2

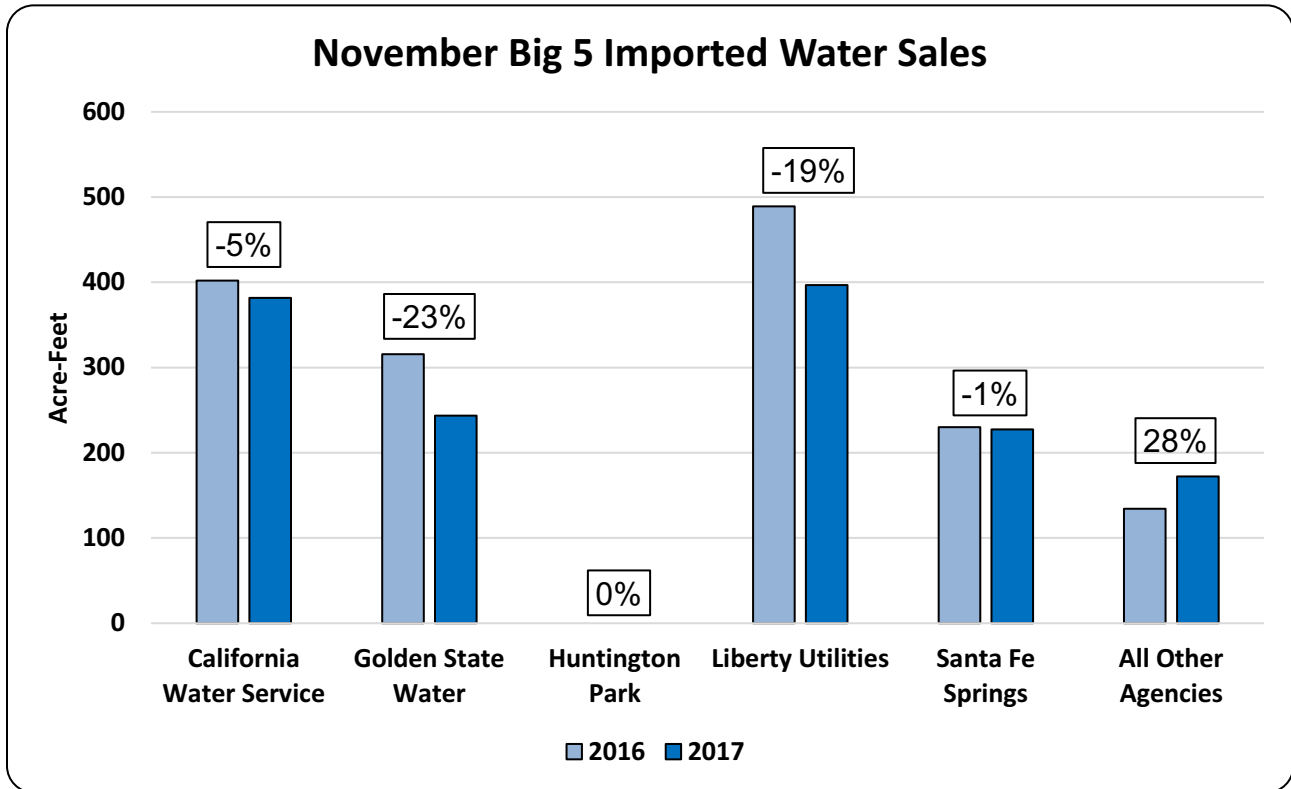


Figure 3

	FY16	FY17	CHANGE (Δ)	% Δ	FY18	CHANGE (Δ)	% Δ
JUL	2,407.3 AF	2,012.4 AF	(394.9) AF	-16%	1,855.8 AF	(156.6) AF	-8%
AUG	2,382.9 AF	2,137.3 AF	(245.6) AF	-10%	1,988 AF	(149.3) AF	-7%
SEP	2,329.0 AF	1,781.1 AF	(547.9) AF	-24%	1,757 AF	(24.1) AF	-1%
OCT	2,150.9 AF	1,717.4 AF	(433.5) AF	-20%	1,740.1 AF	22.7 AF	1%
NOV	1,925.3 AF	1,571.0 AF	(354.3) AF	-18%	1,422.1 AF	(148.9) AF	-9%
DEC	2,140.4 AF	1,369.3 AF	(771.1) AF	-36%		-	0%
JAN	1,909.8 AF	1,289.4 AF	(620.4) AF	-32%		-	0%
FEB	1,652.9 AF	1,007.1 AF	(645.8) AF	-39%		-	0%
MAR	1,537.4 AF	1,189.3 AF	(348.1) AF	-23%		-	0%
APR	1,653.6 AF	1,335.8 AF	(317.8) AF	-19%		-	0%
MAY	1,755.4 AF	1,517.2 AF	(238.2) AF	-14%		-	0%
JUN	1,708.1 AF	1,598.2 AF	(109.9) AF	-6%		-	0%
TOTAL	23,553.0 AF	18,525.5 AF	(5027.5) AF	-21%	8,763	(456.20)	-5%



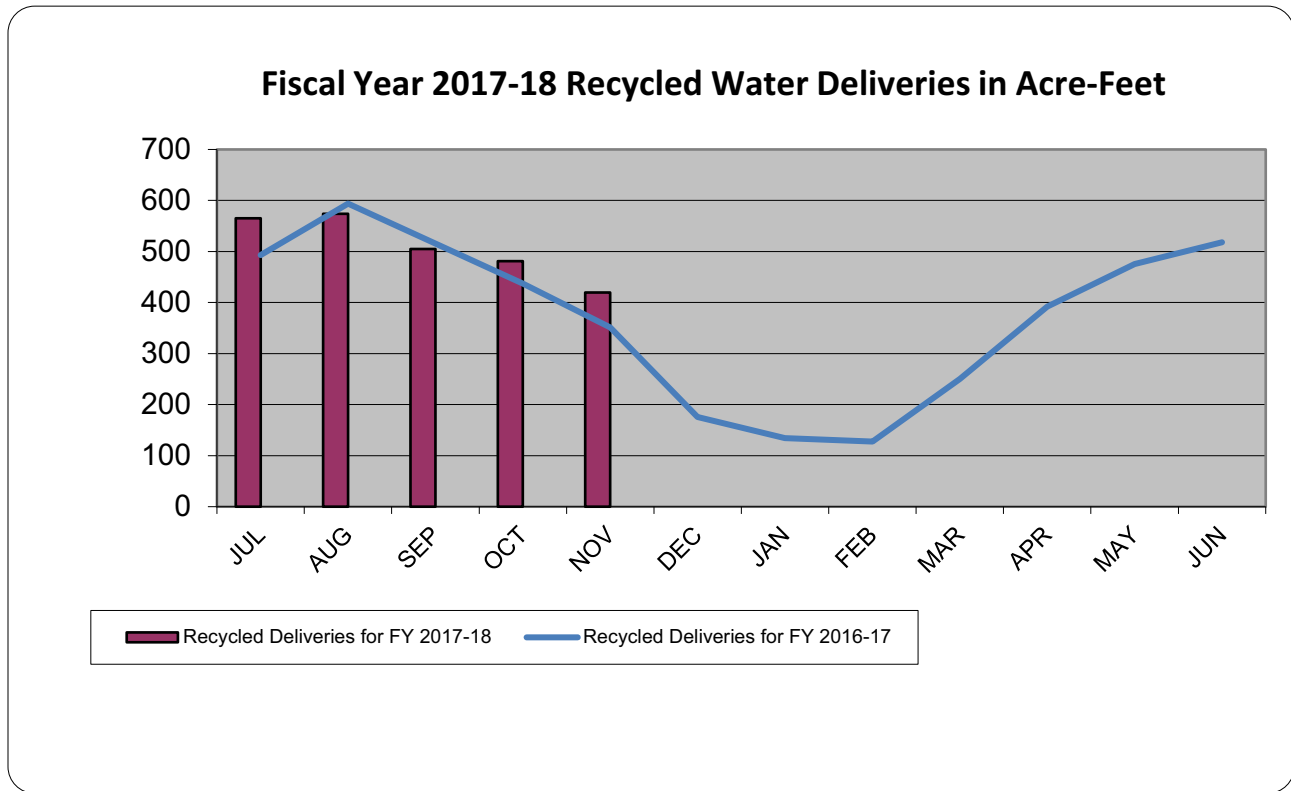
Replenishment Water

On November 28, the District received an official order for 5,300 acre-feet of Replenishment Water. After coordination efforts with the Water Replenishment District, Los Angeles County DPW, Army Corps of Engineers, and Metropolitan, deliveries began Wednesday, December 6, and were completed by Monday, December 18.

Recycled Water

For the month of November, Central Basin supplied 419 AF direct deliveries of recycled water. Last year in November Central Basin supplied 352 AF. A detailed list of these deliveries is included under Exhibit “B”. Figure 4 below graphically shows recycled water deliveries compared to the previous year.

Figure 4



Statewide Reservoir Conditions

Attached as Exhibit “C” are reservoir conditions from the Department of Water Resources (DWR) as of December 20, along with a larger view of conditions across the United States.

- Lake Shasta, part of the federally owned Central Valley Project (CVP), was at 115% of historical average and at 71% of capacity.



- The San Luis Reservoir provides water south of the Delta and was at 121% of historical average and 79% of capacity. This reservoir is shared by the CVP and the State Water Project (SWP).
- Lake Oroville, one of the largest reservoirs of the SWP, was at 58% of historical average and 36% of capacity.

State Water Project Contracting Agencies Allocation

On November 30, the California Department of Water Resources announced their initial allocation of supplies from the State Water Project at 15% of requested deliveries for the 29 contracting agencies that include the Metropolitan Water District. There is a chance that this allocated amount could change in the near future depending on rain and snowpack results.

U.S. Drought Monitor

Attached as Exhibit “D” is the U.S. Drought Monitor that shows increased dry conditions that are now categorized under Moderate Drought (D1), as compared to Abnormally Dry (D0) conditions that were reported last month. The lack of precipitation has impacted soil moisture. In November, California’s South Coast climate division reported its second and third highest monthly temperatures, which have continued into December.

La Niña Advisory

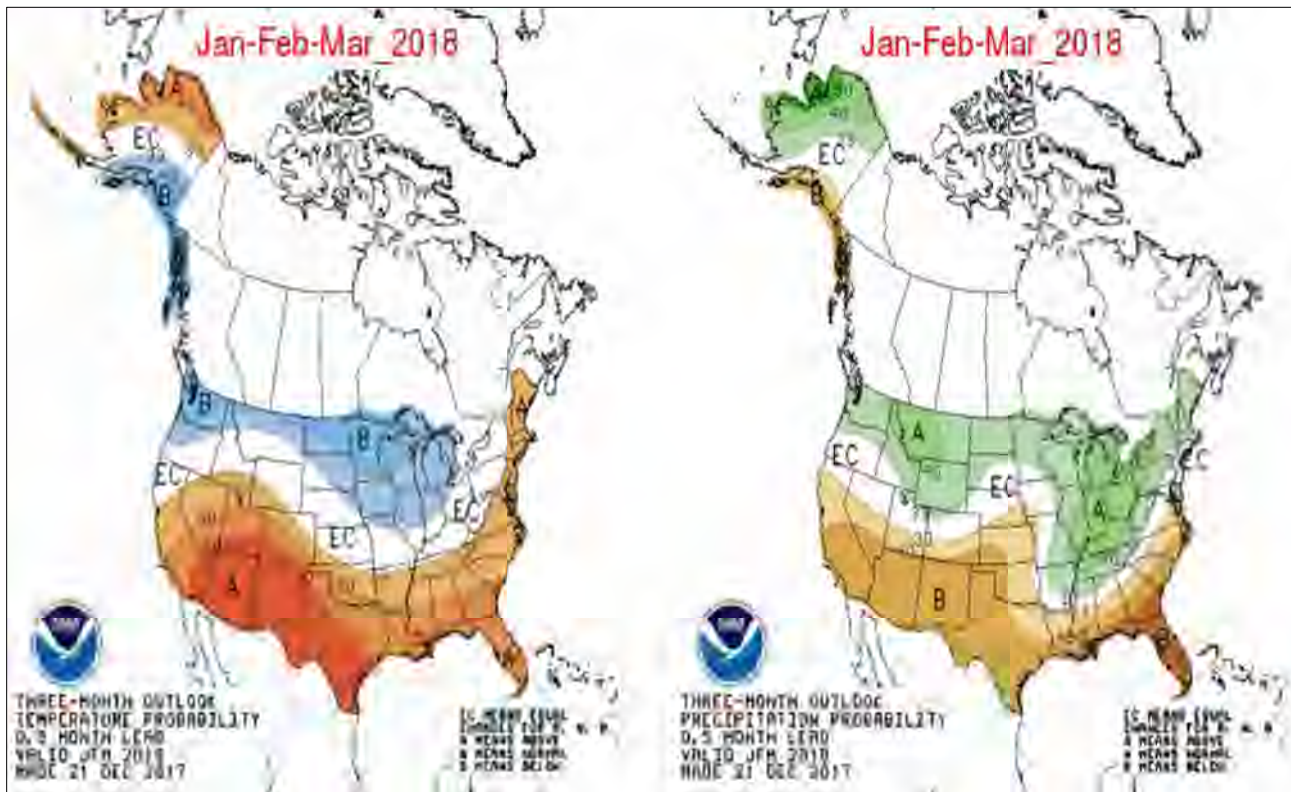
The U.S. Climate Prediction Center provides updates on oceanic and atmospheric conditions. A La Niña advisory is anticipated to affect temperature and precipitation during the next three months that favor above-average temperatures and below-median precipitation across the southern portion of the U.S. For the northern portion of the U.S., below-average temperatures and above-median precipitation is expected. La Niña is likely exceeding more than 80% through the Northern Hemisphere winter with a transition to neutral conditions most likely during the mid-to-late spring.

Temperature and Precipitation Probability

According to the National Oceanic and Atmospheric Administration (NOAA), the three-month outlook projections are heavily influenced by ongoing La Niña conditions that are forecasted to continue through late winter. Figure 5 below depicts the outlook. For California, temperature increases and precipitation probability range from equal chances, where near-normal seasonal amounts are more probable, all the way up to 30% in the northern part of the state.



Figure 5

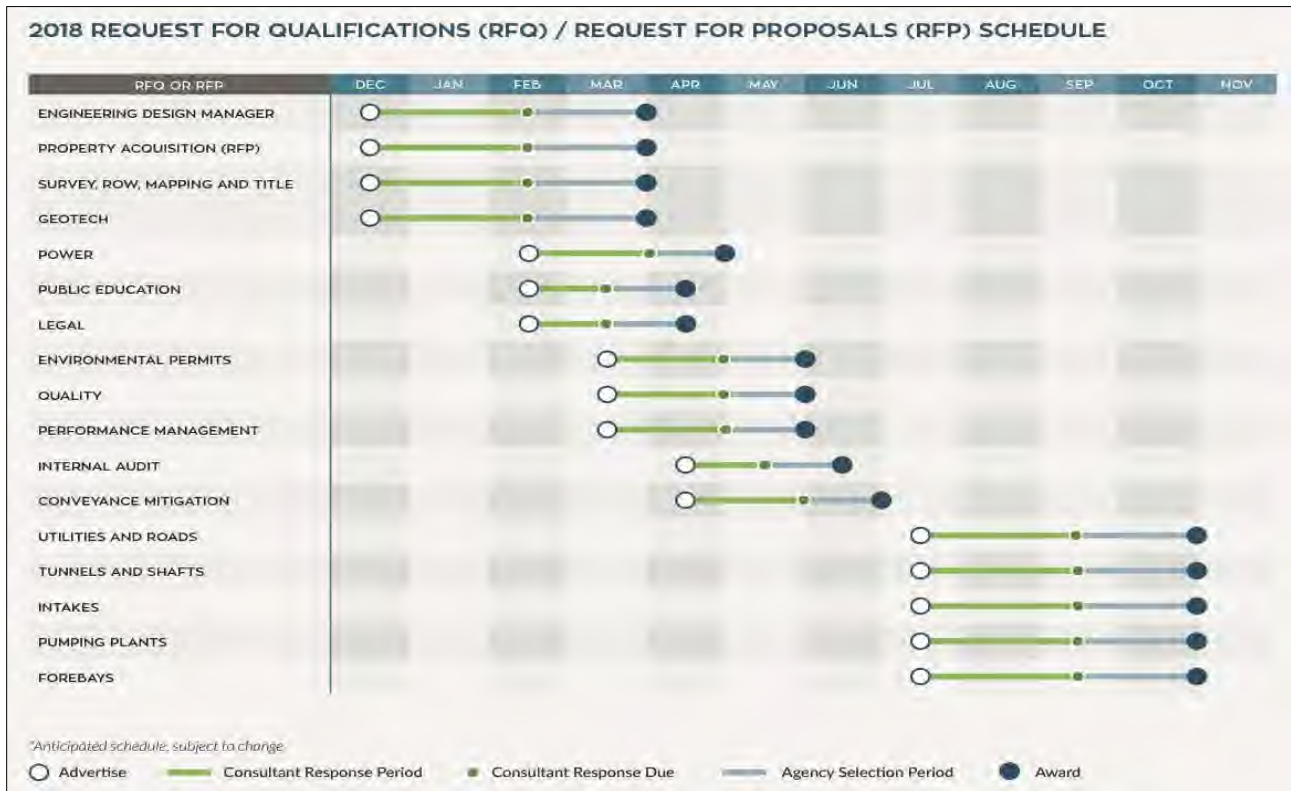


California WaterFix

The project is moving toward the design and construction of a more modernized water delivery system as it enters the design phase. The first Request for Proposals and Requests for Qualifications were released in December. Additionally, an Industry Day was held in Sacramento for businesses, consultants, contractors, small business enterprise, and disabled veterans business enterprises to learn more about engineering design, construction and other opportunities associated with this infrastructure project. During the second week in January, the Department of Water Resources will hold two more workshops. The first will be in Sacramento on January 9, followed by a workshop on January 11, located at the Carson Community Center, 801 E. Carson Street in Carson. These events will include an overview of procurement and contracting opportunities associated with the project. Metropolitan's business program is lending its expertise to ensure certified small businesses and regional enterprises have an opportunity to participate. Figure 6 below depicts the schedule of anticipated upcoming design and construction proposal requests.



Figure 6



Purveyor Workshop

The next purveyor workshop is scheduled for Wednesday, January 17. Information will be provided in response to additional information that was requested at last month’s workshop with continued discussions on the proposed change to the District’s rate structure.

H2OLA: Water Resilience Report in Los Angeles County

A Water Resilience Report prepared by the County of Los Angeles, Department of Public Works, and Flood Control District along with input from local water agencies, will focus on infrastructure and water management plans. The report, currently in its draft form, evaluates water use practices throughout the county and is intended to highlight principal components of a complex, interconnected water system, identify key challenges, threats to the region, and recognize effective strategies and solutions that are already being implemented. The H2O4LA program will have a focus on outreach and public education in conjunction with the development of the County Water Plan. The outreach and education effort is a multi-year program while the Water Plan should be completed by summer 2018. In an effort to address water quality issues, a potential stormwater funding measure is also under development for review and consideration by the Board of Supervisors. A Stakeholder Advisory Committee is being formed consisting of 20-30 members to assist with the proposed framework.



FISCAL IMPACTS:

Not applicable.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Water Resources Committee on January 3, 2018, and was agendized to the January 22, 2018, Board meeting Consent Calendar.

RECOMMENDED MOTION:

This item is for information only.

EXHIBITS:

- Exhibit "A" – Imported Water Deliveries
 - Exhibit "B" – Recycled Water Deliveries
 - Exhibit "C" – DWR Reservoir Conditions
 - Exhibit "D" – U.S. Drought Monitor
- Y:\centralbasinboard\cbmwdmemos\2018\18jan002





Meter Detail Report for Meter Type - Potable by Acre-Feet

End Fiscal Year - 2018

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
BELFLOWER-SOMERSET MUTUAL WATER CO	0.00	0.00	0.00	0.00	0.00	0.00							0.00
CALIFORNIA WATER SERVICE - EAST LOS ANGELES	476.76	476.19	419.33	441.85	363.49								2,177.62
CALIFORNIA WATER SERVICE CO. - COMMERCE	85.01	89.61	44.63	26.55	18.15								263.95
CITY OF BELL GARDENS	1.84	1.53	1.87	1.85	1.20								8.29
CITY OF CERRITOS	0.00	0.00	0.00	0.00	0.00								0.00
CITY OF DOWNEY	0.00	0.00	0.00	0.00	0.00								0.00
CITY OF HUNTINGTON PARK	0.00	0.00	0.00	0.00	0.00								0.00
CITY OF LAKEWOOD	0.05	0.00	0.00	0.00	0.70								0.75
CITY OF LYNWOOD	1.58	0.67	0.00	0.00	0.00								2.25
CITY OF MONTEBELLO	0.00	0.00	0.00	0.20	0.00								0.20
CITY OF NORWALK	33.87	71.74	67.96	68.10	64.40								306.07
CITY OF PARAMOUNT	17.49	28.74	5.46	6.14	2.07								59.90
CITY OF SANTA FE SPRINGS	253.82	291.41	278.85	274.28	227.65								1,326.01
CITY OF SIGNAL HILL	99.98	118.98	84.83	40.45	0.00								344.24
CITY OF SOUTH GATE	0.00	0.00	0.00	0.00	0.00								0.00
CITY OF VERNON	94.46	98.55	42.78	54.01	36.85								326.65
GOLDEN STATE WATER COMPANY	372.28	362.68	363.62	334.57	243.79								1,676.94
LA HABRA HEIGHTS WATER DISTRICT	0.00	0.00	0.00	16.66	0.00								16.66
LOS AMIGOS GOLF COURSE	0.00	0.00	0.00	0.00	0.00								0.00
MAYWOOD MUTUAL WATER CO. NO. 1	2.48	7.16	0.00	16.91	17.80								44.35
MAYWOOD MUTUAL WATER CO. NO. 2	0.00	0.00	21.74	49.21	48.59								119.54
MAYWOOD MUTUAL WATER CO. NO. 3	0.00	0.00	0.00	0.00	0.00								0.00
ORCHARD DALE WATER DISTRICT	0.00	0.00	0.00	0.46	0.00								0.46
LIBERTY UTILITIES	416.12	440.55	425.65	408.58	397.00								2,087.90
SAN GABRIEL VALLEY WATER CO	0.00	0.00	0.00	0.00	0.00								0.00
SUBURBAN WATER SYSTEMS	0.00	0.00	0.00	0.00	0.00								0.00
WALNUT PARK MUTUAL WATER CO.	0.00	0.00	0.00	0.00	0.00								0.00
WATER REPLENISHMENT DIST. OF SO. CALIFORNIA	0.00	0.00	0.00	0.00	0.00								0.00
Grand Totals	1,855.74	1,987.81	1,756.72	1,739.82	1,421.69								8,761.78



Meter Detail Report for Meter Type - Recycled by Acre-Feet

End Fiscal Year - 2018

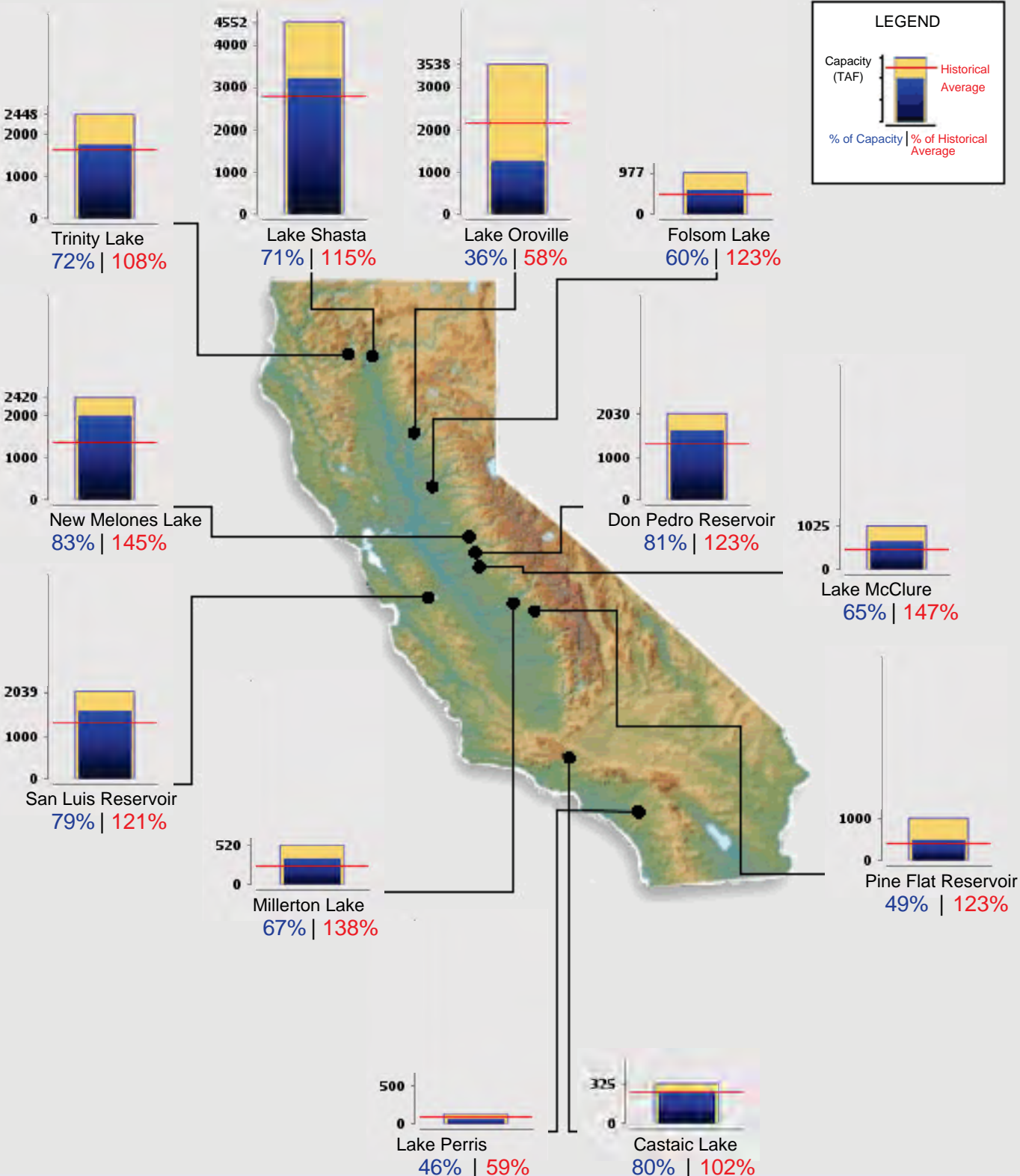
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
BELLFLOWER MUNICIPAL WATER SYSTEMS	0.71	0.73	1.50	1.21	1.41								5.56
BELLFLOWER-SOMERSET MUTUAL WATER CO	12.32	14.57	13.08	8.93	10.21								59.11
CITY OF CUDAHY	0.29	0.50	0.52	0.34	0.11								1.76
CITY OF DOWNEY	104.54	101.23	92.36	79.35	49.82								427.30
CITY OF HUNTINGTON PARK	24.99	31.16	37.84	41.18	45.63								180.80
CITY OF LYNWOOD	2.64	4.32	3.09	2.86	3.05								15.96
CITY OF NORWALK	7.39	11.65	8.48	8.34	12.96								48.82
CITY OF PARAMOUNT	46.17	47.36	36.58	36.20	23.98								190.29
CITY OF PICO RIVERA	12.97	10.28	9.38	9.13	5.83								47.59
CITY OF SANTA FE SPRINGS	99.06	99.54	103.45	78.36	81.54								461.95
CITY OF SOUTH GATE	34.96	29.18	14.31	17.88	9.19								105.52
CITY OF VERNON	65.28	73.73	61.31	64.24	68.40								332.96
CITY OF WHITTIER	2.47	9.96	9.27	7.76	3.81								33.27
GOLDEN STATE WATER COMPANY	56.57	31.47	33.01	51.92	33.56								206.53
LOS AMIGOS GOLF COURSE	30.22	25.61	18.19	16.30	17.42								107.74
LIBERTY UTILITIES	32.15	48.20	32.49	32.57	31.81								177.22
PICO WATER DISTRICT	2.98	6.35	5.80	4.66	3.45								23.24
SAN GABRIEL VALLEY WATER CO	23.35	22.63	16.84	14.75	12.16								89.73
UPPER SAN GABRIEL VALLEY MWD	5.85	5.39	7.63	4.91	5.05								28.83
Grand Totals	564.91	573.86	505.13	480.89	419.39								2,544.18

Reservoir Conditions



Ending At Midnight - December 20, 2017

CURRENT RESERVOIR CONDITIONS



Graph Updated 12/21/2017 11:15 AM

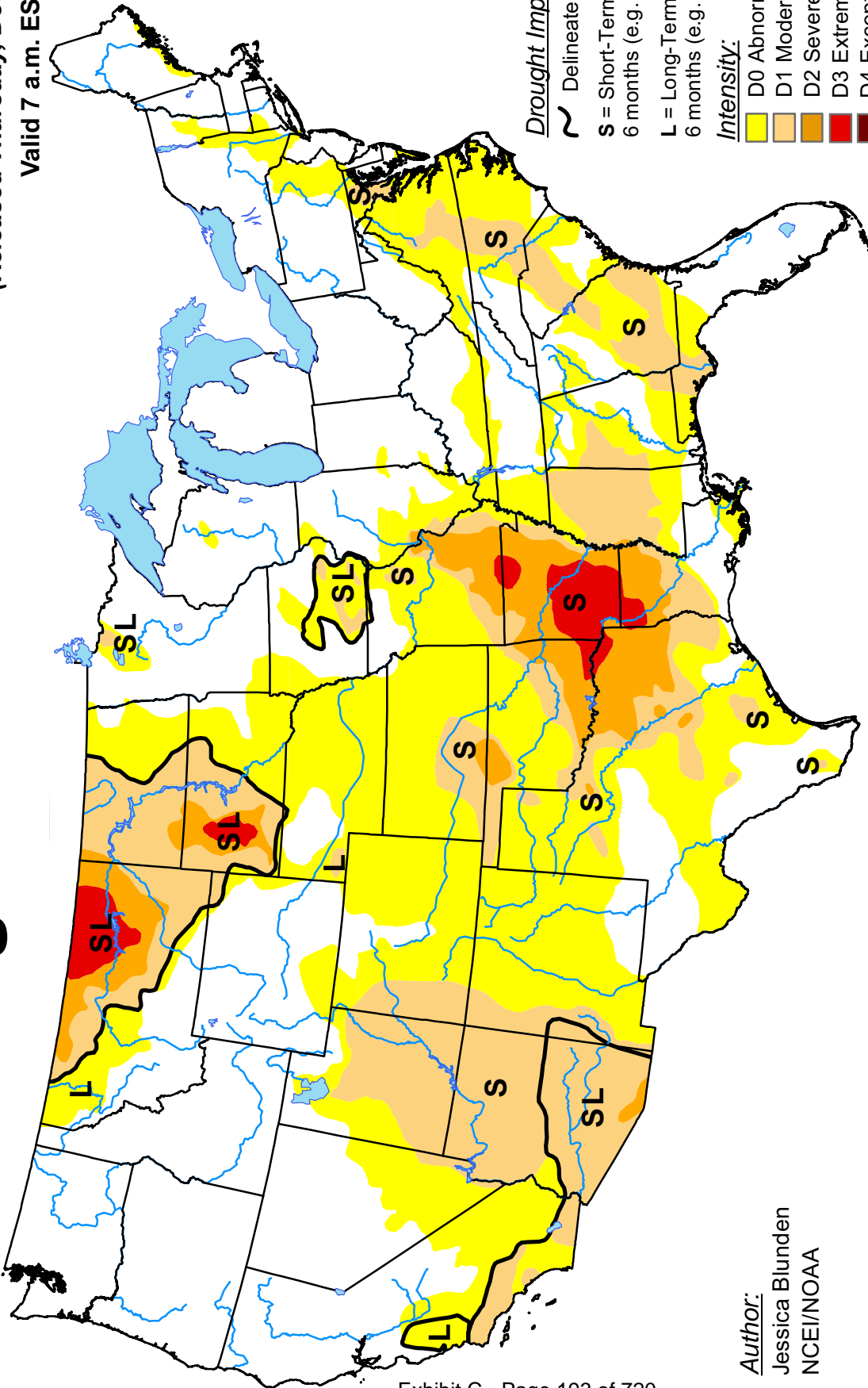


U.S. Drought Monitor

December 12, 2017

(Released Thursday, Dec. 14, 2017)

Valid 7 a.m. EST



Author:

Jessica Blunden
NCEI/NOAA

Drought Impact Types:

~ Delineates dominant impacts

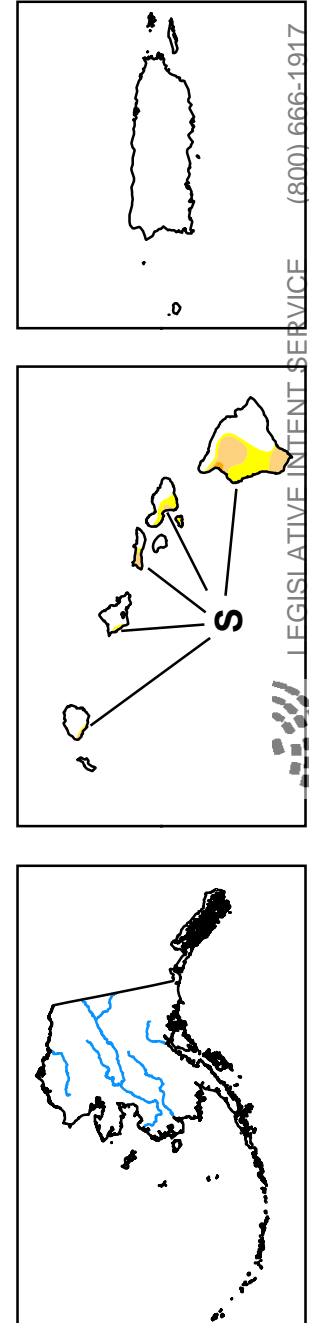
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.





Central Basin
Municipal Water District

JANUARY 3, 2018 – Sp. Water Resources
Gedney, Apodaca, Vasquez

JANUARY 22, 2018 - Board Meeting

Prepared by: Tammy Hierlihy

Submitted by: Tammy Hierlihy

Approved by: Kevin P. Hunt, P.E.

CONSENT CALENDAR

METROPOLITAN WATER DISTRICT PROGRAM UPDATES

SUMMARY:

This report summarizes recent updates on Metropolitan programs.

Annual Progress Report on Achievements in Conservation, Recycling and Groundwater Recharge

A draft Annual Progress Report was presented through a public hearing at the Water Stewardship and Planning Committee. Included under the Metropolitan Water District Act, it is a requirement to prepare an annual report to the California State Legislature. The report summarizes progress in achievements in conservation, recycling, and groundwater recharge in achieving the goals of increased emphasis on cost-effective efforts. A final report will be prepared in January and submitted to the Legislature in February.

Proposed 2018 Legislative Priorities

Metropolitan approved a comprehensive list of federal and state legislative priorities, in an effort to support their mission and to incorporate its overall water supply reliability and water quality objectives for the region. Metropolitan's top priorities for 2018 have been included in anticipation of legislation in key policy areas during the second year of the 2017-18 term.

FY 2017-18 & 2018-19 Biennial Budget

Metropolitan is beginning its process of their budget projections for the next two fiscal years. Their staff has been working to refine department budgets to be in-line with the agency's strategic initiatives. This process will be provided at upcoming finance committee meetings and workshops throughout the next few months. In April, the Board will consider adoption of the biennial rates.

Preferential Rights to Purchase Water

Attached as Exhibit "A" is a copy of the final preferential rights calculation as of June 30, 2017, which is consistent with the recent ruling by the California Court of Appeal in SDCWA v. Metropolitan, Appellate Case. These calculations show that the San Diego County Water Authority (SDCWA) is entitled to more acre-feet as a result of the recent rate case appeals.



MWD Director Representation

Each year in August, Metropolitan receives certified assessed valuations from county auditors throughout their service area. This information is used to update percentage participation and vote entitlement for each member agency. Overall, there was an average of a 6% increase across all areas, however, Central Basin's vote entitlement percentage dropped from 5.14% to 5.08% in one year and continues to decline. District staff has discussed with Metropolitan staff on proposed legislation to address this issue. This item was discussed at Metropolitan's Communications and Legislation Committee this month.

FISCAL IMPACTS:

None.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Special Water Resources Committee on January 3, 2018 and was agendaized to the January 22, 2018 Board meeting Consent Calendar.

RECOMMENDED MOTION:

This item is for information only.

EXHIBITS:

Exhibit "A" – MWD Preferential Rights

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MWD ACT - Sec. 135 PREFERENTIAL RIGHTS TO PURCHASE WATER - 6/30/2017

MEMBER AGENCIES	Tax Collected	Others *	RTS Charges	Capacity Charge	TOTAL	% of Total **
Los Angeles County:						
Beverly Hills	\$ 51,761,064.75	\$ 322,785.59	\$ 16,700,671.48	\$ 3,473,397.28	\$ 72,257,919.10	0.89%
Burbank	41,996,991.09	1,569,597.05	19,404,028.37	3,440,116.72	66,410,733.23	0.82%
Central Basin MWD	364,112,632.78	5,273,853.08	91,861,033.30	12,016,370.72	473,263,889.88	5.84%
Compton	11,269,492.86	41,174.33	4,776,886.99	771,562.73	16,859,116.81	0.21%
Foothill MWD	34,004,941.11	28,486.12	13,605,053.18	2,548,432.60	50,186,913.01	0.62%
Glendale	55,090,386.63	551,119.15	33,073,356.57	5,821,759.40	94,536,621.75	1.17%
Las Virgenes MWD	35,590,397.30	146,425.19	28,566,881.47	4,781,075.32	69,084,779.28	0.85%
Long Beach	113,687,243.81	455,633.16	52,423,199.42	7,299,840.00	173,865,916.39	2.15%
Los Angeles	1,085,486,540.40	5,952,787.75	332,662,054.66	76,538,410.00	1,500,639,792.81	18.51%
Pasadena	51,029,899.30	93,572.34	25,934,346.97	6,395,520.08	83,453,338.69	1.03%
San Fernando	5,122,618.64	37,724.63	352,217.82	352,476.60	5,865,037.69	0.07%
San Marino	11,143,426.05	-	1,570,729.28	691,550.68	13,405,706.01	0.17%
Santa Monica	48,130,597.36	33,176.51	13,135,530.49	2,993,498.69	64,292,803.05	0.79%
Three Valleys MWD	103,876,209.92	2,822,586.34	91,079,208.14	19,226,650.00	217,004,654.40	2.68%
Torrance	52,166,950.96	283,944.38	27,781,708.00	4,479,550.00	84,712,153.34	1.05%
Upper San Gabriel MWD	209,494,775.75	3,754,140.35	22,292,660.80	5,182,630.00	240,724,206.90	2.97%
West Basin MWD	365,600,449.28	2,516,090.28	194,878,569.45	26,713,338.68	589,708,447.69	7.28%
Total - Los Angeles County	2,639,564,617.99	23,883,096.25	970,098,136.29	182,726,179.50	3,816,272,030.03	47.08%
Orange County						
Anaheim	46,427,624.62	96,293.95	28,119,530.28	5,239,370.00	79,882,818.85	0.99%
Fullerton	28,048,601.28	383,207.71	12,395,207.66	3,339,876.04	44,166,892.69	0.54%
MWD of Orange County ***	667,038,177.20	7,974,399.34	306,261,473.50	50,256,844.04	1,031,530,894.08	12.73%
Santa Ana	35,832,532.08	460,331.93	17,946,813.68	2,837,530.00	57,077,207.69	0.70%
Total - Orange County	777,346,935.18	8,914,232.93	364,723,025.12	61,673,620.08	1,212,657,813.31	14.96%
Riverside County						
Eastern MWD	150,669,647.32	9,723,957.90	105,096,244.95	27,525,506.53	293,015,356.70	3.62%
Western MWD	173,866,476.82	3,000,129.03	90,159,572.62	25,949,014.08	292,975,192.55	3.61%
Total - Riverside County	324,536,124.14	12,724,086.93	195,255,817.57	53,474,520.61	585,990,549.25	7.23%
Inland Empire Utilities Agency (San Bernardino County)	112,021,081.06	1,941,257.21	70,310,557.14	17,248,160.00	201,521,055.41	2.49%
SDCWA (San Diego County)	684,255,822.51	560,646,080.52	592,563,301.98	125,543,760.00	1,963,008,965.01	24.22%
Calleguas MWD (Ventura County)	159,294,560.03	1,434,353.86	138,976,290.92	26,298,585.44	326,003,790.25	4.02%
TOTAL WITHIN METROPOLITAN	\$ 4,697,019,140.91	\$ 609,543,107.70	\$ 2,331,927,129.02	\$ 466,964,825.63	\$ 8,105,454,203.26	100.00%

* Includes: service connections, cash contributions, and San Diego County Water Authority exchange payments.

** Totals may not foot due to rounding.

*** MWDOC includes preferential rights of former Coastal MWD.





JANUARY 4, 2018 – Engineering & Operations

Grajeda, Gedney, Apodaca

JANUARY 22, 2018 - Board Meeting

Prepared by: Jacque Koontz

Submitted by: Jacque Koontz

Approved by: Kevin P. Hunt, P.E.

CONSENT CALENDAR

DISCUSSION OF RECYCLED WATER CUSTOMER DEVELOPMENT

SUMMARY:

Current Customer Development Activities

The attached matrix (Exhibit “A”) and accompanying map (Exhibit “B”) highlight the several high priority sites engaged by staff and consultants to connect to the District’s recycled water distribution system. These sites have seen a significant amount of fieldwork performed by the District and its consultants. These focus sites are estimated to be the most economically sound for the District to invest in, and will be staff’s primary focus for future connections.

FISCAL IMPACTS:

Specific details on fiscal impacts of the customer development program for each site will be addressed in Exhibit “A” as they become available. Funding for Customer Development was approved under the Capital Improvements Projects Plan Budget in the amount of \$145,000 for fiscal year 2017-2018. Recent budget cuts during fiscal year 2017-2018 have reduced the approved budget to \$65,000.

PROCUREMENT PROCESS.

This is a general report on the recycled water customer development process. Any procurement of outside services will be handled separately following the District’s approved procurement policies.

ENVIRONMENTAL COMPLIANCE:

Customer development is not a project under CEQA. Any future work items that meet the definition of a CEQA project will be analyzed in accordance with CEQA as appropriate.

COMMITTEE STATUS:

This item was reviewed by the Engineering & Operations Committee on January 4, 2018 and agendized to the January 22, 2018 Board meeting Consent Calendar.

RECOMMENDED MOTION:

This item is for information only.

EXHIBITS:

Exhibit “A” – Customer Development Matrix

Exhibit “B” – Customer Development Map

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Updated: 12/21/17


Customer Development Matrix

#	Site Name	Site Address	AFY Demand	Est. Connection Date	Est. Cost to CBMWD*	Est. Payback Period (years)	Pipeline required (ft)	Source of CBMWD Costs	Site Owner	Site's Water Retailer	Comments
C	Pico Park	9528 Beverly Blvd, Pico Rivera, CA 90660	19.7	Nov-17	\$15,000	1	5	Retrofit plan design, potholing and materials	City of Pico Rivera	Pico Water District	Site has been connected to recycled water service for irrigation of main playground.
1	Heritage Plaza Sites	12100 Mora Dr, Santa Fe Springs, CA 90670	8.2	Jan-18	\$0	0	0	No foreseen expenses to CBMWD except staff time.	Kearny Real Estate Inc.	City of Santa Fe Springs	All backflow devices installed. City preparing for new service. Mow strip required by health dept.
2	Acuna Park	1700 W Victoria Ave, Montebello, CA 90640	19.3	Feb-18	\$38,410 (reimbursed)	0	0	TBD	City of Montebello	Montebello Land & Water Co.	Contractor ready to begin work, waiting to hear from City before notice to proceed.
3	Moon Valley Nursery	2600 W Lincoln Ave, Montebello, CA 90640	30.4	Mar-18	\$0	0	0	No foreseen expenses to CBMWD except staff time.	Moon Valley Nurseries Inc.	Cal Water	Water billing showed higher than anticipated usage. Waiting on health department approval.
4	Legacy High School Complex	5225 Tweedy Blvd, South Gate, CA 90280	10.7	Mar-18	\$0 (cost covered)	0	1300	No foreseen expenses to CBMWD except staff time.	L.A. USD	City of South Gate	Coordinating preliminary cross-connection test to determine if work will be needed.
5	Cornerstone Pre-school	7804 Thornlake Ave, Whittier, CA 90606	1.5	Apr-18	\$0	0	0	No foreseen expenses to CBMWD except staff time.	Whittier USD	San Gabriel Valley Water Co.	Site is currently connected, working towards increased use. Waiting on owner and health dept.
6	Firebaugh High School	5246 Martin Luther King Jr Blvd, Lynwood, CA 90262	12.5	Apr-18	\$2,769	0	10	Service Lateral, City of Lynwood, commercial street	Lynwood USD	City of Lynwood	Highly active site owner. Waiting on owner review and submission of retrofit plans to health dept.
7	Wilcox Elementary	816 Donna Way, Montebello, CA 90640	6.8	May-18	\$0	0	0	No foreseen expenses to CBMWD except staff time.	Montebello USD	Cal Water	New maintenance director contact, slow to respond, waiting on confirmation of health dept submission.
8	CalTrans - Buell / Mondon	11398 Buell St, Downey, CA 90241	2.7	May-18	\$0 (cost covered)	0	30	No foreseen expenses to CBMWD except staff time.	CalTrans	City of Downey / City of SFS	Both sides of I-5 freeway, irrigation for streetscape. Work not set to begin until February
9	Convallis Middle School	11032 Leffingwell Rd, Norwalk, CA 90650	28.7	May-18	\$0 (cost covered)	0	15	No foreseen expenses to CBMWD except staff time.	Norwalk - La Mirada USD	City of Norwalk	Site being reconnected with increased water use. Construction began January 2nd.
10	Legacy Playfields	5225 Tweedy Blvd, South Gate, CA 90280	17.1	Jun-18	\$0 (cost covered)	0	1300	No foreseen expenses to CBMWD except staff time.	L.A. USD	City of South Gate	Under full renovation construction, health dept. plans submitted, periodic site inspections underway.
11	Goodman Logistics Center	12354 Florence Ave Santa Fe Springs, CA 90670	3.3	Jun-18	TBD	0	0	No foreseen expenses to CBMWD except staff time.	Goodman Birtcher	City of Santa Fe Springs	Site under construction, working with landscape crew and health department.
12	GRIP Site (Permanent)	4316 San Gabriel River Pkwy, Pico Rivera, CA 90660	2.0	TBD	\$0 (cost covered)	0	20	Service Lateral, City of Pico Rivera, residential street	WRD	City of Pico Rivera	Site set to use CBMWD recycled water irrigation once constructed.
13	Montebello Golf Course	901 Via San Clemente, Montebello, CA 90640	253.5	TBD	\$0 (reimbursed)	1	80	Service Lateral, City of Montebello, commercial street	City of Montebello	Cal Water	Site walked by staff to become familiar, waiting on pump agreement.

* Staff time is not considered in cost estimate

Connected	Construction	Committed	Under Discussion
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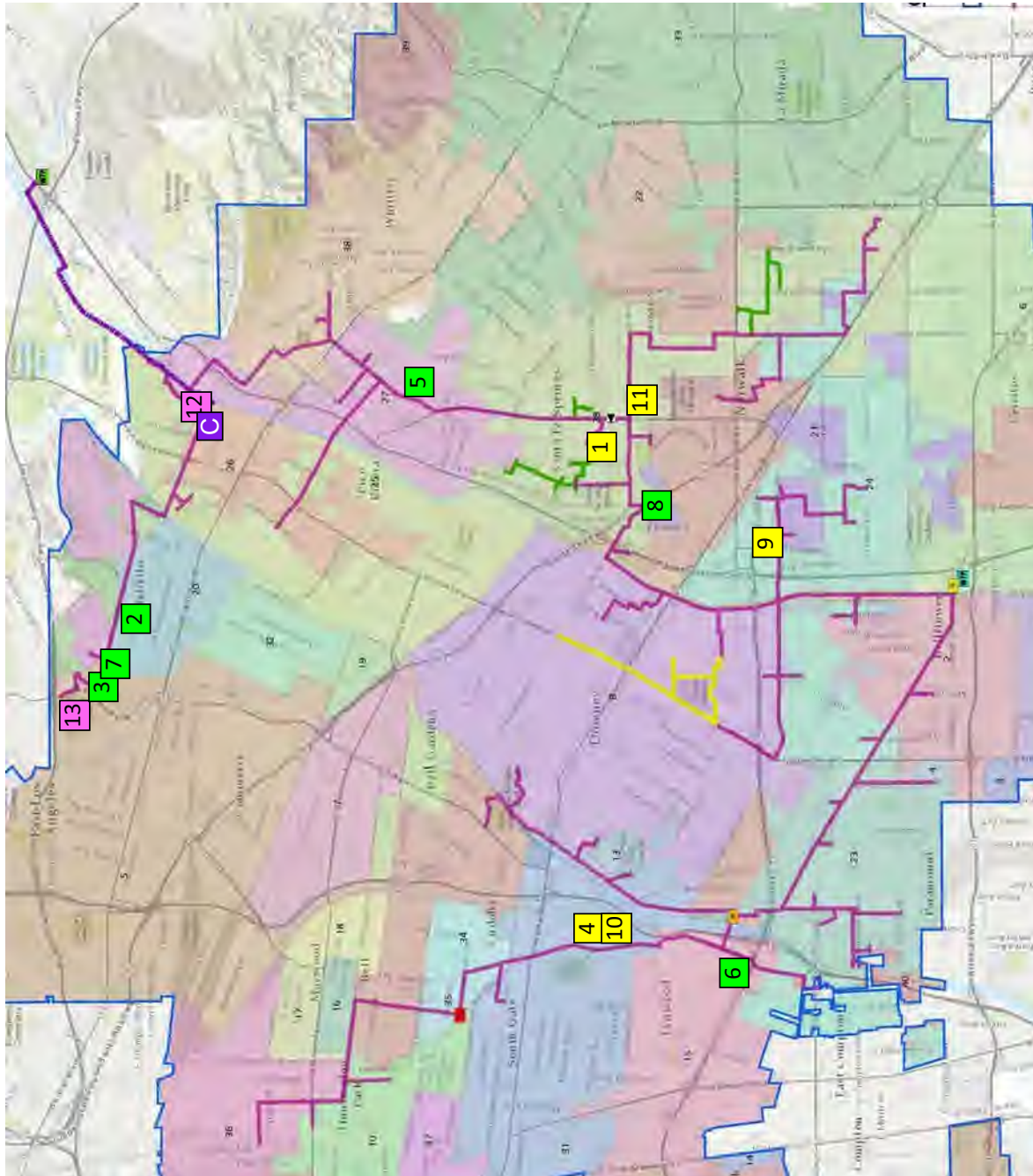


Recycled Water Conversion Update

Site # Chronological Completion Through Calendar Year

- C Pico Park
- 1 Heritage Plaza Sites
- 2 Acuna Park
- 3 Moon Valley Nursery
- 4 Legacy High School Complex
- 5 Cornerstone Pre-School
- 6 Firebaugh High School
- 7 Wilcox Elementary School
- 8 CalTrans - Buell
- 9 Corvallis Middle School
- 10 Legacy Playfields
- 11 Goodman Logistics
- 12 GRIP Site (Permanent)
- 13 Montebello Golf Course

Last update 12-21-17



- In Discussion
- Committed
- Construction
- Connected



JANUARY 11, 2018 – Finance & Audit
 Apodaca, Oskoui, Aceituno
JANUARY 22, 2018 – Board Meeting
 Prepared by: Andrew Hamilton
 Submitted by: Andrew Hamilton
 Approved by: Kevin P. Hunt P.E.

ACTION CALENDAR

**FISCAL YEAR 2016-2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
 AND ANNUAL FINANCIAL AUDIT**

SUMMARY:

The annual financial audit for Central Basin Municipal Water District (CBMWD) for Fiscal Year ending June 30, 2017 was completed by the District’s audit firm, Nigro & Nigro PC. As a part of the audit process, the auditors reviewed the District’s internal controls and financial policies and procedures, tested financial transactions and reviewed the financial statements. One independent auditor’s reports has been issued which expressed the auditor’s opinion regarding the financial statements of Central Basin Municipal Water District.

The independent audit report on the financial statements is located in the Comprehensive Annual Financial Report on pages 18 and 19.

Management’s Discussion and Analysis (MD&A) located on pages 21-28 was prepared by staff based on the financial data from the FY 2017 financial statements located in the CAFR. The purpose of the MD&A is to present the District’s overall financial position including its assets and liabilities, and to provide a summary of the District’s performance for the FY 2017 to the Board of Directors, Central Basins’ purveyors and the general public.

The FY 2017 CAFR marks the fourth year of Nigro and Nigro’s contractual commitment to perform audit work for the District.

Audit Opinion and Audit Findings

The Independent Auditor’s Report, included in the Financial Section of the CAFR, expresses an unqualified (positive) opinion on the District’s FY 2017 financial statements. Additionally, there were no audit findings.

Significant Financial Activities for FY 2017

- For FY 2017, assets and deferred outflows of the District exceeded liabilities by \$42.2 million. The unrestricted portion of net position decreased by \$2.2 million during FY 2017, the overall net position declined by 7% from FY 2016.
- The District’s imported water sales decreased by 19%, replenishment sales increased by 69% and recycled water sales decreased by 2% compared to the prior year.
- The District’s total operating expenses increased by 12% compared to the prior year



primarily due to the increase in water revenue which was mostly from increased sales of replenishment water. Additionally, increased expenses of \$0.8 million for election expenses and \$0.7 million for non-recurring legal and settlement fees were made in FY 2017.

- In FY 2017, the District obtained its first increase in water surcharge rates, recycled water rates, and meter service fees in five years.
- The District has achieved a lower than required debt coverage ratio for FY 2017 of 77%.

Central Basin Municipal Water District Benefit

The production of the District's CAFR is intended for the benefit of the Board of Directors, bondholders, Central Basin's purveyor community, the public and other interested parties to provide a broad and clear financial outlook of the District. The report is prepared for the purpose of meeting California's law requiring special districts to submit an annual audited financial report to the State Controller six months subsequent to the end of the fiscal year.

Strategic Plan

Goal 2 of the Strategic Plan is that the District will manage its financial resources in a responsible, effective, and transparent fashion. Central Basin remains committed to achieving this goal.

FISCAL IMPACTS:

The FY 2017 budget included audit fees for the audit.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance & Audit Committee on January 11, 2018 and was recommended for approval at the January 22, 2018 Board meeting.

RECOMMENDED MOTION:

That the Board receive and file this report.

EXHIBITS:

Exhibit "A" – Comprehensive Annual Financial Report (*Note: A hard copy of this Exhibit will be made available upon request*)

Y:\centralbasinboard\cbmwdmemo\2018\18jan016





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Comprehensive Annual Financial Report



Central Basin
Municipal Water District

**Fiscal Year Ended
June 30, 2017**



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CENTRAL BASIN MUNICIPAL WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

June 30, 2017

Prepared by:

Department of Finance

Central Basin Municipal Water District, 6252 Telegraph Road, Commerce, CA 90040



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CENTRAL BASIN MUNICIPAL WATER DISTRICT
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1-11
Service Area Map and Incorporated Cities	12
GFOA Certificate of Achievement	13
Organizational Chart	14
FINANCIAL SECTION	
Independent Auditors' Report	17-18
Management's Discussion and Analysis	21-27
Basic Financial Statements:	
Statement of Net Position	28
Statement of Revenues, Expenses, and Changes in Net Position	29
Statement of Cash Flows	30
Notes to Financial Statements	31-62
Required Supplementary Information:	
Schedule of Funding Progress	65
Schedule of Proportionate Share of the Net Pension Liability	66
Schedule of Contributions	67
Notes to the Required Supplementary Information	68



STATISTICAL SECTION

Statistical Section.....	70
Exhibit I - Operating Results for the Last 10 Fiscal Years	72-73
Exhibit II - Operating Revenues by Major Source	74
Exhibit III - Operating Expenses by Major Source	75
Exhibit IV - Net Position	76
Exhibit V - Imported Water Rates	77
Exhibit VI - Water Rates per Acre-Foot	78
Exhibit VII - All Water Deliveries in Acre-Feet	79-80
Exhibit VIII - Recycled Water Usage	81
Exhibit IX - Potable Water Sales to Customers per Acre-Foot	82-83
Exhibit X - Top 10 Customers for All Water Types	84-85
Exhibit XI - Debt Coverage	86-87
Exhibit XII - Standby Charges	88
Exhibit XIII - Annual Debt Service to Total Expenses	89
Exhibit XIV - Outstanding Debt to Capital Assets	90
Exhibit XV - Demographics	91
Exhibit XVI - Demographics and Economic Statistics	92
Exhibit XVII - Ten Largest Employers in Los Angeles County	93
Exhibit XVIII - Operating Information	94-96



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Introductory Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2017



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This report consists of Central Basin management’s representations concerning the finances of Central Basin. Consequently, management assumes full responsibility for the completeness and reliability of the information presented herein.

About the District

The Central Basin Municipal Water District was formed in 1952 by public vote under the Municipal Water District Act of 1911 to provide access to imported water as an alternative to groundwater supplies. District founders acted to curtail the use of relatively inexpensive yet diminishing local groundwater by providing the region with imported water.

In 1954, Central Basin became a member agency of the Metropolitan Water District of Southern California (MWD), an agency that was formed to bring imported water to the greater Los Angeles region. The District operates under the authority of the California Water Code and engages in enterprise operations accounted for as “proprietary.” As one of the largest member agencies of MWD, Central Basin appoints two representatives to the 38-member MWD Board of Directors.

The primary activities of the District involve the sale and delivery of potable and non-potable water to wholesale and governmental accounts.

In Fiscal Year 2017, 197,705 acre-feet of water was used in the Central Basin service area. Much of this total is groundwater or water imported from Northern California and from the Colorado River through MWD. Central Basin does not rely on these water supplies alone. The District continues to promote water recycling and conservation through education programs and through the distribution of rebate incentives and retrofit hardware. The District has also continued to partner on projects relating to the water planning and groundwater management efforts of the region. These initiatives remain critical to maintaining a safe and reliable water supply.

The District’s Strategic Plan, adopted by the Board of Directors in 2015, seeks to strengthen the organization as a service provider, employer, and partner with the purveyor (purchasing) community. Central Basin’s Mission Statement expresses this aptly.

“The mission of Central Basin Municipal Water District is to deliver reliable and high-quality water and recycled water to its customers and communities through effective and collegial partnerships with its retailers and wholesalers.”

Because Southern California doesn’t have sufficient groundwater to sustain its population, most of the region’s surface water supply is imported from Northern California and the Colorado River via three aqueducts: the California Aqueduct, which brings water from Northern California; the Los Angeles Aqueduct, which brings water from Owens Valley; and the Colorado River Aqueduct, which brings water from the Colorado River.



MWD is the umbrella agency that delivers water to 26 member public agencies – 14 cities, 11 municipal water agencies and the City of Los Angeles’ Department of Water & Power.

As a member of the Metropolitan Water District, Central Basin wholesales the imported water purchased from MWD to cities, mutual water companies, special districts, investor-owned utilities and private companies in Southeast Los Angeles County. In addition, the District provides recycled water to customers for non-potable uses such as landscape irrigation and commercial and industrial processes. In Fiscal Year 2017, 55,669 acre-feet of potable and non-potable water was sold by the District in the Central Basin service area as detailed below:

Water Sales -- Budget v. Actual Last Three Years			
	Actual FY 2015	Actual FY 2016	Actual FY 2017
Potable Water			
Actual	30,345	23,618	18,507
Budget	34,300	30,000	28,000
%	88%	79%	66%
Replenishment Water			
Actual	18,515	19,635	32,689
Budget	35,000	15,000	19,600
%	53%	131%	167%
Recycled Water			
Actual	5,406	4,685	4,473
Budget	6,396	5,407	5,408
%	85%	87%	83%
Total Actual / Fiscal Year	54,266	47,938	55,669
Total Budget / Fiscal Year	75,696	50,407	53,008
Actual % of Budget	72%	95%	105%

District Officials and their Represented Service Areas

Central Basin serves a diverse population of more than 1.7 million people in Southeast Los Angeles County. Central Basin serves 40 water retailers and 1 water wholesaler in a service area of 24 cities and 3 unincorporated county areas.

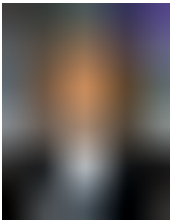
Central Basin’s 227 square-mile service area is governed by eight directors, five of which are publicly elected and three of which are appointed by water purveyors from the service area.



Voters in each of the five divisions of the service area elect one director to serve a four-year term. Legislation enacted by the California Legislature in 2016 required the addition of three directors appointed from and elected by the District's governmental and retail purchasing communities, effective March 2017.



Division I: Director Pedro Aceituno
Bell Gardens, Downey, Montebello, Pico Rivera, West Whittier-Los Nietos and unincorporated areas of Los Angeles County.



Division II: Director Robert Apodaca
La Habra Heights, La Mirada, Norwalk, Santa Fe Springs, Whittier and South Whittier.



Division III: Director Arturo Chacon
Bell, Commerce, Cudahy, Huntington Park, Maywood, Walnut Park, Monterey Park, Vernon and unincorporated areas of East Los Angeles.



Division IV: Director Leticia Vasquez
Lynwood, South Gate, Florence-Graham, Willowbrook, and portions of Compton and Carson.



Division V: Director Phillip D Hawkins
Artesia, Bellflower, Cerritos, Hawaiian Gardens, Lakewood, Paramount and Signal Hill.





At-Large: Director William Gedney



At-Large: Director Mark Grajeda



At-Large: Director John Oskoui

<u>Name</u>	<u>Length of Service</u>	<u>Current Term of Service</u>
President, Robert Apodaca	18 years	January 2015 – December 2018
Director, Pedro Aceituno	1 year	January 2017 – December 2020
Director, Arturo Chacon	10 years	January 2015 – December 2018
Director, Leticia Vasquez	5 years	January 2017 – December 2020
Director Phillip D Hawkins	16 years	January 2017 – December 2020
Director William Gedney	10 months	February 2017 – February 2019
Director Mark Grajeda	10 months	February 2017 – February 2019
Director John Oskoui	10 months	February 2017 – February 2021
General Manager, Kevin Hunt	30 months	May 2015 – May 2018



Major Initiatives

The District published a Five-Year Capital Improvement Program in 2015 and is focused primarily on the expansion of the recycled water system. The District continues to promote water recycling through close scrutiny of local customer needs and longer-term capital planning. It promotes conservation through education programs and through the distribution of rebate incentives and retrofit hardware. The District has also continued to partner on projects relating to the water planning and groundwater management efforts of the region. Especially as drought conditions persist in Southern California, these initiatives remain critical to maintaining a safe and reliable water supply for Southern California.

Financial Information

Accounting System: As required by Generally Accepted Accounting Principles for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Central Basin's Finance Department is responsible for the overall accounting, finance and administrative functions, which include cash management and treasury, accumulation and processing of accounting information, financial reporting and contracts administration.

Internal Controls: Central Basin management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls.

Budget Process and Controls: Central Basin is not required by its Administrative Code to adopt a budget. However, the District long ago implemented an annual budget as a management tool and to demonstrate accountability appropriate to public sector functioning. Central Basin's budget is developed by the General Manager according to the priorities and goals established by the Board of Directors through its Strategic Plan. The General Manager communicates the goals and priorities with his senior staff to make certain that the budget includes the funding elements necessary to achieve the Strategic Plan.

The budget cycle begins with the development of the proposed budget, budget workshops and adoption of rates and charges and concludes with the adoption of the final budget. Budget development progress is shared with Central Basin's purveyor community at various points in the process – and their input is actively solicited. Developing the budget requires involvement from all departments, from labor allocations to development of project budgets. Calculations of net revenue and the



debt coverage ratio are updated and distributed to internal decision makers at every step in the process. The Board of Directors approves the operating budget of the District for the following fiscal year (July 1 to June 30) prior to the new fiscal year.

During each fiscal year, the Finance Department publishes monthly budget-to-actual reports on the operating budget, capital improvements budgets and grants budgets. The Finance Department also publishes a Midyear Review Report in February of each year.

Treasury Management: The District’s Investment Policy was created in compliance with California Government Code, Section 53600. It establishes guidelines and practices used in managing the District’s available cash and investment portfolio. In addition to maintaining compliance with the legal investment authority established by the California Code, the District, like most other local government agencies, holds to three investment objectives: Safety of Principal, Protection of Liquidity, and Return on Investment. In practice, the investment objectives translate into conservative treasury practices that seek to protect District assets from loss.

The Investment Policy, reviewed and approved at least annually by the Board of Directors, stipulates that the District’s Finance Director/Treasurer publish a monthly report to the Board of Director’s “indicating the types of investment by fund, institution, date of maturity, and amount of deposit, and shall provide the current market value of all securities with a maturity of more than 12 months, rates of interest, and expected yield to maturity.”

The District maintains its investments in unrestricted and restricted categories. Unrestricted investments include cash in bank, deposits with the State Treasurer’s Local Agency Investment Fund (LAIF), active investments managed by the District and under the custody of Union Bank, and small amounts of cash (money market fund) idle between changes in investments.

Restricted investments have been established as required per debt agreements pertaining to 2010 COPs. These debt agreements require maintenance of a bond reserve invested in qualified Federal government agencies.

Credit Ratings

The District values the credit rating reports published by external monitoring agencies; the District, in fact, premises its financial planning activities on maintaining or improving the District’s credit standing.

In Fiscal Year 2017, credit rating reports were published by Moody’s and Standard & Poor’s (S&P).

Moody’s report, published September 29, 2016, affirmed an “A1” credit rating for Central Basin in conjunction with the District partially refinancing \$7.2 million of its 2010 COPs. The report also confirmed the pre-existing “A1” rating to all outstanding



rated debt issuances: 2010A Refunding Revenue COPs and 2008B Adjustable Rate Refunding Revenue COPs.

Moody's cited the District's large service area, its declining litigation expenses and newly adopted water rate increases as credit strengths. The District faces credit challenges from its relatively high debt ratio, a declining net working capital, and a relatively narrow debt service coverage ratio.

In 2015, Moody's downgraded Central Basin to "A1" from "Aa3" due primarily by concerns over future debt service coverage levels that may be lower than anticipated due to conservation efforts associated with prolonged drought conditions.

S&P's report, published June 30, 2017, lowered the rating to "A-" from "A" for Central Basin's outstanding revenue certificates of participation (COPs) due to continued pressure on the District's debt service coverage. At the same time, the "AA/A-1+" rating for the District's 2008B adjustable rate refunding COPs, with a bank facility (letter of credit) extending to June 29, 2018, was also affirmed.

S&P continues its negative outlook as a reflection of revenue uncertainty associated with the District's replenishment and potable water sales and related impacts to debt service coverage.

In Fiscal Year 2016, S&P affirmed the District's "A" rating and underlying rating on its 2010 revenue COPs. S&P also continued its negative outlook as a reflection of revenue uncertainty and potential impacts to debt service coverage as a consequence of the California drought.

Debt Coverage Ratios

It may be said that the primary financial objective of the District is to consistently achieve annual net revenue in substantially greater proportion than the debt service payments made each year. This statement is, in fact, a working definition of the debt coverage ratio that is used in the District's budget, interim reports and audits.

The District coordinates with Moody's credit rating agency and U.S. Bank, the Central Basin's letter of credit provider, to achieve alignment with their debt service coverage methodologies using the results of annual audits.

The three-year pattern in the District's debt coverage ratio demonstrates inconsistency in achieving its required debt coverage ratio of 115%. The calculated ratio was 157% in Fiscal Year 2015; 117% in Fiscal Year 2016; and 77% in Fiscal Year 2017.

To maintain its financial strength, Central Basin establishes an annual budgets using five-year water sales and financial projections to meet debt coverage ratio requirements. The District also uses the five-year financial forecast for rate making policy decisions.



Source of Revenue

Central Basin's primary sources of revenue are as follows:

1. An **Administrative Surcharge** is imposed by Central Basin per acre-foot for treated or untreated water that Metropolitan Water District (Metropolitan) delivers through Metropolitan's water delivery system to Central Basin's retail and replenishment agencies. Central Basin, acting as wholesaler, monthly invoices retail agencies per acre-foot rates established annually by the Metropolitan Water District (Metropolitan) plus the District's Administrative Surcharge.
2. **Recycled Water** is delivered through a water delivery system that Central Basin delivers owns and operates to its retail agencies and monthly invoices retail agencies per acre-foot rates established annually by the District.
3. **Water Meter Service Charge** is assessed monthly to each of Central Basin's retail agencies based on the cubic-foot per second (cfs) of meter capacity for each service connection capable of delivering imported water, regardless of the amount of water deliveries.
4. **Standby Charges** are assessment pursuant to the provisions of the Municipal Water District Act of 1911 (Water Code Section 71638, et seq), beginning in 1991. The Standby Charge is charged to each parcel within Central Basin's service area for the economic benefits to land from extending potable water supplies through the use of recycled water, whether or not such lands are directly using the recycled water.

The District initiated efforts in the early 1990s to expand recycled water deliveries in the region by constructing distribution pipelines and pump stations to serve recycled water to industrial, commercial and landscape-irrigation sites throughout Southeast Los Angeles County. These efforts have resulted in serving more than 1.5 billion gallons of recycled water to 363 customer sites in fiscal year 2017.

More detailed information regarding the District's revenues is presented in the Statistical Section of this publication.

Water Rates

In Fiscal Year 2017, the Board approved increases to meter service charges and water surcharges for potable and recycled water sales of approximately 16% and 8%, effective January 1, 2017 and July 1, 2017, respectively. This increase in meter service charges and water surcharges was the first increase over the last five years to enhance Central Basin's financial stability and its ability to better meet its required debt covenant ratio.



Below is a table of the charges, from January 1, 2017 through June 30, 2017:

1	Administrative Surcharge - Potable	\$105/AF
	Administrative Surcharge - Replenishment	\$ 70/AF
2	Recycled Water	\$649/AF
3	Water Meter Service Charge (monthly)	\$80/cfs
4	Standby Charge (annual)	\$10/parcel

Please see the Statistical Section of this publication for more information on Central Basin’s pricing structure and 10-year history of water rates.

Designated Funds and Reserves Policy

Central Basin’s funds are categorized as either unrestricted or restricted. Unrestricted funds consist of undesignated and designated funds. Designated and undesignated funds can be used for any lawful purpose at the discretion of the Board of Directors.

At this time, the District has identified through its Reserves Policy the following designated funds within its Undesignated Net Position: election designation, capital designation, emergency designation, grants cash flow designation, and legal costs designation. The monies held within designated funds can be shifted or re-allocated at any time at the Board of Directors’ discretion.

Restricted funds consist of funds with external restrictions imposed by creditors, grantors, contributors or laws and regulations of government and can only be used for a specified purpose. Currently, the District’s only restricted funds are the bond reserve funds required for the 2010 Certificates of Participation.

Other Post-Employment Benefits (OPEB)

OPEB costs constitute the promise the District has made to current and retired employees to continue their medical coverage and health reimbursement spending after their retirement from service. Since 2014, the District has funded its retiree health program through the California Employers’ Retiree Benefit Trust (CERBT) administered by the California Public Employees’ Retirement System (CalPERS).

Governmental Accounting Standards Board Statement No. 45 (GASB 45) provides disclosure requirements related to the District’s OPEB liability; however, GASB 45 does not mandate a financing methodology to fund the OPEB liability.



A third-party actuarial valuation of current and future OPEB plan costs is periodically required according to GASB 45. The resulting valuation provides a computation of the annual lump-sum contribution which is called the Annual Required Contribution (ARC).

The District has exceeded its ARC by virtue of its operating budget payments and lump-sum contributions for several years, including Fiscal Year 2017. The District's OPEB plan is currently at a 75% funded ratio. There are currently 13 retired District employees being served by the post-employment healthcare program.

Central Basin's Authorized Positions

The District's total full-time equivalent (FTE) position authorization as of June 30, 2017, is 24.8. The FTE authorization is divided between 22 full-time positions and 2.8 part-time equivalent positions. A total of 4.0 FTE are allocated to General Administration; 8.5 FTE to Support Services; 4.0 FTE to the Public Affairs Department; 4.6 FTE to Water Recycling & Operations; and 3.8 FTE to Water Resources and Planning.

Acknowledgements

We thank the members of the Central Basin Municipal Water District Board of Directors for their leadership in guiding the District toward improving the water reliability of greater East Los Angeles County.

Respectfully,



Kevin Hunt
General Manager



Service Area Map and Incorporated Cities





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**Central Basin Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO





FY16-17 ORGANIZATION CHART





Central Basin
Municipal Water District

Financial Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Basin Municipal Water District
City of Commerce, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Central Basin Municipal Water District, as of and for the fiscal years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | CJ Gaunder Singh, CPA | Kevin Brejnak, CPA, CFE | James Whittington, CPA, CFE, CGFM

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Central Basin Municipal Water District, as of June 30, 2017 and June 30, 2016, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

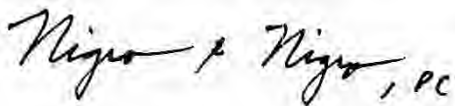
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 21 through 27, schedule of funding progress on page 65, schedule of proportionate share of the net pension liability on page 66, and schedule of pension contributions on page 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 28, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
December 28, 2017



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CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

OVERVIEW OF THE FINANCIAL STATEMENTS

The District offers readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal years ended June 30, 2017 and 2016. The narrative and spreadsheet data are collectively termed Management's Discussion and Analysis (MD&A). Readers are encouraged to consider the information presented herein in conjunction with the preceding Independent Auditors' Report and the accompanying basic financial statements and notes to the financial statements that follow.

THE DISTRICT

The Central Basin Municipal Water District was formed in 1952 under the Municipal Water District Act of 1911 for the purpose of mitigating the over-pumping of underground water resources in Southeast Los Angeles County. District founders acted to curtail the use of relatively inexpensive yet diminishing local groundwater by providing the region with imported water. In 1954, Central Basin became a member agency of the Metropolitan Water District of Southern California (MWD), an agency that was formed to bring imported water to the greater Los Angeles region. The District operates under the authority of the California Water Code and engages in activities classified as "proprietary." The primary activities of the District involve the sale and delivery of potable and non-potable water to wholesale and governmental accounts. In this manner, the District acts to secure water reliability for more than 1.7 million people within a 227 square-mile Los Angeles County service area. The service area includes 24 cities, 3 unincorporated County areas, 40 water retailers and 1 water wholesaler.

FINANCIAL HIGHLIGHTS

- The District's Net Position decreased by \$3.3 million, or 7% as of June 30, 2017.
- The District's total operating revenue increased by \$3.2 million, or 7% in the current fiscal year primarily due to an 8% increase in imported water sales. The sale of replenishment (spreading) water was 69% greater than the prior year.
- The District's total operating expenses increased by \$5.8 million, or 12% in the current fiscal year primarily due to \$3.0 million of higher imported water supply costs because of increased water sales.
- The District's Unrestricted Net Position, its assets available for unrestricted spending, decreased by \$2.2 million, or 18%, as of June 30, 2017 to \$10.6 million.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

REQUIRED FINANCIAL STATEMENTS

The District's financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the District's activities.

The Statement of Net Position includes all of the District's Assets, Deferred Outflows and Liabilities with the difference between the three reported as Net Position. Net position is displayed in the following categories: Net Investment in Capital Assets, Restricted for debt service and Unrestricted Net Position. This statement provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses and Changes in Net Position present information that shows the result of the District financial performance during the year. All of the current year's revenues and expenses are accounted for in this statement. The Statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. This statement differs from the Statement of Revenues, Expenses, and Changes in Net Position because this statement accounts only for transactions that resulted in actual receipts or disbursements.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following table shows the condensed statement of net position for the past three fiscal years.

Table A-1 Condensed Statements of Net Position (in 000's)

	June 30,			Variance			
	2017	2016	2015	2016/2017		2015/2016	
				Amount	%	Amount	%
Current assets	\$ 18,972	\$ 21,058	\$ 24,512	\$ (2,086)	(9.9)	\$ (3,454)	(14.1)
Restricted assets	2,324	2,853	2,828	(529)	(18.5)	25	0.9
Capital assets	74,490	76,224	79,195	(1,734)	(2.3)	(2,971)	(3.8)
Intangible assets	842	1,159	1,656	(317)	(27.4)	(497)	(30.0)
Total Assets	96,628	101,294	108,191	(4,666)	(4.6)	(6,897)	(6.4)
Deferred outflows of resources	5,321	5,029	4,680	292	5.8	349	7.5
Current liabilities	5,363	5,391	9,410	(28)	(0.5)	(4,019)	(42.7)
Non-current liabilities	53,841	54,821	54,953	(980)	(1.8)	(132)	(0.2)
Total liabilities	59,204	60,212	64,363	(1,008)	(1.7)	(4,151)	(6.4)
Deferred inflows of resources	557	634	1,220	(77)	N/A	(586)	N/A
Net position							
Net investment in capital assets	29,340	29,816	31,836	(476)	(1.6)	(2,020)	(6.3)
Restricted for debt service	2,298	2,865	2,865	(567)	(19.8)	-	-
Unrestricted	10,550	12,796	12,587	(2,246)	(17.6)	209	1.7
Total net position	\$ 42,188	\$ 45,477	\$ 47,288	\$ (3,289)	(7.2)	\$ (1,811)	(3.8)

Net Position: Net position measures the District's financial health or financial position at year end. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, regulatory environment, population growth, or change in government legislation, can also be key elements in evaluating financial condition.

The Condensed Statement of Net Position shows that assets and deferred outflows of the District exceeded liabilities by \$42.2 million and \$45.5 million as of June 30, 2017 and 2016, respectively. A total of \$29.3 million in total net position represents the net investment in capital assets. Capital assets are used to provide services to customers. The net investment in capital assets is not available for future spending.

The \$10.6 million of unrestricted net position is available for future spending and decreased by \$2.2 million as of June 30, 2017.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

Table A-2 Condensed Statements of Revenues, Expenses and Changes in Net Position
(in 000's)

	June 30,			Variance			
				2016/2017		2015/2016	
	2017	2016	2015	Amount	%	Amount	%
Operating revenues:							
Imported water revenue	\$ 43,666	\$ 40,349	\$ 45,209	\$ 3,317	8.2	\$ (4,860)	(10.8)
Water recycling revenue	3,558	3,647	4,178	(89)	(2.4)	(531)	(12.7)
WQPP reimbursements	641	689	643	(48)	(7.0)	46	7.2
Total operating revenues	47,865	44,685	50,030	3,180	7.1	(5,345)	(10.7)
Non-operating revenues:							
Standby charges	3,284	3,291	3,309	(7)	(0.2)	(18)	(0.5)
Investment earnings	183	191	150	(8)	(4.2)	41	27.3
Other, net	1,851	545	1,558	1,306	239.6	(1,013)	(65.0)
Total non-operating revenues	5,318	4,027	5,017	1,291	32.1	(990)	(19.7)
Total revenues	53,183	48,712	55,047	4,471	9.2	(6,335)	(11.5)
Operating expenses	54,689	49,028	53,565	5,661	11.5	(4,537)	(8.5)
Interest expense	1,782	1,599	2,020	183	11.4	(421)	(20.8)
Total expenses	56,471	50,627	55,585	5,844	11.5	(4,958)	(8.9)
Income (loss) before capital contributions	(3,288)	(1,915)	(538)	(1,373)	71.7	(1,377)	255.9
Capital contributions	-	104	1,186	(104)	(100.0)	(1,082)	(91.2)
Change in net position	(3,288)	(1,811)	648	(1,477)	81.6	(2,459)	(379.5)
Net position at beginning of year	45,477	47,288	51,119	(1,811)	(3.8)	(3,831)	(7.5)
Adjustment for restatements	-	-	(4,479)	-	N/A	4,479	N/A
Net position at end of year	\$ 42,189	\$ 45,477	\$ 47,288	\$ (3,288)	(7.2)	\$ (1,811)	(3.8)

While the Statement of Net Position displays a picture of District's financial position at a point in time, the **Statement of Revenues, Expenses and Changes in Net Position** demonstrates how the District's net position changed during the fiscal year.

At June 30, 2017, net position decline by \$3.3 million, or 7%, from the prior year due to expenses exceeding revenues in Fiscal Year 2017. This also occurred in FY 2016.

Revenues: The District's primary operating revenues are derived from the sale of imported potable and replenishment (spreading) water and, to a lesser degree, the sale of recycled water. Revenue from sales of imported water, a classification that combines potable and replenishment sales, increased \$3.3 million, or 8%, in Fiscal Year 2017. The increase is attributable to a 69% increase in replenishment sales, offset by a 19% decline in potable sales. Recycled water sales were flat from the prior year.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
 For the Fiscal Years Ended June 30, 2017 and 2016

Expenses: Fiscal Year 2017 expenses increased \$5.9 million, or 12%, compared to the prior year. The overall increase is comprised of increases in the following categories: \$3.0 million of Source of Supply, \$0.8 million of election expenses and \$0.7 million of non-recurring legal and settlement fees within General and Administrative expenses, \$0.9 million in reimbursed Conservation and Monitoring expenses and \$0.4 million in Depreciation expenses. Because the District is a water wholesaler, its expenses for water purchases vary each year in conjunction with District-wide sales demand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Table A-3: Capital and Intangible Assets at Year-End, net of depreciation (in 000's)

	June 30,			Variance			
				2016/2017		2015/2016	
	2017	2016	2015	Amount	%	Amount	%
Non-depreciable capital assets:							
Land	\$ 2,364	\$ 2,364	\$ 2,364	\$ -	-	\$ -	-
Construction-in-progress	1,448	1,276	1,261	172	13.5	15	1.2
Total non-depreciable capital assets	3,812	3,640	3,625	172	4.7	15	0.4
Depreciable capital assets:							
Distribution systems	101,944	100,630	100,373	1,314	1.3	257	0.3
Water Quality Protection Project	6,637	6,637	6,637	-	-	-	-
Building and improvements	5,448	5,399	5,399	49	0.9	-	-
Furniture, fixtures, and equipment	1,215	1,198	1,228	17	1.4	(30)	(2.4)
Total depreciable capital assets	115,244	113,864	113,637	1,380	1.2	227	0.2
Accumulated depreciation	(44,566)	(41,280)	(38,067)	(3,286)	8.0	(3,213)	8.4
Net depreciable capital assets	70,678	72,584	75,570	(1,906)	(2.6)	(2,986)	(4.0)
Totals	\$ 74,490	\$ 76,224	\$ 79,195	\$ (1,734)	(2.3)	\$ (2,971)	(3.8)
	June 30,			Variance			
				2016/2017		2015/2016	
	2017	2016	2015	Amount	%	Amount	%
Intangibles:							
Intangible assets not being amortized	\$ 37	\$ 37	\$ 37	\$ -	-	\$ -	-
Intangible assets being amortized	3,220	3,220	3,220	-	-	-	-
Accumulated amortization	(2,415)	(2,098)	(1,600)	(317)	15.1	(498)	31.1
Net intangible assets	805	1,122	1,620	(317)	(28.2)	(498)	(30.7)
Totals	\$ 842	\$ 1,159	\$ 1,657	\$ (317)	(27.3)	\$ (498)	(30.1)

Capital and Intangible Asset Contributions: At June 30, 2017, the District's investment in capital and intangible assets, net of depreciation, totaled \$74.5 million. This valuation is slightly less than the \$76.2 million amount in FY 2016. The decrease is mostly due to the increase in accumulated depreciation between years.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

District Capital assets include recycled water distribution systems, water quality treatment facilities, building and improvements, land, and miscellaneous equipment. Intangible assets include water pumping rights and information systems acquisitions, and have decreased slightly under the prior year through amortization.

More detailed information about the District's capital assets is discussed in the Notes Financial Statements, Note 5.

Table A-4: Outstanding Long-Term Debt at Year-End (in 000's)

	June 30,			Variance			
	2017	2016	2015	2016/2017		2015/2016	
	Amount	Amount	Amount	Amount	%	Amount	%
Certificates of participation	\$ 45,316	\$ 46,842	\$ 48,262	\$ (1,526)	(3.3)	\$ (1,420)	(2.9)
Compensated absences	250	214	105	36	16.9	109	103.8
Total	\$ 45,566	\$ 47,056	\$ 48,367	\$ (1,490)	(3.2)	\$ (1,311)	(2.7)

The District manages three debt issues: Refunding Certificates of Participation (COPs) established in 2008 and 2010, and Refunding Revenue Bonds issued in 2016. The 2008 and 2010 COPs require debt service payments until 2038 and 2039, respectively. The 2016 Refunding Revenue Bonds require debt service payments until 2030.

In Fiscal Year 2017, the District acted to refund and refinance a \$7.2 million portion of the 2010 COPs to facilitate level debt service payments in the future.

In all, long-term debt outstanding at June 30, 2017 totals \$45.6 million, an amount that compares favorably with the \$47.1 million outstanding at June 30, 2016. The District made all required debt payments in Fiscal Year 2017. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements, Note 7.

FACTORS BEARING ON THE FUTURE

In their most recent reviews of the District, Standard & Poor's and Moody's express similar concerns about the District's future sales revenue uncertainty and potential impacts to debt service coverage ratios (brought about by conservation-induced decline in water sales) as a consequence.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2017 and 2016

Taking action in advance of detrimental impacts to the District's business activities, during FY 2017, the District developed 5-year water sales projections, a 5-year financial plan and a 5-year capital improvement program, and linked each to future estimations of net revenue, debt coverage ratios, and changes in Net Position. The integrated long-range planning methodology is now a functioning component of District financial management and decision making.

In Fiscal Year 2017, the Board approved increases to meter service charges and water surcharges for potable and recycled water sales of approximately 16% and 8%, effective January 1, 2017 and July 1, 2017, respectively.

This increase in meter service charges and water surcharges was the first increase over the last five years to enhance Central Basin's financial stability and its ability to meet its required debt covenant ratio.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, purveyor agencies, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and disburses. Questions about this report or requests for additional financial information will be promptly addressed. Please contact Central Basin Municipal Water District, 6252 Telegraph Road, Commerce, CA 90040, (323) 201-5500.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Statements of Net Position

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 5,899,067	\$ 6,703,902
Investments	6,326,671	8,045,723
Accounts receivable	6,342,417	5,780,335
Interest receivable	21,498	25,925
Prepaid and other assets	382,488	501,668
Restricted:		
Cash and cash equivalents	45,159	-
Investments	2,279,187	2,853,254
Nondepreciable capital assets	3,811,837	3,639,540
Depreciable capital assets	115,243,986	113,864,399
Less, accumulated depreciation	(44,566,146)	(41,279,942)
Unamortized intangible assets	36,796	36,796
Intangible assets	3,219,523	3,219,523
Less, accumulated amortization	(2,414,568)	(2,097,578)
Total assets	<u>96,627,915</u>	<u>101,293,545</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	1,539,573	476,969
Deferred amounts on refunding	1,865,846	1,777,998
Increase (decrease) in fair value of hedging derivatives	1,915,699	2,774,360
Total deferred outflows of resources	<u>5,321,118</u>	<u>5,029,327</u>
LIABILITIES		
Accounts payable and accrued expenses	4,572,603	4,734,399
Accrued interest payable	790,462	656,891
Long-term payable	658,181	702,751
Interest rate swap	1,915,699	2,774,360
Long-term debt:		
Due or payable within one year	1,610,900	1,790,521
Due or payable after one year	43,955,251	45,265,031
Net pension liability	5,700,598	4,288,680
Total liabilities	<u>59,203,694</u>	<u>60,212,633</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>557,419</u>	<u>633,642</u>
NET POSITION		
Net investment in capital assets	29,340,110	29,816,166
Restricted for debt service	2,297,796	2,865,441
Unrestricted	10,550,014	12,794,990
Total net position	<u>\$ 42,187,920</u>	<u>\$ 45,476,597</u>

See accompanying notes to financial statements



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Imported water revenue	\$ 43,665,680	\$ 40,348,957
Water recycling revenue	3,558,121	3,646,585
Water quality protection project revenue	641,348	689,360
Total operating revenues	<u>47,865,149</u>	<u>44,684,902</u>
OPERATING EXPENSES		
Sources of supply	38,835,598	35,816,227
Recycling costs	2,380,256	2,337,777
Water quality protection report	641,348	689,360
Conservation and monitoring	2,058,335	1,209,236
Water resources planning	586,027	423,380
General and administrative	6,073,772	4,469,666
Depreciation and amortization	4,113,531	3,709,691
Total operating expenses	<u>54,688,867</u>	<u>48,655,337</u>
Operating Income (Loss)	<u>(6,823,718)</u>	<u>(3,970,435)</u>
NON-OPERATING REVENUES (EXPENSES)		
Standby charges	3,283,892	3,291,478
Grant revenue	1,842,413	536,118
Investment earnings	183,409	190,727
Change in fair value of investments and interest rate swap	(2,890)	-
Interest expense	(1,782,001)	(1,971,560)
Miscellaneous income	10,218	7,989
Total Non-Operating Revenues (Expenses)	<u>3,535,041</u>	<u>2,054,752</u>
Income (loss) before contributions	(3,288,677)	(1,915,683)
Capital contributions	-	104,386
Change in net position	(3,288,677)	(1,811,297)
Net position - July 1	<u>45,476,597</u>	<u>47,287,894</u>
Net position - June 30	<u>\$ 42,187,920</u>	<u>\$ 45,476,597</u>

See accompanying notes to financial statements



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 47,363,210	\$ 48,787,179
Payment to suppliers for goods and services	(46,418,337)	(46,790,605)
Payment to employees for services	(4,068,079)	(2,514,607)
Standby charges, grants and miscellaneous income	5,076,380	3,835,585
Net cash provided by (used in) operating activities	<u>1,953,174</u>	<u>3,317,552</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,551,884)	(281,356)
Proceeds from refunding of debt	8,824,740	-
Principal paid on capital debt	(9,915,000)	(1,320,000)
Payment of other long-term debt	(44,570)	(43,856)
Change in fair value of swap agreement	(858,661)	646,481
Interest paid on capital debt	(1,648,430)	(1,985,226)
Capital contributions	-	104,386
Net cash provided by (used in) capital and related financing activities	<u>(5,193,805)</u>	<u>(2,879,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturity of investments	2,293,119	120,292
Investment earnings	187,836	192,286
Net cash provided by (used in) investing activities	<u>2,480,955</u>	<u>312,578</u>
Net increase (decrease) in cash and cash equivalents	(759,676)	750,559
Cash and Cash Equivalents - Beginning of Year	<u>6,703,902</u>	<u>5,953,343</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,944,226</u>	<u>\$ 6,703,902</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (6,823,718)	\$ (3,970,435)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	4,113,531	3,709,691
Nonoperating revenues (expenses) reported as cash flows from Operating activities:		
Standby charges, grants and miscellaneous income	5,076,380	3,835,585
Change in assets and liabilities:		
Accounts receivable	(562,082)	4,102,277
Prepaid expenses	119,180	(18,928)
Accounts payable and accrued expenses	29,883	(4,340,638)
Total adjustments - net	<u>8,776,892</u>	<u>7,287,987</u>
Net Cash Provided by Operating Activities	<u>\$ 1,953,174</u>	<u>\$ 3,317,552</u>

See accompanying notes to financial statements



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Central Basin Municipal Water District (District) was incorporated on December 15, 1952, under the provisions of the Municipal Water District Law of 1911, as amended, (now cited as "The Municipal Water District Law of 1911," Division 20, California Water Code) as a result of an election held on December 2, 1952.

The District's mission is to acquire, sell and conserve imported and other water that meets all required standards, and to furnish it to its customers, in a planned, timely, and cost-effective manner that anticipates future needs. The District serves as the official representative for its public at Metropolitan Water District. It also provides leadership, support, advice and communication on water issues to the people and agencies within and without its boundaries, as appropriate.

The District has 24 imported water and 18 recycled water customers, private and public, within its boundaries. The District's supplier of imported water is the Metropolitan Water District of Southern California. Imported water purchases comprise approximately 91% of the District's water revenue. The District Board of Directors sets water rates annually.

Central Basin Municipal Water District Financing Corporation (Corporation) was established in March of 2003. The Corporation is a California non-profit public benefit corporation that provides assistance to the District in acquiring, constructing, rehabilitating, financing or refinancing land and equipment for the use, benefit and enjoyment of the public being served. The Corporation has no employees or operations, is a legally separate entity for which the District is financially accountable and is included as a blended component unit of the District as it is part of its operations. No separate financial statements are issued for the Corporation.

The District Board of Directors also serves as the governing board for the Central Basin Municipal Water District Financing Corporation.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuous basis be funded or recovered primarily through user charges.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property assessed charges, such as the District's Standby Charge, is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District distinguishes Operating Revenues and Operating Expenses from non-operating items. Operating Revenues and Operating Expenses generally result from providing services and producing and delivering goods in connection with an entity's ongoing operations. The principal Operating Revenues of the District are charges to customers for water sales. Operating Expenses include cost of water sales, water operations and maintenance expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as Non-operating Revenues and Non-operating Expenses.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Local Agency Investment Fund (investment pool) and money market funds are sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, the market value on hand is deemed to be a cash equivalent.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

It is the District's policy to capitalize assets costing over \$5,000 at historic cost. Donated capital assets are stated at acquisition value at the date of donation. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets (continued)

Description	Estimated Lives
Plant and Distribution System	40 years
Buildings and Improvements	10-40 years
Furniture and Equipment	5-10 years
Intangibles	5-10 years

No depreciation is recorded for land, construction-in-progress and water rights. The provision for depreciation and amortization, including amortization related to 2008 and 2010 COPs and 2016A Refunding Revenue Bonds, totaled \$4,113,531 and \$3,709,691 for the years ended June 30, 2017 and 2016, respectively. Expenses for repairs and maintenance are charged to operations as incurred. Additions, improvements, and other capital outlays that significantly extend the useful life or productivity of an asset are capitalized. Intangible assets are capitalized if their useful life is greater than one year and meets the above criteria. These assets are amortized over their useful lives, unless indefinite.

4. Compensated Absences

The District's employees at June 30, 2017 and 2016, had unused vacation pay of \$250,144 and \$213,972, respectively. Because the employees have a vested right to these benefits, the liability has been reflected in these financial statements.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category, which are: deferred outflows related to pension plans, deferred amounts on refunding, and increase (decrease) in fair value of hedging derivatives.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, which is more fully described in Note 11.

6. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan and addition to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Net Position (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Reserves Policy

Reserves are funds set aside to achieve District objectives, respond to operational uncertainties and respond to emergencies. Funds are generally kept in three (3) categories:

- a. **Unrestricted, Undesignated:** May be allocated by the Board at any time for any lawful purpose of the District.
- b. **Unrestricted, but Designated Funds:** There are funds set aside by the Board to achieve specific objectives or address specific District uncertainty or threats. The Board may reallocate these funds at any time by Board action. The funds may be comingled for financial management purposes.
- c. **Restricted Funds:** These funds are permanently set aside to achieve specific objectives and may not be reassigned to another District purpose.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. New GASB Pronouncements

During the 2016-17 fiscal year, the following GASB Pronouncements became effective:

1. Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (Issued 06/15)

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. New GASB Pronouncements (Continued)

that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

2. **Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (Issued 06/15)**

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

3. **Statement No. 77, Tax Abatement Disclosures (Issued 08/15)**

For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

E. New GASB Pronouncements (Continued)

4. Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans (Issued 12/15)

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

5. Statement No. 80, Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14 (Issued 01/16)

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

6. Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73 (Issued 03/16)

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2017, are reported at fair value and consisted of the following:

Description	Maturity		2017 Total	2016 Total
	Less than 1 Year	1-5 Years		
Imprest cash on hand	\$ 500	\$ -	\$ 500	\$ 500
Deposits	1,250,335	-	1,250,335	2,475,754
Open ended money market mutual funds	18,608	-	18,608	-
Local agency investment fund	4,674,783	-	4,674,783	3,982,648
Investments:				
Government obligations:				
U.S. Treasuries	-	-	-	3,928,505
U.S. agency securities	-	4,681,385	4,681,385	2,853,254
Corporate bonds	-	351,091	351,091	856,683
Certificates of Deposit-Negotiable	-	3,573,382	3,573,382	3,505,535
Total	\$ 5,944,226	\$ 8,605,858	\$ 14,550,084	\$ 17,602,879

Pooled Funds

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), a special fund regulated by the California State Treasury through which each city, district or agency may invest up to \$50 million and may invest without limitation in special bond proceeds accounts. At June 30, 2017, the total market value of LAIF, including accrued interest was approximately \$22.8 billion. The fair value of the District’s investment in this pool is about \$4.7 million at June 30, 2017, based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. LAIF’s (and the District’s) exposure to risk (credit, market, or legal) is not currently available. US agency securities represent funds held by bond trustees.

Cash and investments are reported in the accompanying statements of net position as follows:

Financial Statement Classification:	2017	2016
Cash and cash equivalents - current unrestricted	\$ 5,899,067	\$ 6,703,902
Cash and cash equivalents - restricted	45,159	-
Investments - current unrestricted	6,326,671	8,045,723
Investments - restricted	2,279,187	2,853,254
Total	\$ 14,550,084	\$ 17,602,879



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

Statements of Cash Flows

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be a cash equivalent. Details at June 30 are as follows:

	2017	2016
Imprest cash on hand	\$ 500	\$ 500
Certificates of deposit (<90 day maturity)	-	245,000
Deposits	1,250,335	2,475,754
Money market funds	18,608	-
LAIF	4,674,783	3,982,648
Total cash and equivalents	<u>\$ 5,944,226</u>	<u>\$ 6,703,902</u>

Investment Policy

The District’s investment policy outlines the guidelines required to be used in effectively managing the District’s available cash in accordance with the California Government Code. Summarized below are the investment vehicles that are authorized and certain provisions of the policy that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maturity	Portfolio Threshold	Investment Ceiling for a Single Issuer
U.S. Government and Agencies	None	None	None
Banker’s Acceptances	180 days	15%	15%
Commercial Paper	270 days	25%	10%
Certificates of Deposit	1 year	20%	25%
Negotiable Certificates of Deposit	1 year	30%	25%
LAIF	N/A	None	None
Money Market Funds	N/A	20%	None
Medium Term Notes	>5 years	10%	None
Municipal Bonds	>5 years	20%	None

Credit Risk

Credit risk is the risk that an issuer of other counterparty to an investment will not fulfill its obligations. The District’s investment policy limits eligible investments in certificates of deposits, banker’s acceptances and commercial paper to those financial institutions and/or debt issuers that maintain a rating of “A” or higher from one or more of the Nationally Recognized Statistical-Rating Organizations (NRSRO). As of June 30, 2017, the District’s investment in U.S. Government and Agency securities and those held by bond trustee under investment agreements were rated as follows:



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

NOTE 2 – CASH AND INVESTMENTS (continued)

	<u>S & P</u>
Federal Home Loan Banks	AA+
Federal National Mortgage Association	AA+

The District’s investments in LAIF and open-ended money market mutual funds are not rated.

Concentration of Credit Risk

Under GASB Statement No. 40, concentration of credit risk is the risk of loss attributable to the magnitude of the District’s investment in a single issuer. The District’s investment policy limits the amount of investment in a single issuer in accordance with the requirements of the California Government Code. As of June 30, 2017, the following investments in any single issuer that represented 5% or more of the Districts’ total investments included:

Government Obligations:	<u>Coupon</u>	<u>Maturity</u>	<u>\$ Share</u>	<u>% Share</u>
Federal Home Loan Banks	1.120%	10/29/2018	1,993,280	11.40%
Federal National Mortgage Association	1.875%	6/29/2021	984,288	5.63%

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also requires financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2017, \$1,110,815 of the District’s cash balances were exposed to custodial credit risk. As of June 30, 2016, \$2,388,656 of the District’s bank balance was exposed to custodial credit risk.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, was as follows:

Description	Balance, July 1, 2016	Additions	Decreases	Balance, June 30, 2017
Capital assets not being depreciated:				
Land-recycling programs and distribution systems	\$ 361,970	\$ -	\$ -	\$ 361,970
Land-CB headquarters	2,001,996	-	-	2,001,996
Construction-in-progress	1,275,574	1,439,425	1,267,128	1,447,871
Total capital assets not being depreciated	3,639,540	1,439,425	1,267,128	3,811,837
Capital assets being depreciated:				
Building and improvements	5,398,720	49,128	-	5,447,848
Recycling programs and distribution systems:				
Century	28,519,895	1,267,128	-	29,787,023
Rio Hondo	70,298,288	46,679	-	70,344,967
Hollydale	1,812,064	-	-	1,812,064
Water quality protection project	6,636,946	-	-	6,636,946
Total recycling programs and distribution systems	107,267,193	1,313,807	-	108,581,000
Equipment, furniture, and fixtures:				
Equipment	853,716	16,652	-	870,368
Furniture and fixtures	344,770	-	-	344,770
Total equipment, furniture, and fixtures	1,198,486	16,652	-	1,215,138
Total capital assets being depreciated	113,864,399	1,379,587	-	115,243,986
Accumulated depreciation for:				
Building and improvements	(2,958,294)	(277,828)	-	(3,236,122)
Recycling programs and distribution systems	(37,466,803)	(2,808,905)	-	(40,275,708)
Equipment, furniture, and fixtures	(854,845)	(199,471)	-	(1,054,316)
Total accumulated depreciation	(41,279,942)	(3,286,204)	-	(44,566,146)
Total capital assets being depreciated, net	72,584,457	(1,906,617)	-	70,677,840
Total capital assets, net	\$ 76,223,997	\$ (467,192)	\$ 1,267,128	\$ 74,489,677



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

Years ended June 30, 2017 and 2016

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION (continued)

Capital asset activity for the year ended June 30, 2016, was as follows:

Description	Balance, July 1, 2015	Additions	Decreases	Balance, June 30, 2016
Capital assets not being depreciated:				
Land-recycling programs and distribution systems	\$ 361,970	\$ -	\$ -	\$ 361,970
Land-CB headquarters	2,001,996	-	-	2,001,996
Construction-in-progress	1,261,287	14,287	-	1,275,574
Total capital assets not being depreciated	3,625,253	14,287	-	3,639,540
Capital assets being depreciated:				
Building and improvements	5,398,720	-	-	5,398,720
Recycling programs and distribution systems:				
Century	28,284,409	235,486	-	28,519,895
Rio Hondo	70,276,996	21,292	-	70,298,288
Hollydale	1,812,064	-	-	1,812,064
Water quality protection project	6,636,946	-	-	6,636,946
Total recycling programs and distribution systems	107,010,415	256,778	-	107,267,193
Equipment, furniture, and fixtures:				
Equipment	893,716	-	40,000	853,716
Furniture and fixtures	334,479	10,291	-	344,770
Total equipment, furniture, and fixtures	1,228,195	10,291	40,000	1,198,486
Total capital assets being depreciated	113,637,330	267,069	40,000	113,864,399
Accumulated depreciation for:				
Building and improvements	(2,681,626)	(276,668)	-	(2,958,294)
Recycling programs and distribution systems	(34,714,993)	(2,751,810)	-	(37,466,803)
Equipment, furniture, and fixtures	(671,077)	(183,768)	-	(854,845)
Total accumulated depreciation	(38,067,696)	(3,212,246)	-	(41,279,942)
Total capital assets being depreciated, net	75,569,634	(2,945,177)	40,000	72,584,457
Total capital assets, net	\$ 79,194,887	\$ (2,930,890)	\$ 40,000	\$ 76,223,997



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

Years ended June 30, 2017 and 2016

NOTE 6 – INTANGIBLE ASSETS

Intangible asset activity for the year ended June 30, 2017, was as follows:

Description	Balance, July 1, 2016	Additions	Decreases	Balance, June 30, 2017
Intangible assets not being amortized:				
Water rights	\$ 36,796	\$ -	\$ -	\$ 36,796
Intangible assets being amortized:				
Groundwater storage plan	1,203,030	-	-	1,203,030
Recycled water master plan	217,303	-	-	217,303
Financial management system	1,336,708	-	-	1,336,708
GIS system	398,539	-	-	398,539
Software	63,943	-	-	63,943
Total intangibles being amortized	3,219,523	-	-	3,219,523
Accumulated amortization for:				
Groundwater storage plan	(1,142,878)	(60,151)	-	(1,203,029)
Recycled water master plan	(173,842)	(43,461)	-	(217,303)
Financial management system	(521,810)	(133,671)	-	(655,481)
GIS system	(259,048)	(79,707)	-	(338,755)
Total accumulated amortization	(2,097,578)	(316,990)	-	(2,414,568)
Total intangible assets being amortized, net	1,121,945	(316,990)	-	804,955
Total intangible assets, net	\$ 1,158,741	\$ (316,990)	\$ -	\$ 841,751

Intangible asset activity for the year ended June 30, 2016, was as follows:

Description	Balance, July 1, 2015	Additions	Decreases	Balance, June 30, 2016
Intangible assets not being amortized:				
Water rights	\$ 36,796	\$ -	\$ -	\$ 36,796
Intangible assets being amortized:				
Groundwater storage plan	1,203,030	-	-	1,203,030
Recycled water master plan	217,303	-	-	217,303
Financial management system	1,336,708	-	-	1,336,708
GIS system	398,539	-	-	398,539
Software	63,943	-	-	63,943
Total intangibles being amortized	3,219,523	-	-	3,219,523
Accumulated amortization for:				
Groundwater storage plan	(902,272)	(240,606)	-	(1,142,878)
Recycled water master plan	(130,382)	(43,460)	-	(173,842)
Financial management system	(388,139)	(133,671)	-	(521,810)
GIS system	(179,340)	(79,708)	-	(259,048)
Total accumulated amortization	(1,600,133)	(497,445)	-	(2,097,578)
Total intangible assets being amortized, net	1,619,390	(497,445)	-	1,121,945
Total intangible assets, net	\$ 1,656,186	\$ (497,445)	\$ -	\$ 1,158,741



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the years ended June 30, 2017 and 2016, were as follows:

June 30, 2017	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of participation:					
Adjustable rate refunding certificates - 2008B	\$ 12,215,000	\$ -	\$ 525,000	\$ 11,690,000	\$ 300,000
Refunding revenue certificates - 2010A	33,610,000	-	9,390,000	24,220,000	1,120,000
Refunding revenue certificates - 2016	-	7,240,000	-	7,240,000	-
Sub-total certificates of participation	45,825,000	7,240,000	9,915,000	43,150,000	1,420,000
Add (deduct) deferred amounts:					
For issuance discount	(13,543)	-	(643)	(12,900)	(642)
For issuance premium	1,030,123	1,584,740	435,956	2,178,907	191,542
Total certificates of participation	46,841,580	8,824,740	10,350,313	45,316,007	1,610,900
Compensated absences	213,972	36,172	-	250,144	-
Totals	<u>\$ 47,055,552</u>	<u>\$ 8,860,912</u>	<u>\$ 10,350,313</u>	<u>\$ 45,566,151</u>	<u>\$ 1,610,900</u>

June 30, 2016	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of participation:					
Adjustable rate refunding certificates - 2008B	\$ 12,715,000	\$ -	\$ 500,000	\$ 12,215,000	\$ 525,000
Refunding revenue certificates - 2010A	34,430,000	-	820,000	33,610,000	1,040,000
Sub-total certificates of participation	47,145,000	-	1,320,000	45,825,000	1,565,000
Add (deduct) deferred amounts:					
For issuance discount	(14,184)	-	(641)	(13,543)	(641)
For issuance premium	1,131,551	-	101,428	1,030,123	101,429
Total certificates of participation	48,262,367	-	1,420,787	46,841,580	1,665,788
Compensated absences	186,817	27,155	-	213,972	124,733
Totals	<u>\$ 48,449,184</u>	<u>\$ 27,155</u>	<u>\$ 1,420,787</u>	<u>\$ 47,055,552</u>	<u>\$ 1,790,521</u>

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LEGISLATIVE INTENT SERVICE



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. Certificates of Participation

2008A and 2008B Adjustable Rate Refunding Revenue COP

In 2008, the District issued \$19,980,000 Adjustable Rate Refunding Revenue Certificates of Participation, Series 2008A (2008A Bonds) and \$15,015,000 Adjustable Rate Refunding Revenue Certificates of Participation, Series 2008B (2008B Bonds) to refund the District's 2007A and 2007B Bonds. The net proceeds of the 2008A and 2008B Bonds were deposited in an irrevocable trust with an escrow agent which provided funds for the redemption of the 2007A Bonds and 2007B Bonds on May 21, 2008. The refunded debts were originally incurred to finance the District's capital projects and to refund the 1997 Revenue Bonds. The amount required to refund the 2007A Bonds and 2007B Bonds exceeded their net carrying amounts by approximately \$2,400,000 and \$290,000, respectively, which are deferred and netted against the new debt. The deferred amounts are being amortized over the remaining life of the new debts which is shorter than the life of the refunded debts. The refunding of the 2007A and 2007B Bonds was primarily undertaken to eliminate the District's exposure to the auction rate market.

In relation to the original issuance of the 2008A and 2008B Bonds, the District entered into the following:

- Amended and restated swap agreements with Citibank N.A. to reduce the interest rate risks. The swap amount outstanding as of June 30, 2017, is included in the District's liabilities.
- Direct Pay Letter of Credit Agreement for a period of 3 years with Allied Irish Bank (AIB) up to \$40,000,000 to enhance the bonds. The letter of credit fee was due on a quarterly basis in arrears.

In August 2010, the District's Board of Directors voted to substitute U.S. Bank National Association as the new Letter of Credit Provider and Stone and Youngberg as the Remarketing Agent for the District's 2008B Bonds. Outstanding letter of credit fees as of June 30, 2017 and 2016 are included in the District's liabilities.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. Certificates of Participation (Continued)

Interest rates on outstanding advances are as follows:

First 90 Days:	Base Rate
Day 91 to 180:	Base Rate + 1%
Thereafter:	Term Loan Rate

Base Rate is equal to the greater of: (a) the U.S. Bank prime rate plus 1.0% or (b) overnight Federal Funds rate plus 2.0% or (c) SIFMA plus 1.0% or (d) 8.0%. The Default Rate is equal to Base Rate + 3%.

The interest rates for the Bonds are established pursuant to the remarketing procedures. The interest period begins on and includes the interest payment date and ends on and includes the day immediately preceding the next interest payment date. For the fiscal year ended June 30, 2017, the average interest rate for the 2008B Bonds was 3.3805% swapped to 3.323%.

2010A Refunding Revenue COP

In March 2010, the District issued \$37,935,000 Refunding Revenue Certificates of Participation, Series 2010A (2010A Bonds), to provide funds to finance a portion of the cost of certain capital improvements, to refund the outstanding Adjustable Rate Refunding Revenue Certificates of Participation, Series 2008A, to terminate an associated interest rate agreement, to purchase a municipal bond insurance policy and to fund a reserve fund and pay costs of delivery of the certificates. The 2010A Bonds have interest rates ranging from 2% to 5%.

Of the net proceeds of the 2010A Bonds, \$17,700,000 was deposited in an irrevocable trust with an escrow agent which provided funds for the redemption of the 2008A Bonds. The advance refunding of the 2008A bonds met the requirements of an in-substance defeasance. Accordingly, the outstanding balance of the 2008A bonds was removed from the District's long-term debt during the fiscal year 2009-2010. The amount required to refund the 2008A Bonds exceeded the net carrying amounts of the bonds by approximately \$3,500,000 which was deferred and reported in the accompanying financial statements as a deduction from bonds payable. The amount deferred is being amortized over the life of the refunded bonds which is shorter than the life of the new debt.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

A. Certificates of Participation (continued)

With the refunding of the 2008A bonds, the swap agreement related to the 2008A bonds was also terminated. The District paid \$1,285,000 to the counterparty relative to the termination of the swap agreement. The termination of the swap agreement is expected to provide economic benefit to the District.

The 2008B Adjustable Refunding Revenue COP and 2010A Refunding Revenue COP are obligations of the Corporation and the District and are payable solely from net revenues of the District and amounts on deposit in certain funds and accounts created under the 2008 and 2010 Installment Purchase Agreements between the Corporation and the District.

The obligation of the District to make installment payments is payable solely from net revenues as defined in the Installment Agreements. The Installment Purchase Agreements require the District to fix, prescribe and collect rates and charges for its water service, which will be at least sufficient to yield during each fiscal year net revenues equal to 115% of the installment payments and obligations of the District payable on parity therewith.

2016A Refunding Revenue Bonds

In October 2016, the District issued \$7,240,000 Refunding Revenue Bonds, Series 2016A (2016A Bonds), to refund a portion of the 2010A Bonds and related bond issuance costs including bond and debt service reserve insurance policies. The Bonds were issued at a premium of \$1,584,740 which will be amortize over the life of the debt service. Principal is payable on August 1st each year starting in 2023 and interest payments are payable on February 1st and August 1st each year commencing February 1st, 2017, with interest rates ranging from 1.5% to 2.7%. The 2016A Bonds are scheduled to mature on August 1, 2030.

Of the net proceeds of the 2016A Bonds, \$9,136,814 was deposited in an irrevocable trust with an escrow agent which provided funds for the partial redemption of the 2010A Bonds. The advance refunding of this portion of the 2010A bonds met the requirements of an in-substance defeasance. Accordingly, the portion of the outstanding balance of the 2010A bonds was removed from the District's long-term debt during fiscal year 2017.

The obligation of the District to make installment payments is payable solely from net revenues as defined in the 2016A Bond Indenture of Trust. The Indenture of Trust requires the District to fix, prescribe and collect rates and charges for its water service, which will be at least sufficient to yield during each fiscal year net revenues equal to 115% of the debt service for such fiscal year.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

A. Certificates of Participation (continued)

Future debt service requirements on certificates of participation at June 30, 2017, were as follows:

Year ending June 30,	2008B Principal	Series 2010A Principal	Series 2016A Principal	Total Principal	Interest	Total
2018	\$ 300,000	\$ 1,120,000	\$ -	\$ 1,420,000	\$ 1,879,143	\$ 3,299,143
2019	315,000	1,160,000	-	1,475,000	1,823,359	3,298,359
2020	550,000	980,000	-	1,530,000	1,766,529	3,296,529
2021	550,000	1,050,000	-	1,600,000	1,698,932	3,298,932
2022	600,000	1,070,000	-	1,670,000	1,630,026	3,300,026
2022-2027	3,225,000	2,655,000	3,625,000	9,505,000	6,973,489	16,478,489
2027-2032	3,025,000	4,140,000	3,615,000	10,780,000	4,646,725	15,426,725
2032-2037	2,850,000	5,980,000	-	8,830,000	2,574,680	11,404,680
2037-2040	275,000	6,065,000	-	6,340,000	479,387	6,819,387
	<u>\$ 11,690,000</u>	<u>\$ 24,220,000</u>	<u>\$ 7,240,000</u>	<u>\$ 43,150,000</u>	<u>\$ 23,472,270</u>	<u>\$ 66,622,270</u>

B. Note Payable

On July 15, 2002, the District entered into an agreement with the City of Vernon for the construction of a recycled water distribution system. Under the agreement, the City of Vernon shall be responsible for the design and construction of the system and advance the necessary funds to the District to pay for such system. The District shall reimburse City of Vernon's expenditures through monthly credits to its future water bills. Monthly water credits shall be computed based on the total related capital expenditures amortized over 14 years at 5.13% per annum. The agreement covers a period of thirty years with the City of Vernon having an automatic right to extend it for another ten years. Total interest and principal payments for fiscal year ended June 30, 2017 and 2016 amount to \$58,577 and \$62,262, respectively.

For the years ended June 30, 2017 and 2016, the District incurred interest costs amounting to \$1,782,001 and \$1,856,211, respectively.

(800) 666-1917

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CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENT

On April 11, 2007, the District signed a \$19,825,000 and \$14,900,000 30-year floating-to-fixed interest rate swap (“2007A Swap” and “2007B Swap”) with Citibank N.A. This swap agreement was entered into in connection with the issuance of the 2007A and 2007B Bonds on May 3, 2007 and designed to reduce the interest rate risk and enhance the return with respect to the financing and investment program of the District.

With the refunding of the 2007A and 2007B Bonds in 2008, the swap agreements were amended and restated on May 20, 2008, to revise the additional termination events and to change the fixed rate payable by the District.

In March 2010, the 2008A Bonds were refunded through the issuance of the Refunding Revenue Certificates of Participation, Series 2010A. Accordingly, the interest rate swap agreement (2007A swap) attributable to the 2008A Bonds was terminated.

At June 30, 2017 and June 30, 2016, the 2007B swap had a negative fair value to the District of \$1,915,699 and \$2,744,360, respectively. In accordance with GASB No. 63, this was recorded as a deferred outflow and non-current liability in the statement of net position. The market values were determined using the standard derivatives pricing software.

Additional swap information is provided below:

	2007B Swap (2008B Bonds)
Notional amount	\$14,900,000
Effective date	May 3, 2007
Amended effective date	May 20, 2008
Maturity date	August 1, 2037
District pays	3.323% (monthly, 30/360)
District receives	55.7% of USD-LIBOR-BBA plus 0.23% (monthly, actual/360)
Reset dates	First Wednesday of each calendar month starting on June 6, 2007

In exchange for lower nominal fixed swap rates, the District bears basis risk, or the risk that it could incur a shortfall between the variable rate paid on the bonds and the variable rate received on the swap.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENT (Continued)

As of June 30, 2017, the aggregate debt service requirement for the District's 2008B bonds (fixed-rate and variable rate) and the receipts/payments on the associated swap instrument are as follows: The amounts assume that the current interest rates on variable-rate bonds and the current reference rates of the hedging instrument will remain the same for their term.

As these rates vary, interest payments on the variable-rate bonds and net receipts/payments on hedging instruments vary.

Year Ending June 30,	2008B Swap			
	Notional Amortization	Fixed Interest	Interest Rate Swap, Net	Total Interest + Swap
2018	\$ 250,000	\$ 377,022	\$ (25,798)	\$ 351,224
2019	250,000	368,715	(25,298)	343,417
2020	550,000	351,269	(24,107)	327,162
2021	550,000	332,992	(22,853)	310,139
2022	600,000	313,193	(21,494)	291,699
2022-2027	3,225,000	1,251,733	(85,904)	1,165,829
2027-2032	3,025,000	748,575	(51,373)	697,202
2032-2037	2,850,000	183,180	(12,571)	170,609
2037-2038	275,000	762	(51)	711
Total	<u>\$ 11,575,000</u>	<u>\$ 3,927,440</u>	<u>\$ (269,449)</u>	<u>\$ 3,657,991</u>

Early termination of the swaps may obligate the District to pay or receive termination payment based on the market interest rate of the time of termination.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Grants and Contracts

The District has received funds for specific purposes that are subject to review and audit by the grantors. Although such audits could generate expenditure disallowances under terms of the grants or contracts, management believes that any required reimbursements will not be material.

B. Construction Commitments

As of June 30, 2017, the District had no open commitments with respect to unfinished capital projects.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2017.

D. Operating Leases

Operating lease commitments are primarily for computer equipment and property used for the construction, reconstruction, operation and maintenance of water pumps and water storage facilities. The District pays property leases based on a predetermined base rent adjusted annually based on the prevailing consumer price index and every five years based on the appraised value of the property. Total lease expenses for the years ended June 30, 2017 and 2016, amounted to \$325,775 and \$411,753, respectively.

Future minimum annual lease payments are as follows:

2017-2018	\$	471,749
2018-2019		377,192
2019-2020		387,976
2020-2021		399,085
2021-2022		401,678
2022-2027		1,569,038
2027-2032		1,809,901
2032-2037		2,086,894
2037-2042		2,389,935
2042-2047		2,756,257
2047-2048		601,207
		<hr/>
Total	\$	<u>13,250,912</u>

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CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 10 – RISK MANAGEMENT

The District is a policyholder of a comprehensive risk management program, underwritten by Allied World Insurance, designed to provide tailored insurance solutions to water Districts throughout the United States.

At June 30, 2017, the District's coverage limits were as follows:

Property Loss- Coverage up to \$15,043,442 with \$5,000 deductible for buildings, personal property and fixed equipment.

General Liability- Coverage up to \$3,000,000 and has purchased excess insurance coverage up to \$10,000,000.

Asset Liability- Coverage up to \$3,000,000 and has purchased excess insurance coverage up to \$10,000,000.

Public Officials' and Employees' Errors and Omissions- Coverage up to \$1,000,000 per occurrence and has purchased excess insurance coverage up to \$10,000,000.

Fidelity Bonds- Coverage up to \$100,000 per occurrence, with a \$1,000 deductible.

Workers' Compensation- Coverage up to \$1,000,000 each for workers' compensation and employers' liability. The employers' liability is insured up to \$1,000,000 in excess of \$2,000,000 Statutory Insurance Reserves (SIR). Workers' compensation is insured up to the statutory limit.

The District had no significant outstanding liabilities for unpaid claims as of June 30, 2017 or 2016. Settlements have not exceeded coverage for each of the past three fiscal years.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – EMPLOYEE PENSION PLAN

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2015, Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2015, actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process.

For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016, (the measurement date), the active employee contribution rate is 7.0 percent of annual pay, and the average employer's contribution rate is 15.65 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the fiscal year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were \$332,291.

	CalPERS
Employer contributions	\$ 332,291



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – EMPLOYEE PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$5,700,598.

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	<u>\$ 5,700,598</u>

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016, was as follows:

	<u>CalPERS</u>
Proportion - June 30, 2015	0.076535%
Proportion - June 30, 2016	<u>0.163250%</u>
Change - Increase (Decrease)	<u>0.086715%</u>



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – EMPLOYEE PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$526,590. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 332,291	\$ -
Differences between actual and expected experience	15,033	(3,445)
Changes in assumptions	-	(142,228)
Adjustment due to differences in proportions	-	40,254
Net differences between projected and actual earnings on plan investments	<u>1,192,249</u>	<u>(452,000)</u>
	<u>\$ 1,539,573</u>	<u>\$ (557,419)</u>

The total amount of \$332,291 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2018	\$ (34,657)
2019	216,197
2020	84,065
2021	-
Thereafter	-

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015, total pension liability. Both the June 30, 2015, total pension liability and the June 30, 2016, total pension liability were based on the following actuarial methods and assumptions:

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CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – EMPLOYEE PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (continued)

	<u>CalPERS</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Wage Growth	Varies by Entry Age and Service
Mortality Rate Table	Derived Using CalPERS Membership Data
Post-retirement Benefit Increase	2.75%
Investment Rate of Return	7.50%

¹ The mortality table used was developed based on CalPERS specific data. The table includes 50 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2015 experience study report.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2014, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study report can be found on the CalPERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 % is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – EMPLOYEE PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension			
Liability (Asset)	\$ 8,881,382	\$ 5,700,598	\$ 3,071,838

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

C. Payable to the Pension Plans

At June 30, 2017, the District reported a payable of \$12,582 for the outstanding amount of contributions to the CalPERS pension plan required for the fiscal year ended June 30, 2017.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Funding Policy

The District provides post-employment health benefits, in accordance with the District's administrative code, (1) to all employees who retire from the District on or after attaining age 55 with a minimum of 10 consecutive years of service, or (2) to all employees meeting the CalPERS service formula of age 50 or above, plus years of CalPERS service credit equal to 75 years or higher. The last 5 years of service credit must be with Central Basin.

In addition, directors who retire from the district at age 55 or older with a minimum of 12 consecutive years of service and assumed office before January 1, 1995, or who served at least two terms and assumed office before January 1, 1981 are also eligible for this benefit. The contribution requirements of plan members and the District are established and may be amended by the Board. As of July 1, 2015, there were 18 active employees and 13 retirees.

The Governmental Accounting Standards Board issued Statement No. 45 in 2004, which addresses *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The District implemented the GASB 45 OPEB reporting requirements beginning in fiscal year 2008-2009.

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CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Annual OPEB Cost

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 5.2% of the current annual covered payroll.

Annual required contribution	\$ 174,430
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>174,430</u>
Contributions made:	<u>162,660</u>
Increase (decrease) in net OPEB obligation	11,770
Net OPEB liability - July 1, 2016	<u>(100,818)</u>
Net OPEB (Asset) - June 30, 2017	<u>\$ (89,048)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
2017	\$ 174,430	93%	\$ (89,048)
2016	\$ 105,838	165%	\$ (100,818)
2015	\$ 99,321	132%	\$ (32,226)

LEGISLATIVE INTENT SERVICE (800) 666-1917



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress

The Funded status of the plan was as follows:

	<u>June 30, 2013</u>	<u>June 30, 2015</u>
Actuarial accrued liability (AAL)	\$ 2,144,620	\$ 2,948,276
Actuarial value of plan assets	\$ (2,079,454)	\$ (2,209,514)
Unfunded actuarial accrued liability (UAAL)	\$ 65,166	\$ 738,762
Funded ratio (actuarial value of plan assets/AAL)	97%	75%
Covered payroll (active plan members)	\$ 1,778,000	\$ 1,627,000
UAAL as a percentage of covered payroll	3.7%	45%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(800) 666-1917

LEGISLATIVE INTENT SERVICE



CENTRAL BASIN MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term, perspective of the calculations.

The following is a summary of the actuarial assumptions and methods.

Valuation date	June 30, 2013	June 30, 2015
Actuarial cost method	Projected Unit Credit with service prorate	Projected Unit Credit with service prorate
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Amortization period	30 years as of initial valuation	30 years as of initial valuation
Mortality	CalPERS pension plan experience study	CalPERS pension plan experience study
Age at retirement	Later of age 60 or +1 if eligible to retire	Later of age 60 or +1 if eligible to retire
Attained age:	24, 25-29, 30-35, 40-44, 45-49, 50+	24, 25-29, 30-35, 40-44, 45-49, 50+
Rate of termination:	13%, 11.5%, 8.5%, 6.5%, 4.0%, 1.5%, 0%	13%, 11.5%, 8.5%, 6.5%, 4.0%, 1.5%, 0%
Health care trend rate	Initial – 7%, ultimate – 5%	Initial – 7%, ultimate – 5%
Investment rate of return	4.5%	4.5%
Salary increase assumption	3.0%	3.0%

NOTE 13 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2017, have been evaluated through December 28, 2017, the date at which the District's audited financial statements were available to be issued.





Required Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

June 30, 2017

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CENTRAL BASIN MUNICIPAL WATER DISTRICT

Schedule of Funding Progress

For the Fiscal Year Ended June 30, 2017

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	\$2,216,075	\$2,793,007	\$ 576,932	79%	\$1,643,000	35%
6/30/2013	\$2,079,454	\$2,144,620	\$ 65,166	97%	\$1,726,000	4%
6/30/2015	\$2,209,514	\$2,948,276	\$ 738,762	75%	\$1,627,000	45%

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2017

California Public Employees' Retirement System (CALPERS)
 Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.16325%	0.0765%	0.0583%
District's proportionate share of the net pension liability	\$ 5,700,598	\$ 4,288,680	\$ 3,629,608
District's covered-employee payroll	\$ 2,122,036	\$ 1,736,183	\$ 1,673,142
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	268.64%	247.02%	216.93%
Plan fiduciary net position as a percentage of the total pension liability	75.87%	79.89%	83.03%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*



CENTRAL BASIN MUNICIPAL WATER DISTRICT
Schedule of Pension Contributions
For the Fiscal Year Ended June 30, 2017

California Public Employees' Retirement System (CALPERS)
 Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually determined contribution	\$ 332,291	\$ 163,750	\$ 168,992
Contributions in relation to the contractually determined contribution	<u>\$ 332,291</u>	<u>\$ 163,750</u>	<u>\$ 168,992</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll:	\$ 2,283,890	\$ 2,122,036	\$ 1,736,183
Contributions as a percentage of covered-employee payroll	14.55%	7.72%	9.73%

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*



CENTRAL BASIN MUNICIPAL WATER DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2017*

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

NOTE 2 – SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Change in Benefit Terms

There were no changes to the benefit terms that applied to all members of the miscellaneous risk pool.

Change in Assumptions

There were no changes of assumptions.





Statistical Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2017



STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help reader assess the District's most significant local revenue sources, water sales, and property levies.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain services and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules are divided from the comprehensive annual reports for the relevant year.



EXHIBIT I

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING RESULTS LAST TEN FISCAL YEARS (In Thousands)

	Fiscal Year Ended June 30,				
	2008	2009	2010	2011	2012
Revenues					
Water Sales (1)	\$37,188	\$35,869	\$48,172	\$50,764	\$ 45,465
Standby Charges (2)	3,132	3,207	3,239	3,314	3,383
Conservation and Monitoring (5)	-	-	-	-	-
Interest Earnings (4)	1,616	(589)	22	870	203
Water Quality Protection Plan Grants (6)	1,048	1,028	1,093	964	993
	620	300	3,365	4,872	593
Total Revenues	43,604	39,815	55,891	60,784	50,637
Expenses					
Water Operating Expenses (3)	31,118	31,544	41,916	42,817	40,326
Conservation and Monitoring (5)	2,692	2,069	2,063	1,963	3,693
General and Administrative (7)	5,305	3,101	4,828	5,199	3,027
Miscellaneous Net (Income) Expenses (8)	(1,345)	278	(1,093)	(108)	(107)
Total Expenses	37,770	36,992	47,714	49,871	46,939
Net Revenues	5,834	2,823	8,177	10,913	3,698
Other Expenses					
Depreciation and Amortization	2,169	2,483	2,556	2,667	3,757
Interest Expense	1,719	1,282	1,138	2,193	2,263
Net Position Change	\$ 1,946	\$ (942)	\$ 4,483	\$ 6,053	\$ (2,322)

(1) Includes non-interruptible, seasonal storage, seawater barrier, and recycled water. See Exhibit II for the 10 year information on Water Sales.

(2) See Exhibit XII for the nature of and 10 year information on this revenue.

(3) Includes water purchases from Metropolitan Water District (MWD), capacity charge, water resources planning costs, and operating costs for recycled water. See Exhibit III for the 10 year information on Water Operating Expenses.

(4) Interest earnings include realized gain/loss on investments. In 2009 (Restated), realized and unrealized loss on investments amounted to \$1.442 million. In 2010, realized and unrealized loss on investments amounted to \$498,000. In 2011, the net unrealized gain on investment/financial transactions was \$419,000. In fiscal years 2012 and 2013, investment earnings were at historic lows due to the Federal Reserves accommodative monetary policy and the majority of previously held high interest bonds purchased before the recession matured and had to be reinvested in lower yielding securities. In fiscal years 2014 and 2015 fiscal years investment earnings remained low in the amounts of \$144,000 and \$145,000, respectively.



EXHIBIT I

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING RESULTS LAST TEN FISCAL YEARS

(In Thousands)

(Continued from previous page)

	Fiscal Year Ended June 30, (Restated)				
	2013	2014	2015	2016	2017
Revenues					
Water Sales (1)	\$ 40,688	\$ 40,195	\$ 49,388	\$ 43,996	\$ 47,224
Standby Charges (2)	3,180	3,310	3,309	3,291	3,284
Conservation and Monitoring (5)	-	-	-	-	-
Interest Earnings (4)	170	116	132	191	183
Water Quality Protection Plan Grants (6)	794	716	643	689	641
	127	1,781	2,726	641	1,842
Total Revenues	44,959	46,119	56,198	48,808	53,175
Expenses					
Water Operating Expenses (3)	37,341	35,665	43,497	39,267	42,443
Conservation and Monitoring (5)	1,862	1,986	2,120	1,209	2,058
General and Administrative (7)	4,680	4,325	4,332	4,470	6,074
Miscellaneous Net (Income) Expenses (8)	(94)	(170)	(35)	(8)	(7)
Total Expenses	43,789	41,806	49,914	44,938	50,568
Net Revenues	1,170	4,313	6,284	3,870	2,607
Other Expenses					
Depreciation and Amortization	3,922	3,790	3,616	3,710	4,114
Interest Expense	2,117	1,917	2,020	1,972	1,782
Net Position Change	\$ (4,869)	\$ (1,395)	\$ 648	\$ (1,811)	\$ (3,289)

(5) See Exhibits XIX and XX for information on these programs. With the completion of the Southeast Water Reliability Project (SWRP) in FY 2011, Water Operations and Conservation and Monitoring received a greater allocation of District overhead in FY 2012.

In 2015, the conservation grants are coming to a close and the District is working on obtaining new grants.

(6) Pertains to construction grants for the SWRP Program, Water Quality Protection Program (WQPP), American Recovery and Reinvestment Program (ARRA) and Proposition 50 Integrated Regional Water Management Plan (IRWMP).

Reimbursements for the WQPP began in fiscal year ended June 30, 2003. ARRA and IRWMP grants were received in fiscal year ending June 30, 2010 and June 30, 2011. In 2014 and 2015, the District is still operating the Water Quality Protection program (WQPP) and Prop. 50 grants.

(7) In 2006, Central Basin separated from West Basin which resulted in certain legal fees that continued until 2008. In 2008, Central Basin funded its OPEB liability by \$1.0 million and its employee retirement plan by \$300,000. Litigation with MWD also started in 2008. In 2013, costs increased due to the SWRP project being completed the prior year and fewer labor costs being allocated to capital projects. Additionally, significant litigation relating to groundwater storage and replenishment fees continued until its resolution in FY14. In 2015, the District legal fees decreased even more due to resolution of litigations.

(8) Includes miscellaneous items and rental operation of the Financing Authority. Amount for 2007 includes additional income due to settlement agreement with West Basin. Amount for 2008 includes income from sale of Central Basin's share of Carson building. Amount for 2010 includes additional settlement amount from West Basin. In 2014 the District benefitted from some gain on the sale of assets which showed a slight increase over the previous year.



EXHIBIT II

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING REVENUES BY MAJOR SOURCE LAST 10 FISCAL YEARS

(In Thousands)

Water Sales ⁽¹⁾			
Fiscal Year Ended June 30,	Potable, Spreading,	Recycled & LRP	Total
2008	\$ 34,319	\$ 2,869	\$ 37,188
2009	\$ 32,879	\$ 2,990	\$ 35,869
2010	\$ 45,414	\$ 2,758	\$ 48,172
2011	\$ 47,903	\$ 2,861	\$ 50,764
2012	\$ 42,292	\$ 3,173	\$ 45,465
2013	\$ 36,949	\$ 3,740	\$ 40,689
2014	\$ 35,766	\$ 4,429	\$ 40,195
2015	\$ 45,210	\$ 4,178	\$ 49,388
2016	\$ 40,349	\$ 3,647	\$ 43,996
2017	\$ 43,666	\$ 3,558	\$ 47,224

CC = Capacity Charge

LRP = Local Resource Program. This is a rebate from Metropolitan Water District of \$250 per acre-foot of recycled water sold.

⁽¹⁾ See explanation of fluctuations in Exhibit VII.

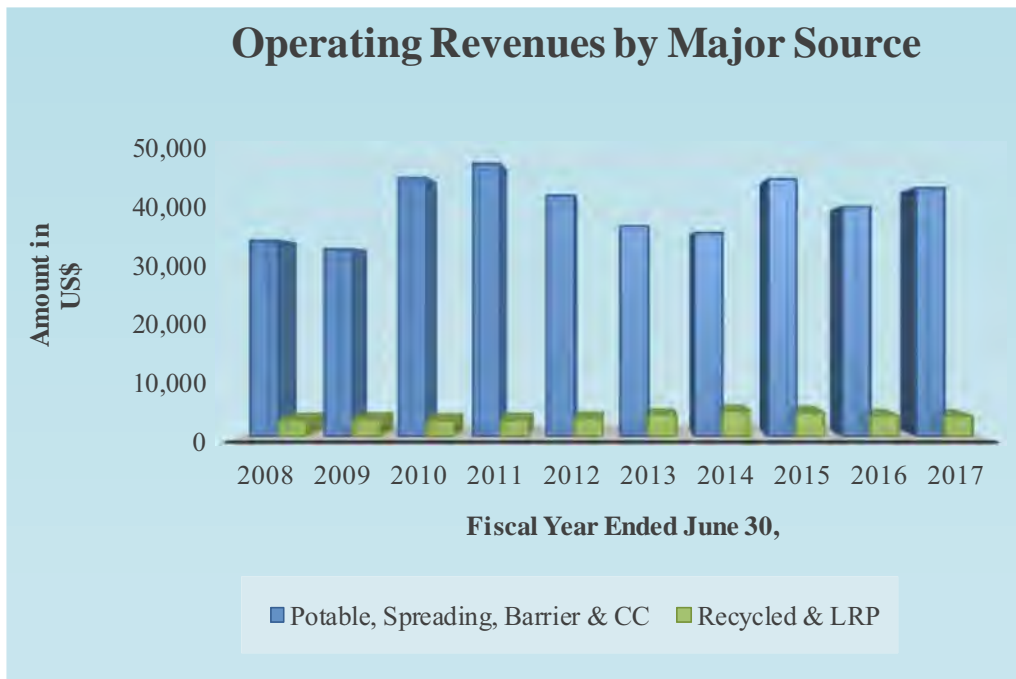


EXHIBIT III

**CENTRAL BASIN MUNICIPAL WATER DISTRICT
OPERATING EXPENSES BY MAJOR SOURCE
LAST 10 FISCAL YEARS**
(In Thousands)

Water Costs ⁽¹⁾			
Fiscal Year Ended June 30,	Potable, Spreading, Barrier & CC	Recycled Water	Total
2008	\$ 29,395	\$ 1,723	\$ 31,118
2009	\$ 29,224	\$ 2,320	\$ 31,544
2010	\$ 39,947	\$ 1,969	\$ 41,916
2011	\$ 40,914	\$ 1,903	\$ 42,817
2012	\$ 36,616	\$ 2,030	\$ 38,646
2013	\$ 32,975	\$ 3,306	\$ 36,281
2014	\$ 31,652	\$ 3,026	\$ 34,678
2015	\$ 40,912	\$ 1,732	\$ 42,644
2016	\$ 35,816	\$ 2,338	\$ 38,154
2017	\$ 38,836	\$ 2,380	\$ 41,216

CC = Capacity Charge

⁽¹⁾ See explanation of fluctuations in Exhibit VII.

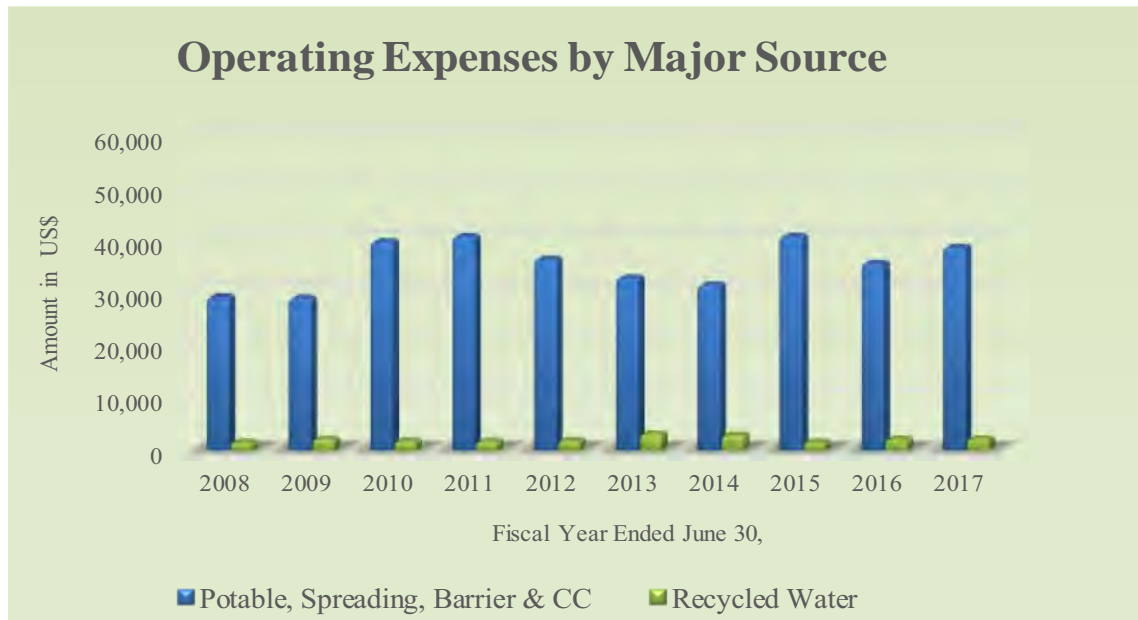


EXHIBIT IV

**CENTRAL BASIN MUNICIPAL WATER DISTRICT
NET POSITION
LAST TEN FISCAL YEARS**
(In Thousands)

Fiscal Year Ended June 30,	Net Position			Total
	Invested in Capital Assets	Restricted	Unrestricted	
2008	\$ 21,982	\$ 1,989	\$ 26,011	\$ 49,982
2009	\$ 24,005	\$ 1,728	\$ 23,306	(1) \$ 49,039
2010	\$ 25,381	\$ 4,484	\$ 23,656	\$ 53,521
2011	\$ 26,033	\$ 4,358	\$ 28,811	\$ 59,202
2012	\$ 30,678	\$ 4,305	\$ 23,507	\$ 58,490
2013	\$ 32,416	\$ 2,924	\$ 17,174	\$ 52,514
2014	\$ 31,306	\$ 2,894	\$ 16,919	\$ 51,119
2015	\$ 31,836	\$ 2,865	\$ 12,587	(2) \$ 47,288
2016	\$ 29,816	\$ 2,865	\$ 12,795	\$ 45,476
2017	\$ 29,340	\$ 2,298	\$ 10,550	\$ 42,188

(1) Restated to reflect adjustment to change in fair market value of investments related to GASB No. 53 requirements for reporting derivatives

(2) Restated due to net position in recognition of net pension liabilities of \$4.5 million from GASB Statement No. 68 which mandated that the District's full pension liability be incorporated into its financial statements beginning in Fiscal Year 2014-2015.



EXHIBIT V

CENTRAL BASIN MUNICIPAL WATER DISTRICT IMPORTED WATER RATES

Tables below delineate the fiscal years ended June 30, 2017 and 2016 water rates per acre foot (AF) for Central Basin and Metropolitan Water District (MWD).

	Rate per AF		
	MWD	Central Basin Surcharge (1)	Total
Fiscal Year Ended June 30, 2017			
<i>July 1, 2016 to December 31, 2016</i>			
Non-Interruptible (Tier 1)	\$ 942	\$ 90	\$ 1,032
Non-Interruptible (Tier 2)	\$ 1,076	\$ 90	\$ 1,166
Non-Interruptible Untreated (Tier 1)	\$ 594	\$ 90	\$ 684
Non-Interruptible Untreated Seasonal Spreading	\$ 594	\$ 70	\$ 664
<i>January 1, 2017 to June 30, 2017</i>			
Non-Interruptible (Tier 1)	\$ 979	\$ 105	\$ 1,084
Non-Interruptible (Tier 2)	\$ 1,073	\$ 105	\$ 1,178
Non-Interruptible Untreated (Tier 1)	\$ 666	\$ 105	\$ 771
Non-Interruptible Untreated Seasonal Spreading	\$ 666	\$ 70	\$ 736
Fiscal Year Ended June 30, 2016			
<i>July 1, 2015 to December 31, 2015</i>			
Non-Interruptible (Tier 1)	\$ 923	\$ 90	\$ 1,013
Non-Interruptible (Tier 2)	\$ 1,055	\$ 90	\$ 1,145
Non-Interruptible Untreated (Tier 1)	\$ 582	\$ 90	\$ 672
Non-Interruptible Untreated Seasonal Spreading	\$ 594	\$ 70	\$ 664
<i>January 1, 2016 to June 30, 2016</i>			
Non-Interruptible (Tier 1)	\$ 942	\$ 90	\$ 1,032
Non-Interruptible (Tier 2)	\$ 1,076	\$ 90	\$ 1,166
Non-Interruptible Untreated (Tier 1)	\$ 594	\$ 90	\$ 684
Non-Interruptible Untreated Seasonal Spreading	\$ 582	\$ 70	\$ 652



EXHIBIT VI

CENTRAL BASIN MUNICIPAL WATER DISTRICT WATER RATES PER ACRE-FOOT (AF) LAST 10 FISCAL YEARS

Type of Water	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Purchased from MWD (1)</i>										
Non-interruptible	\$542	\$600	\$760	\$830	\$887	\$941	\$1,013	\$1,046	\$1,023	\$1,058
<i>Central Basin Recycling Facilities (2)</i>										
Recycled- CB Service Area	\$386	\$444	\$477	\$506	\$536	\$536	\$540	\$556	\$556	\$649
Recycled- Outside Service Area	\$406	\$464	\$497	\$526	\$558	\$558	\$562	\$579	\$579	\$674

*MWD - Metropolitan Water District

Notes:

(1) Water Purchased from MWD

ⁿ Water rates are comprised of three components: MWD's commodity charge, Central Basin's uniform surcharge, and the Readiness-to-Serve (RTS) Charge. MWD regularly changes its rates every January 1st. The rates presented above represent the average rates for the period covered.

(2) Water Distributed by Central Basin Water Recycling Facilities

ⁿ Rates exclude MWD's Local Resources Program rebate of up to \$250 per acre-foot of recycled water sold.



EXHIBIT VII

CENTRAL BASIN MUNICIPAL WATER DISTRICT ALL WATER DELIVERIES IN ACRE-FEET LAST 10 FISCAL YEARS

The following table presents a summary of imported water purchased by the retail water agencies, the Water Replenishment District, and Orange County Water District from Metropolitan Water District through Central Basin; recycled water delivered to certain agencies by Central Basin; and groundwater pumped by the retail agencies for the last 10 fiscal years.

Fiscal Year Ended June 30,	Non-Interruptible (1)	Groundwater (2)	Seasonal Water (3) (4)	Total Potable Water	Recycled (1)	Treated Water (5)	Total Water
2008	59,056	152,959	-	212,015	5,073	3,671	220,759
2009	52,751	143,380	-	196,131	4,716	3,493	204,340
2010	63,443	142,328	-	205,771	4,317	3,506	213,594
2011	56,422 (6)	138,964	6,192	201,578	4,164	3,319	209,061
2012	38,321	142,211	13,082	193,614	4,501	3,479	201,594
2013	37,497 (7)	150,299	-	187,796	5,015	2,265	195,075
2014	33,948	152,312	-	186,260	5,857	2,750	194,867
2015	30,345	141,872	18,500	190,717	5,261	2,571	198,549
2016	23,617	133,965	19,635	177,217	4,685	2,758	184,660
2017	18,507	139,275	32,689	190,471	4,473	2,762	197,705

(1) Non-interruptible and recycled water deliveries are affected by a number of factors, such as, amount of rain, demand, and water available from other sources. Non-interruptible and recycled water deliveries of Central Basin were at the highest in 2007, which was the driest year on record in Southern California.

(2) Groundwater does not represent water deliveries of Central Basin. This information is included in the table above only for analysis. As explained in Exhibit IX, Central Basin's deliveries of non-interruptible, saltwater barrier, and seasonal water are affected by the amount of groundwater pumped.

(3) Seasonal Water includes (a) Seasonal Storage Long-term; (b) Seasonal Shift; (c) Seasonal Shift Contract; (d) Spreading, as applicable.

(4) Seasonal water deliveries are affected by a number of factors, such as, amount of rain, groundwater available to be pumped, and amount of water used to replace the groundwater that was pumped. The amount of seasonal spreading water needed is determined by the Water Replenishment District. In May 2007, MWD curtailed replenishment service; hence, there were no replenishment deliveries of Seasonal Water in 2008 through 2010. Prior to May 2007, WRD purchased 51,144 AF of replenishment water in anticipation of MWD's decision to interrupt water service due to drought conditions. During fiscal years 2009 and 2010, WRD purchased 20,295 AF and 18,028 AF, respectively, of Tier 1 water for replenishment purposes. Seasonal water deliveries were resumed by MWD again in April 2011 with the declaration of the end of the drought in California.

(5) Water produced by the District's Water Quality Protection Project.

(6) In fiscal year 2011, 18,028 AF of Untreated Domestic Water was sold as Replenishment water to WRD.

(7) In FY12-13 MWD ended its seasonal water program and transitioned replenishment water to Non-Interruptible.



EXHIBIT VII

CENTRAL BASIN MUNICIPAL WATER DISTRICT ALL WATER DELIVERIES IN ACRE-FEET LAST 10 FISCAL YEARS

(Continued from previous page)

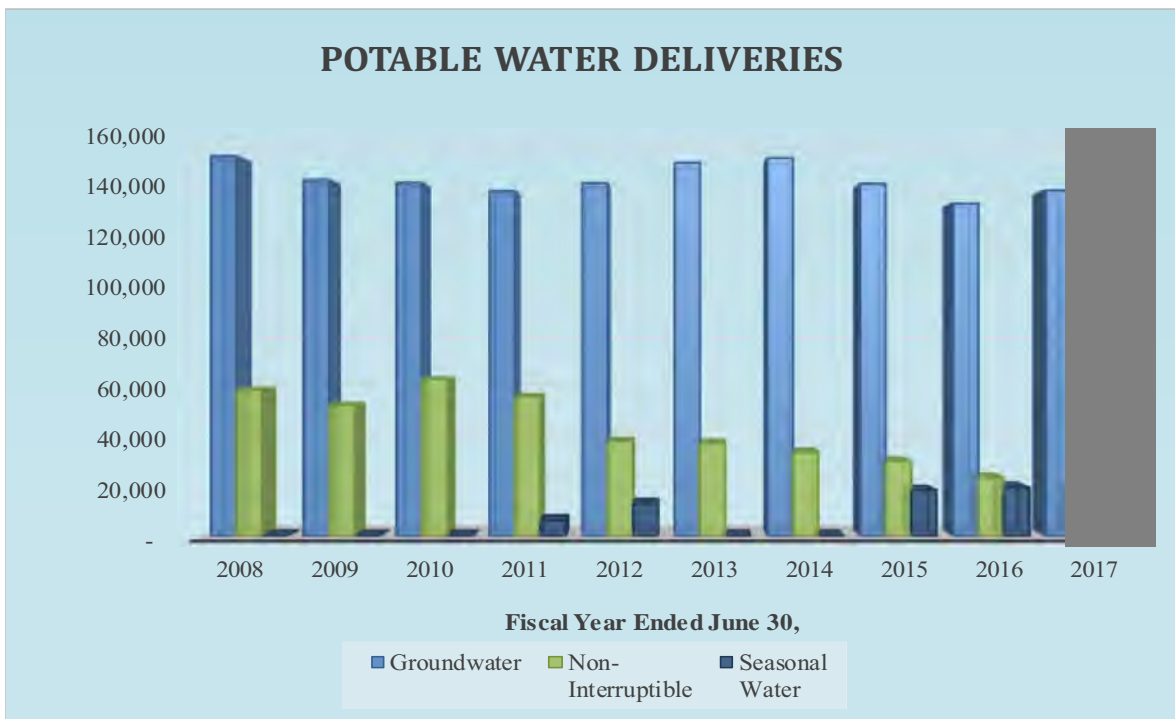
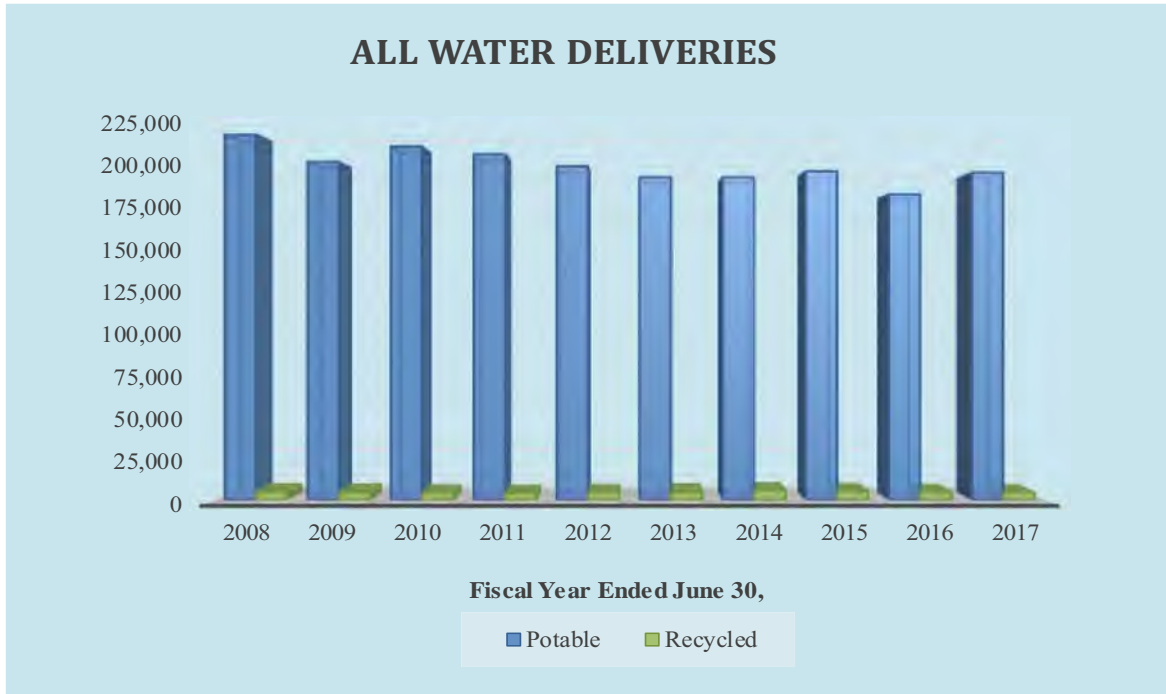


EXHIBIT VIII

CENTRAL BASIN MUNICIPAL WATER DISTRICT RECYCLED WATER USAGE FOR FISCAL YEAR ENDED JUNE 30, 2017

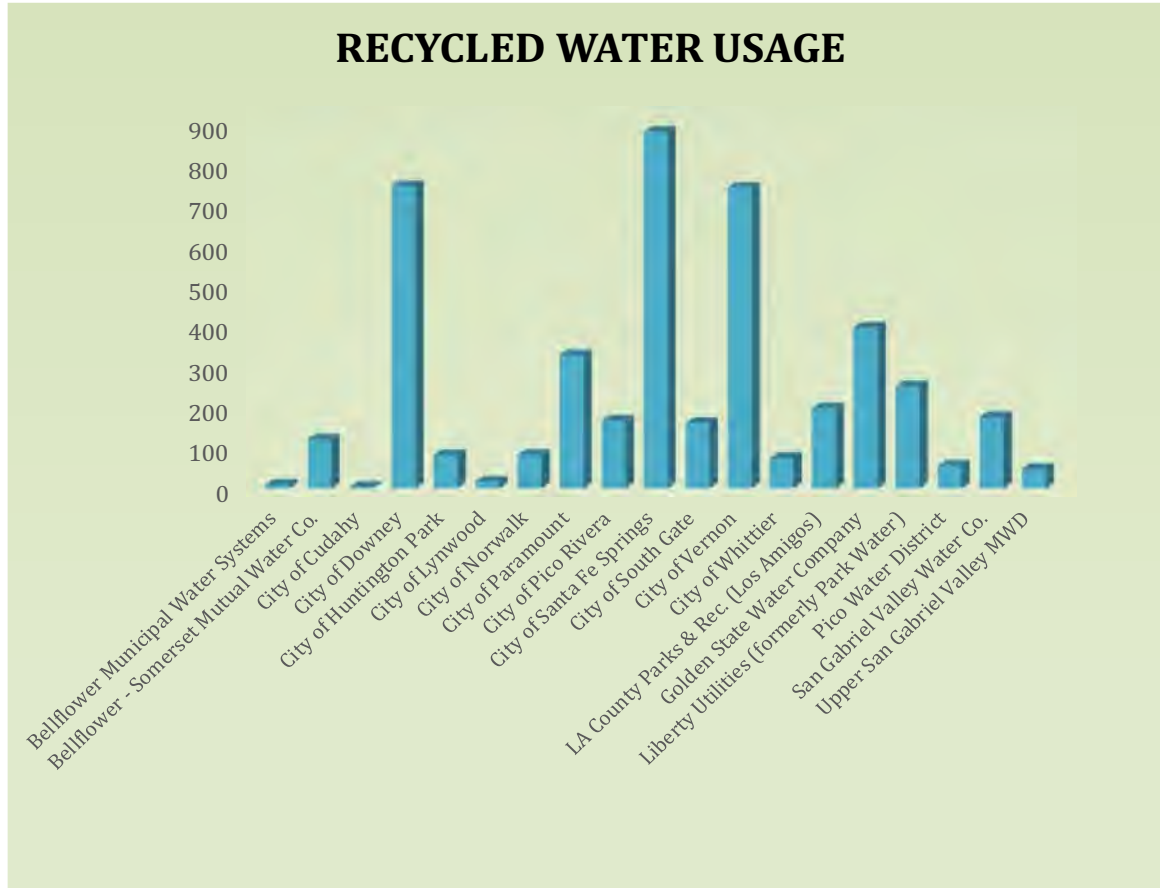


EXHIBIT IX

CENTRAL BASIN MUNICIPAL WATER DISTRICT POTABLE WATER SALES TO CUSTOMERS PER ACRE-FOOT LAST 10 FISCAL YEARS

This table shows a summary of imported water sales of Metropolitan Water District by Central Basin to each retail agency. Water sales include non-interruptible, seasonal storage, spreading, and seawater barrier.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
City of Bell Gardens	858	859	493	264	228
City of Bellflower	2,051	2,064	1,799	1,529	1,559
California Water Service (Cal Water)	14,531	14,302	12,170	10,697	10,593
City of Cerritos	2,027	340	290	460	323
City of Commerce	-	35	-	-	-
City of Huntington Park	1,510	1,448	1,346	1,683	1,698
La Habra Heights Water District	249	147	79	40	14
City of Lynwood	16	979	266	45	10
Maywood Mutual Water Co. # 1	97	12	40	91	145
Maywood Mutual Water Co. # 2	-	-	26	9	11
Maywood Mutual Water Co. # 3	-	-	-	-	-
City of Montebello	1,334	1,246	1,112	1,034	1,106
City of Norwalk	879	745	841	792	729
Orchard Dale Water District	974	834	754	1	0
City of Paramount	3,323	2,326	2,518	2,008	2,735
Liberty Utilities (formerly Park Water)	11,570	10,654	8,905	8,497	8,835
LA County Parks & Rec. (Los Amigos)	318	311	308	70	1
San Gabriel Valley Water Co.	-	-	-	-	-
City of Santa Fe Springs	4,298	3,849	3,683	3,277	2,964
City of Signal Hill	54	100	135	695	14
Golden State Water Company	11,567	10,843	6,944	5,967	6,654
City of South Gate	-	-	5	(5)	-
Suburban Water Systems	1,358	329	335	122	21
City of Vernon	2,042	1,328	1,099	1,066	681
Walnut Park Mutual Water Co.	-	-	-	52	0
Water Replenishment District (WRD)	(1)	-	20,295	(2) 24,220	(3) 13,082
Total	<u>59,056</u>	<u>52,751</u>	<u>63,443</u>	<u>62,614</u>	<u>51,403</u>

In general, there was a decrease in total water consumption in fiscal years with the heavy rainfall in the months of December, January, and February. Central Basin's water sales are primarily affected by the amount of groundwater pumped by the retail water agencies. During the 10 year period presented above, there was no significant change in the total water purchases (water purchased from Central Basin and groundwater pumped) by the retail water agencies. Therefore, the fluctuations in Central Basin's water sales are the results of pumping more/less groundwater. The acre-foot information presented above does not include recycled water sales. The information in this Exhibit does not agree with Exhibits VII and X because Exhibit VII includes recycled and groundwater while Exhibit X includes recycled water.



EXHIBIT IX

CENTRAL BASIN MUNICIPAL WATER DISTRICT POTABLE WATER SALES TO CUSTOMERS PER ACRE-FOOT LAST 10 FISCAL YEARS

(Continued from previous page)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Bell Gardens	238	261	243	109	27
City of Bellflower	21	6	1	8	-
California Water Service (Cal Water)	11,015	11,320	7,924	4,907	4,766
City of Cerritos	278	354	652	1,188	0
City of Commerce	-	-	-	-	-
City of Huntington Park	1,120	1,238	1,232	1,504	472
La Habra Heights Water District	45	134	283	108	112
City of Lynwood	759	351	15	404	270
Maywood Mutual Water Co. # 1	46	88	105	174	400
Maywood Mutual Water Co. # 2	0	-	-	73	1
Maywood Mutual Water Co. # 3	0	-	-	-	-
City of Montebello	1,182	1,337	1,163	789	-
City of Norwalk	318	278	271	246	394
Orchard Dale Water District	-	8	-	-	109
City of Paramount	2,564	577	584	630	79
Liberty Utilities (formerly Park Water)	8,427	7,819	7,163	5,419	5,124
LA County Parks & Rec. (Los Amigos)	0	-	-	-	-
San Gabriel Valley Water Co.	0	-	-	0	-
City of Santa Fe Springs	3,045	2,874	3,273	2,580	2,692
City of Signal Hill	43	589	337	67	249
Golden State Water Company	7,430	6,084	6,041	4,460	3,176
City of South Gate	-	-	-	-	-
Suburban Water Systems	141	133	23	6	22
City of Vernon	824	499	1,034	943	615
Walnut Park Mutual Water Co.	-	-	-	-	-
Water Replenishment District (WRD)	-	-	18,500 (4)	19,635	32,689
Total	<u>37,497</u>	<u>33,948</u>	<u>48,845</u>	<u>43,252</u>	<u>51,196</u>

(1) 2007 was the driest year on record. Imported water sales during this year increased by about 30%. Due to drought and water shortage, the replenishment water was curtailed in May 2007 after the Water Replenishment District purchased 51,144 AF.

(2) In fiscal year 2009-2010, sales to Water Replenishment District was 100% Tier 1 water.

(3) In fiscal year 2010-2012, the drought in California was declared over. Sales to Water Replenishment District included 18,028 AF of Tier 1 water and 6,192 AF of Seasonal water for replenishment purposes.

(4) In fiscal year 2014-2015, the drought in California was declared by the Governor. Sales to Water Replenishment District included 18,000 AF of Non interruptible untreated Water.



EXHIBIT X

CENTRAL BASIN MUNICIPAL WATER DISTRICT TOP 10 CUSTOMERS FOR ALL WATER TYPES (Imported, Recycled, & WQPP Deliveries) FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(In Thousands, except AF)

Table below shows water sales (excluding LRP rebate) to the principal customers of Central Basin.

	Name	Water Sales - 2017		% of Total Revenues
		in AF	in US \$	
1	Water Replenishment District (WRD)	32,689	21,727	47%
2	Liberty Utilities (formerly Park Water)	5,376	5,916	13%
3	California Water Service (Cal Water)	4,766	5,489	12%
4	City of Santa Fe Springs	6,329	4,182	9%
5	Golden State Water Company	3,575	3,939	8%
6	City of Vernon	1,357	873	2%
7	City of Huntington Park	554	590	1%
8	City of Norwalk	477	493	1%
9	City of Downey	747	461	1%
10	Maywood Mutual Water Co. # 1	400	432	1%
--	Others	2,242	2,320	5%
	Total	58,511	46,424	100%

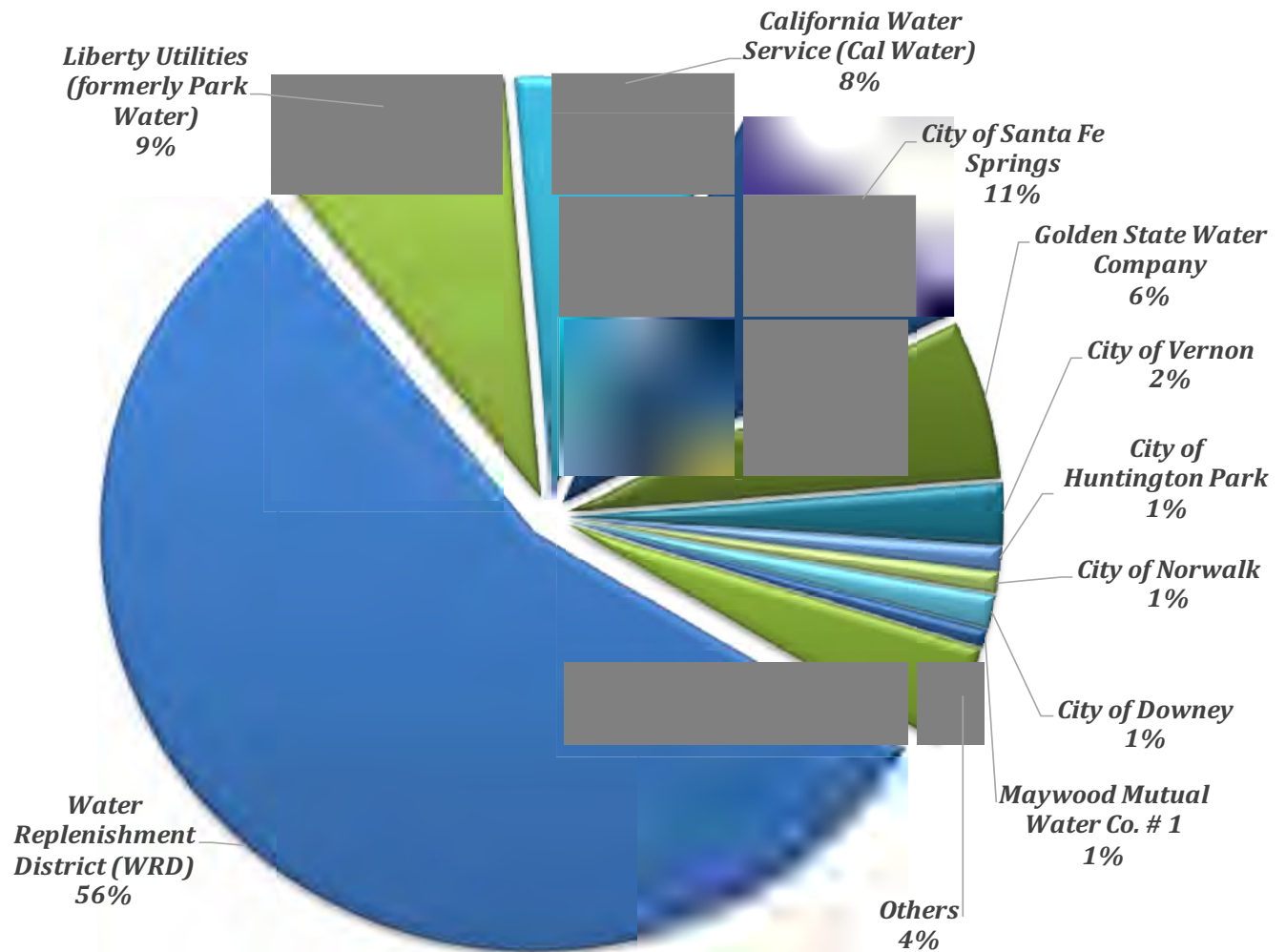


EXHIBIT X

CENTRAL BASIN MUNICIPAL WATER DISTRICT TOP 10 CUSTOMERS FOR ALL WATER TYPES (Imported, Recycled, & WQPP Deliveries) FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued from previous page)

2017 WATER SALES IN AF



- Water Replenishment District (WRD)
- Liberty Utilities (formerly Park Water)
- California Water Service (Cal Water)
- City of Santa Fe Springs
- Golden State Water Company
- City of Vernon
- City of Huntington Park
- City of Norwalk
- City of Downey
- Maywood Mutual Water Co. # 1
- Others

LEGISLATIVE INTENT SERVICE (800) 666-1917



EXHIBIT XI

CENTRAL BASIN MUNICIPAL WATER DISTRICT DEBT COVERAGE LAST 10 FISCAL YEARS

(In Thousands, except Debt Coverage)

	Fiscal Year Ended June 30,				
	2008	2009	2010	2011	2012
Net Revenues (1)	<u>\$ 3,897</u>	<u>\$ 4,431</u>	<u>\$ 4,667</u>	<u>\$ 7,282</u>	<u>\$ 2,993</u>
Debt Service					
2003 Certificates of Participation	1,474	1,475	1,476	1,463	1,462
2007 Certificates of Participation	2,443	-	-	-	-
2008 Certificates of Participation	181	2,307	729	935	623
2010 Certificates of Participation			673	1,720	2,677
2016A Revenue Bonds					
Reserve Fund Earnings	<u>(291)</u>	<u>(114)</u>	<u>(148)</u>	<u>(303)</u>	<u>(112)</u>
Total Net Debt Service	<u>\$ 3,807</u>	<u>\$ 3,668</u>	<u>\$ 2,730</u>	<u>\$ 3,815</u>	<u>\$ 4,651</u>
Debt Coverage	<u>1.02</u>	<u>1.21</u>	<u>1.71</u>	<u>1.91</u>	<u>0.64</u>
Cash Available for Capital Projects and Other Purposes	\$ 90	\$ 763	\$ 1,937	\$ 3,467	\$ (1,658)

(1) Revenue from Wates Sales, Standby Charges, Interest Earnings and Miscellaneous Net Income, less Total Operating Expenses net of Depreciation Expenses. This debt coverage calculation methodology is derived from the Installment Purchase Agreement and may differ from the methodology used by credit rating agencies.



EXHIBIT XI

CENTRAL BASIN MUNICIPAL WATER DISTRICT DEBT COVERAGE LAST 10 FISCAL YEARS

(In Thousands, except Debt Coverage)

(Continued from previous page)

	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Net Revenues (1)	\$ 937	\$ 3,313	\$ 5,116	\$ 3,766	\$ 2,610
Debt Service					
2003 Certificates of Participation	1,464	-	-	-	-
2007 Certificates of Participation	-	-	-	-	-
2008 Certificates of Participation	645	874	857	858	885
2010 Certificates of Participation	2,649	2,404	2,407	2,399	2,411
2016A Revenue Bonds					102
Reserve Fund Earnings	(107)	(47)	(8)	(37)	(29)
Total Net Debt Service	<u>\$ 4,651</u>	<u>\$ 3,231</u>	<u>\$ 3,256</u>	<u>\$ 3,220</u>	<u>\$ 3,368</u>
	<u>0.20</u>	<u>1.03</u>	<u>1.57</u>	<u>1.17</u>	<u>0.77</u>
Cash Available for Capital Projects and Other Purposes	\$ -	\$ 82	\$ 1,860	\$ 546	\$ (758)



EXHIBIT XII

CENTRAL BASIN MUNICIPAL WATER DISTRICT STANDBY CHARGES LAST 10 FISCAL YEARS

(In Thousands)

Approved annually by the Board, Standby Charge is imposed by the District on land owners. The charge is collected by means of the property owner's tax bill through the County of Los Angeles.

The Standby Charge was designed to help drought-proof the area through construction of recycled water distribution systems. These systems would help provide alternative source of water.

For the past years, all of Central Basin's bonds were issued to finance the construction of water recycling facilities.

Standby Charges			
Fiscal Year Ended June 30.	Standby Charge	Debt Service*	Ratio
2008	\$ 3,132	\$ 3,807	82%
2009	\$ 3,207	\$ 3,668	87%
2010	\$ 3,239	\$ 2,730	119%
2011	\$ 3,314	\$ 3,815	87%
2012	\$ 3,383	\$ 4,651	73%
2013	\$ 3,180	\$ 4,651	68%
2014	\$ 3,310	\$ 3,231	102%
2015	\$ 3,309	\$ 3,253	102%
2016	\$ 3,291	\$ 3,220	102%
2017	\$ 3,284	\$ 3,368	98%

* Debt service amounts are based on the accrued payments due. Lower debt service amounts in 2010 reflects refunding of bonds. It is typical that no principal payment is made on the year of refunding resulting in a decreased debt service during these years.

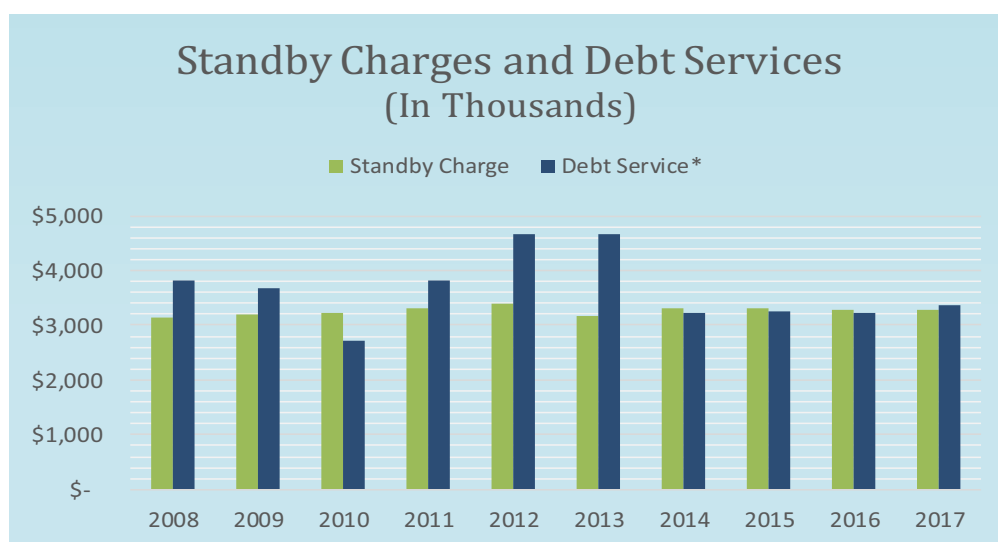


EXHIBIT XIII

CENTRAL BASIN MUNICIPAL WATER DISTRICT ANNUAL DEBT SERVICE TO TOTAL EXPENSES LAST 10 FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total Debt Service*	Total Expenses **	Ratio
2008	\$ 995	\$ 1,738	\$ 2,733	\$ 39,115	7%
2009	\$ 2,425	\$ 1,369	\$ 3,794	\$ 36,714	10%
2010	\$ 1,330	\$ 813	\$ 2,143	\$ 48,807	4%
2011	\$ 1,550	\$ 2,224	\$ 3,774	\$ 49,979	8%
2012	\$ 2,345	\$ 2,483	\$ 4,828	\$ 47,046	10%
2013	\$ 2,420	\$ 2,251	\$ 4,671	\$ 43,883	11%
2014	\$ 1,235	\$ 1,990	\$ 3,225	\$ 41,976	8%
2015	\$ 1,270	\$ 1,931	\$ 3,201	\$ 49,949	6%
2016	\$ 1,320	\$ 1,996	\$ 3,316	\$ 44,946	7%
2017	\$ 1,565	\$ 1,832	\$ 3,397	\$ 50,695	7%

* Debt service amounts shown above are based on the District's cash flow statements in the audited financial statements. \$5,235 of the \$7,655 in principal payments for FY13 relate to early defeasance of the 2003 debt and were excluded. Principal and interest for FY 14 restated for reporting purposes.

** Excludes depreciation and amortization, interest expense, and miscellaneous expenses

2017 Expenses and Debt Service

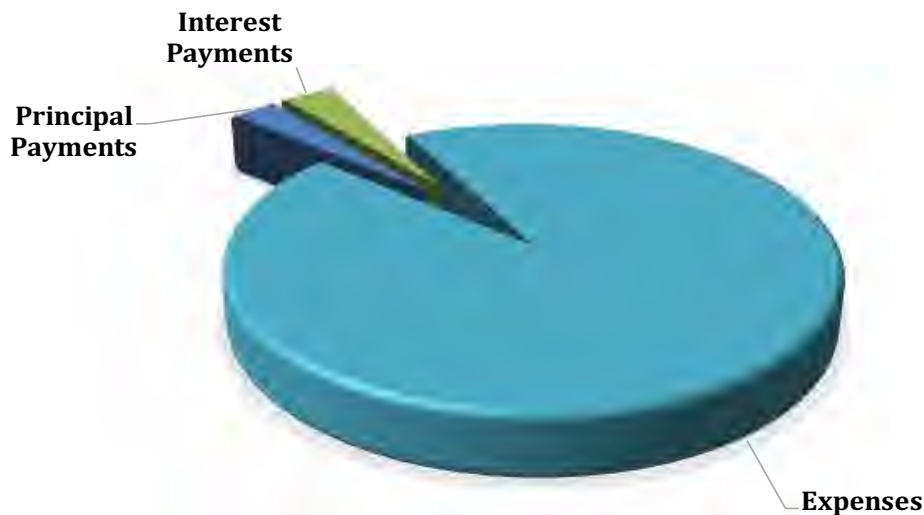


EXHIBIT XIV

CENTRAL BASIN MUNICIPAL WATER DISTRICT OUTSTANDING DEBT TO CAPITAL ASSETS LAST 10 FISCAL YEARS (In Thousands)

Most of Central Basin's capital assets were acquired and/or constructed through debt financing. Table below provides an overview of the ratio of total outstanding debt to capital assets as of fiscal year-end.

Fiscal Year Ended June 30,	Certificates of Participation (1)	Notes Payable	Capital Leases	Compensated Absences (2)	Total LT Debt (3)	Capitalized Assets (4)	Construction-in-Progress	Total Capital Assets	Ratio
2008	\$ 45,865	\$ 970	\$ 36	\$ 138	\$ 47,009	\$ 75,596	\$ 7,307	\$ 82,903	57%
2009	\$ 43,440	\$ 963	\$ 34	\$ 170	\$ 44,607	\$ 76,210	\$ 8,983	\$ 85,193	52%
2010	\$ 61,200	\$ 952	\$ 20	\$ 145	\$ 62,317	\$ 76,050	\$ 16,199	\$ 92,249	68%
2011	\$ 59,650	\$ 886	\$ 5	\$ 163	\$ 60,704	\$ 76,110	\$ 33,893	\$ 110,003	55%
2012	\$ 57,305	\$ 862	\$ -	\$ 134	\$ 58,301	\$ 112,701	\$ 1,499	\$ 114,200	51%
2013	\$ 49,650	\$ 832	\$ -	\$ 136	\$ 50,618	\$ 112,015	\$ 1,277	\$ 113,292	45%
2014	\$ 48,415	\$ 788	\$ -	\$ 140	\$ 49,343	\$ 113,153	\$ 1,379	\$ 114,532	43%
2015	\$ 47,145	\$ 752	\$ -	\$ 105	\$ 48,002	\$ 116,001	\$ 1,261	\$ 117,262	41%
2016	\$ 46,842	\$ 703	\$ -	\$ 214	\$ 47,759	\$ 116,228	\$ 1,276	\$ 117,504	41%
2017	\$ 45,333	\$ 658	\$ -	\$ 250	\$ 46,241	\$ 117,608	\$ 1,448	\$ 119,056	39%

(1) See Note 7 of the Financial Statements for type of outstanding debt.

(2) Beginning in FY 2009, the District began recording Compensated Absences which are included in Outstanding Debt. This debt is related to business type activity.

(3) Excludes deferred amounts such as bond premiums, discounts, etc..

(4) Excluding accumulated depreciation; does not include intangible assets. In fiscal year ended June 30, 2005, Central Basin received 25% funding from the United States Bureau of Reclamation for the construction of miscellaneous laterals and a pump station. Since the above capital assets were constructed using grant monies instead of debt, this resulted to lower debt to capital asset ratios in 2003, 2004, and 2005. In fiscal year ended June 30, 2007, Central Basin issued bonds to acquire and renovate its new headquarters. In 2009 and 2008, federal funds of \$300,000 and \$620,000 were received for the District's capital assets, respectively. In fiscal year ended June 30, 2010, Central Basin issued the Series 2010A bonds primarily to finance additional capital improvements and to refund the Series 2008A adjustable rate bonds. In fiscal year ended June 30, 2011, Central Basin invested approximately \$18 million for the Southeast Water Reliability Project construction in progress. In fiscal year ended June 30, 2012, Central Basin completed the Southeast Water Reliability Project (SWRP) and placed the facilities in service.



EXHIBIT XV

CENTRAL BASIN MUNICIPAL WATER DISTRICT DEMOGRAPHICS

Service Area

Estimated Total Population Served	1.7 million
Area	227 square mile
Directors	8

Division I

Bell Gardens, Downey, Montebello, Pico Rivera, West Whittier-Los Nietos, and unincorporated areas of Los Angeles County

Division II

La Habra Heights, La Mirada, Norwalk, Santa Fe Springs, Whittier and South Whittier

Division III

Bell, Commerce, Cudahy, Huntington Park, Maywood, Walnut Park, Monterey Park, Vernon and unincorporated areas of East Los Angeles

Division IV

Lynwood, South Gate, Florence-Graham, Willowbrook, and portions of Compton and Carson

Division V

Artesia, Bellflower, Cerritos, Hawaiian Gardens, Lakewood, Paramount and Signal Hill

3 Directors, At-Large

Number of Customers

Total	34
Non-Interruptible	
Cities	13
Private Water Companies	6
Mutual Water Companies	5
Water Districts	2
County Agencies	1
Seasonal Spreading	
Replenishment Districts	1
Recycled	
Cities	12
Private Water Companies	3
Mutual Water Companies	1
County Agencies	1
Water Districts	2



EXHIBIT XVI

CENTRAL BASIN MUNICIPAL WATER DISTRICT DEMOGRAPHICS AND ECONOMIC STATISTICS CENTRAL BASIN SERVICE AREA

City	Population	Median Household Income	Per Capita Income	Unemployment Rate
Artesia	16,816	60,749	21,688	3.2%
Bell	36,408	37,269	12,031	7.2%
Bell Gardens	42,824	37,882	11,460	6.1%
Bellflower	76,657	48,823	20,213	5.0%
Carson	93,674	72,421	23,622	6.8%
Cerritos	50,039	90,321	35,460	3.9%
Commerce	13,064	45,341	15,625	7.7%
Compton	100,050	43,507	13,847	8.2%
Cudahy	24,411	36,429	11,400	6.6%
Downey	113,832	62,897	23,216	4.6%
East Los Angeles	125,415	38,766	12,905	7.9%
Florence-Graham	63,177	33,934	10,957	6.7%
Hawaiian Gardens	14,753	37,571	13,557	4.6%
Huntington Park	59,383	34,887	12,064	6.9%
La Habra Heights	5,463	111,382	51,293	1.6%
La Mirada	49,434	79,330	29,467	3.7%
Lakewood	79,272	79,193	29,981	4.0%
Lynwood	71,997	43,109	12,580	6.5%
Maywood	28,016	35,582	11,656	5.5%
Montebello	63,917	45,875	20,972	4.5%
Monterey Park	61,606	54,097	24,637	4.7%
Norwalk	105,526	59,756	19,584	5.4%
Paramount	55,923	45,792	14,168	6.2%
Pico Rivera	64,046	55,752	18,643	4.8%
Santa Fe Springs	18,291	53,168	20,761	6.2%
South Gate	98,633	43,552	14,256	6.9%
Vernon	209	61,250	18,103	2.9%
Walnut Park	16,054	42,400	13,044	6.1%
Whittier	87,708	66,457	27,632	4.1%
Willowbrook	20,685	36,481	11,840	9.2%
Total	1,657,283			
Average	55,243	\$ 52,995	\$ 19,002	5.8%

Sources:

California Department of Finance, E-1 Population estimates, January 1, 2017
California Department of Finance, American Community Survey, 2015 (5 year estimates)
California EDD, LMI Unemployment Rate and Labor Force data, 2016



EXHIBIT XVII

CENTRAL BASIN MUNICIPAL WATER DISTRICT TEN LARGEST EMPLOYERS IN LOS ANGELES COUNTY

Employer	Location	Approx. No. of Employees	% of Total
County of Los Angeles	Los Angeles	107,500	2%
Los Angeles Unified School District	Los Angeles	90,800	2%
City of Los Angeles	Los Angeles	49,500	1%
University of California, Los Angeles	Los Angeles	46,200	1%
Federal Government	Los Angeles	45,000	1%
Kaiser Permanente	Los Angeles	36,900	1%
State of California (non-education)	Los Angeles	29,900	1%
University of Southern California	Los Angeles	18,900	0%
Northrop Grumman Corp.	Los Angeles	16,600	0%
Target Corp.	Los Angeles	15,000	0%
All others		3,903,100	90%
Total County		<u>4,359,400</u>	100%



EXHIBIT XVIII

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING INFORMATION

Number of Budgeted Full-Time Personnel by Program for Fiscal Year Ended June 30,

District Administration	4.00
Water Recycling Operations	4.56
Water Resources Planning	3.77
Public Affairs	4.00
Support Services	8.50
Total	<u>24.83</u>

BUDGETED FULL-TIME PERSONNEL

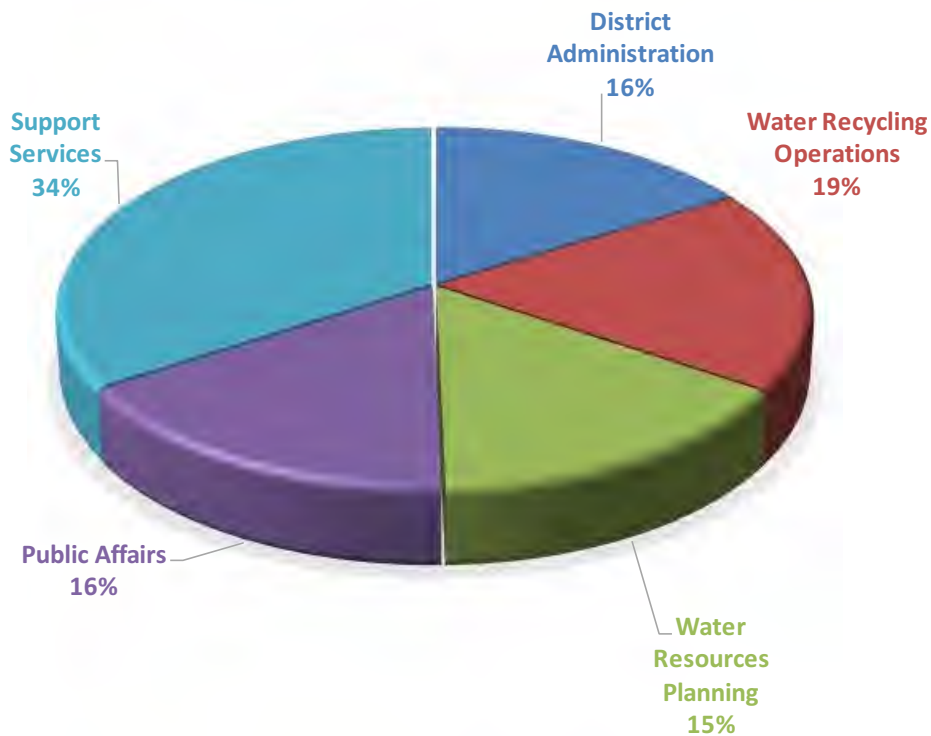


EXHIBIT XVIII

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING INFORMATION

(Continued from previous page)

Certifications and Licenses Held by District Employees

Professional Engineer (P.E.)	5
Engineer in Training (E.I.T.)	2
Certified Public Accountant (C.P.A.)	1
Certified Fraud Examiner (C.F.E.)	1
Microsoft Certified System Engineer (2003)	1
Microsoft Certified Professional (Window 7)	1
Notary Public	2
Senior Professional in Human Resources (SPHR)	1
Society of Human Resources Management, Certified Professional (SHRM-CP)	1
Society of Human Resources Management, Senior Certified Professional (SHRM-SCP)	1
Water Distribution Operator, Grade D2	1
Water Treatment Operator, Grade T2	1
Certified Payroll Administrator	1

Capital Assets Per Program (In Thousands)

Fiscal Year Ended June 30,	Recycling Program	Water Quality Protection	General Administration	Construction in-Progress	Total Capital Assets
2008	\$ 60,754	\$ 6,637	\$ 8,204	\$ 7,307	\$ 82,902
2009	\$ 60,878	\$ 6,637	\$ 8,294	\$ 8,983	\$ 84,792
2010	\$ 61,106	\$ 6,637	\$ 8,307	\$ 16,199	\$ 92,249
2011	\$ 61,115	\$ 6,637	\$ 8,359	\$ 33,892	\$ 110,003
2012	\$ 97,236	\$ 6,637	\$ 8,427	\$ 1,499	\$ 113,799
2013	\$ 97,002	\$ 6,637	\$ 8,376	\$ 1,276	\$ 113,291
2014	\$ 98,142	\$ 6,637	\$ 8,374	\$ 1,379	\$ 114,532
2015	\$ 100,373	\$ 6,637	\$ 8,991	\$ 1,261	\$ 117,262
2016	\$ 100,992	\$ 6,637	\$ 8,599	\$ 1,276	\$ 117,504
2017	\$ 102,306	\$ 6,637	\$ 8,665	\$ 1,448	\$ 119,056

* exclusive of accumulated depreciation



EXHIBIT XVIII

CENTRAL BASIN MUNICIPAL WATER DISTRICT OPERATING INFORMATION

(Continued from previous page)

Table below shows the annual capital assets invested in the District's water recycling program and the recycled water produced for the last 10 fiscal years.

The District invested \$102.3 M in recycling facilities as of June 30, 2017. Cumulative recycled water delivered by District facilities was 95,367 acre-feet from inception of operations through

Year Ended June 30,	Recycling Facilities (In Thousands)	In Acre-Feet	
		Recycled Water Sales	Cumulative Recycled Water Sales
Previous Years			47,305
2008	\$ 60,754	5,073	52,378
2009	\$ 60,878	4,716	57,094
2010	\$ 61,106	4,317	61,411
2011	\$ 61,115	4,164	65,575
2012	\$ 97,236	4,501	70,076
2013	\$ 97,002	5,015	75,091
2014	\$ 98,142	5,857	80,948
2015	\$ 100,373	5,261	86,209
2016	\$ 100,992	4,685	90,894
2017	\$ 102,306	4,473	95,367

Table below shows the annual capital assets invested in the District's groundwater clean-up project compared to the water pumped from this project for the last 10 fiscal years.

Fiscal Year Ended June 30,	Water Quality Protection Assets (In Thousands)	In Acre-Feet	
		Groundwater Clean-up Water Sales	Cumulative Groundwater Clean-up Water Sales
Previous Years			10,248
2008	\$ 6,637	3,671	13,919
2009	\$ 6,637	3,493	17,412
2010	\$ 6,637	3,506	20,918
2011	\$ 6,637	3,319	24,237
2012	\$ 6,637	3,479	27,716
2013	\$ 6,637	2,265	29,981
2014	\$ 6,637	2,750	32,731
2015	\$ 6,637	2,571	35,302
2016	\$ 6,637	2,758	38,060
2017	\$ 6,637	2,762	40,821





Central Basin

Municipal Water District

www.centralbasin.org

(800) 666-1917

LEGISLATIVE INTENT SERVICE





JANUARY 11, 2018 – Finance & Audit
 Apodaca, Oskoui, Aceituno
JANUARY 22, 2018 – Board Meeting
 Prepared by: Andrew Hamilton
 Submitted by: Andrew Hamilton
 Approved by: Kevin P. Hunt, P.E.

ACTION CALENDAR

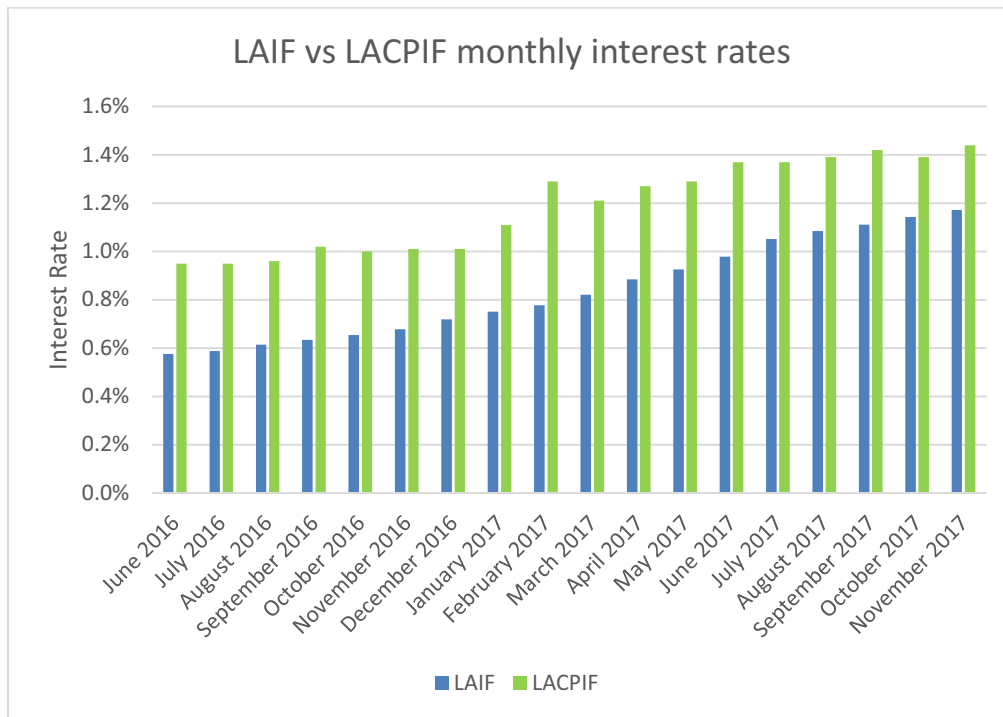
ADOPT RESOLUTION NO. 01-18-936 TO AUTHORIZE ESTABLISHMENT OF INVESTMENT ACCOUNT WITH THE LOS ANGELES COUNTY POOLED INVESTMENT FUND

SUMMARY:

The Los Angeles County Treasurer manages an investment pool known as Los Angeles County Pooled Investment Fund (LACPIF) with a portfolio of \$28.5 billion. Public agencies can voluntarily participate in LACPIF, and approval of an investment account in LACPIF will allow the District to benefit from the competitive interest rates offered by the Los Angeles County Treasurer.

Utilization of the LACPIF will provide additional diversification of the District’s investments and will improve short-term investment yields.

The following is a graph of interest rates comparing the Local Agency Investment Fund (LAIF), currently a permitted District investment managed by the Treasurer of the State of California, and LACPIF over the last 18 months:



The following is the most recent allocation of security types invested in LACPIF as of November 2017 which corresponds with a Weighted Average Days of Maturity of 588 days:

Certificates of Deposit	10.79%
U.S. Government and Agency Obligations	61.60%
Commercial Paper	27.39%
Municipal Obligations	0.05%
Corporate and Deposit Notes	0.17%
Total	100.00%

The investment policy of the Los Angeles County Treasurer and Tax Collector is similar to the investment policy of LAIF.

The following background information on LACPIF is made available in the audit report for the fiscal year ended June 30, 2016:

“The Los Angeles County Treasurer and Tax Collector (Treasury) maintains two investment portfolios, the External Investment Pool (Pool) and the Specific Purpose Investment (SPI) portfolio. The Treasury manages the Pool on behalf of Pool participants through the authority delegated to it annually by the Los Angeles County Board of Supervisors. The primary objective of the Treasury's Investment Policy is to ensure the safety of principal. The secondary objective is to meet the liquidity needs of the Pool participants. The third objective is to achieve a return on funds invested. The Treasury accomplishes these objectives through the purchase of high quality fixed income investments held to a designated maturity.”

LACPIF currently permits two withdrawals per month. If a withdrawal or deposit amount is \$2 million or greater, LACPIF requires at least one business day notice prior to the date of the fund transfer. The majority of the District's initial deposit must be on account with LACPIF for at least six months.

In order to deposit excess funds in the LACPIF, the County requires that the Board adopt a resolution authorizing our entry into a joint powers agreement ("JPA") and authorizing our investment with the LACPIF.

As the investment policy of LACPIF mirrors the District's investment strategy of emphasizing Safety, Liquidity and Yield and has a similar investment policy as LAIF, an existing accepted investment type within the District's investment policy, and due to a higher investment yields achieved by LACPIF, it is recommended that the Finance & Audit Committee recommend that the Board of Directors approve LACPIF as an accepted investment type.



FISCAL IMPACTS:

It is expected that the District will receive additional interest income of approximately \$8,000 each year.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item will be reviewed by the Finance & Audit Committee on January 11, 2018 and was recommended for approval at the January 22, 2018 Board meeting.

RECOMMENDED MOTION:

That the Board:

1. Authorize the District to establish an investment account in the Los Angeles County Pooled Investment Fund; and
2. Approves, adopts and authorizes the President to sign Resolution No. 01-18-936, "A RESOLUTION OF BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS IN THE LOS ANGELES COUNTY TREASURY POOL."

EXHIBITS:

Exhibit "A" - Resolution No. 01-18-936

Exhibit "B" – Los Angeles County Treasurer and Tax Collector Investment Policy

Exhibit "C" - Los Angeles County Treasurer Investment Report – November 2017

Y:\centralbasinboard\cbmwdmemos\2018\18jan014



EXHIBIT “A”

RESOLUTION NO. 01-18-936

A RESOLUTION OF BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS IN THE LOS ANGELES COUNTY TREASURY POOL

WHEREAS, California Government Code (“Government Code”) Section 53684 allows local agencies in the County of Los Angeles (the “County”) to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County (the “Treasurer”); and

WHEREAS, the Board of Directors of Central Basin Municipal Water District has determined or may determine from time to time, that excess funds of the Central Basin Municipal Water District exist that are not required for immediate use; and

WHEREAS, Government Code Section 6502 allows public agencies, even if outside the County, to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

WHEREAS, the Central Basin Municipal Water District is a local agency as that term is defined in Government Code Section 53600 and/or a public agency as that term is defined in Government Code Section 6500; and

WHEREAS, the Board of Supervisors of the County has made the Government Code Section 53684 operative in the County and has authorized such joint powers agreements; and

WHEREAS, the Board of Directors of the_Central Basin Municipal Water District has determined that the Central Basin Municipal Water District has excess funds which are not required for immediate use; and



WHEREAS, the County Board of Supervisors made Government Code Section 53684 operative in the County on February 24, 1987, as amended by said County Board of Supervisors, on May 31, 1988, to allow for the expansion authorized under Government Code Section 6502; and

WHEREAS, with the consent of the Treasurer and Tax Collector (the “Treasurer”), the Treasurer may accept for investment deposits of Central Basin Municipal Water District, provided that Central Basin Municipal Water District is allowed pursuant to Government Code Section 6502; and

WHEREAS, this Board of Directors has determined that it would be desirable to deposit the excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code Sections 53601 and 53635.

NOW, THEREFORE, IT IS RESOLVED as follows:

SECTION 1. The Board of Directors of Central Basin Municipal Water District hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment with the Los Angeles County Treasurer.

SECTION 2. The Board of Directors of Central Basin Municipal Water District have received and carefully reviewed the Los Angeles County’s Treasurer and Tax Collector Investment Policy (the “Investment Policy”), and is familiar with its contents. Having considered and weighed the risks of investing, the Board of Directors of Central Basin Municipal Water District finds and determines that it is appropriate and legal to invest its moneys in the Los Angeles County Treasury Pool, as permitted by the Investment Policy. Central Basin Municipal Water District has been advised and understands that the



Investment Policy may be amended by the Treasurer without the review and consent of Central Basin Municipal Water District.

SECTION 3. The Treasurer of Central Basin Municipal Water District, and any other authorized designated signer responsible for the funds of the public agency, whose name(s), currently held title(s), and specimen signature(s) that appear on Attachment A - List of Authorized Designees of this resolution is/are hereby authorized and directed to request the Treasurer's consent to deposit in the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment pursuant to Government Code Sections 53601 and 53635, and subject to the terms and conditions set forth in Government Code Sections 53684 and 27136, and in accordance with the resolutions entitled "Resolution of the Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" and "Resolution of Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" adopted by the Board of Supervisors of the County of Los Angeles, on February 24, 1987, and on May 31, 1988, respectively.

SECTION 4. This resolution, upon due adoption by this Board of Directors and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the Central Basin Municipal Water District and the County.

SECTION 5. The Central Basin Municipal Water District hereby agrees to inform the Treasurer if and to the extent any of the Central Basin Municipal Water District's funds deposited in the County Treasury Pool pursuant to this joint powers agreement are



proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness (“Bond Proceeds”). If the Bond Proceeds are restricted by a certificate of the Central Basin Municipal Water District relating to compliance with federal tax requirement (“Nonarbitrage Certificate”), the Central Basin Municipal Water District agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and the Central Basin Municipal Water District is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificates and of any federal tax requirements that may apply to the Bond issuance. The Central Basin Municipal Water District will review bond documents to determine if funds can be deposited into the County Treasury Pool.

SECTION 6. Without limiting the rights of Central Basin Municipal Water District or the County’s obligation under Government Code Section 53684, Central Basin Municipal Water District agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code Section 53601 or Section 53635; (ii) misrepresentations or false or erroneous information provided by the Central Basin Municipal Water District or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by the Central Basin Municipal Water District; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the



investment of grant proceeds); (v) circumstances beyond the reasonable control of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees with do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that Central Basin Municipal Water District shall be subrogated to the rights of the County to pursue a claim against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

SECTION 7. Central Basin Municipal Water District hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate monthly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. Central Basin Municipal Water District further agrees to reimburse to the County Treasury Pool any amounts disbursed to Central Basin Municipal Water District in error promptly upon the discovery of such error or upon the request of the Treasurer.

The foregoing resolution was, on the 22nd day of January, 2018, adopted by the Board of Directors of the Central Basin Municipal Water District.

Board President

ATTEST:

Board Secretary
(Seal)



Attachment A

Authorized List of Designees for the Central Basin Municipal Water District

Name	Current Title	Specimen Signature
Kevin Hunt	General Manager	
Andrew Hamilton, CPA	Finance Director	
Dorrett Lambey	Accounting Manager	

Date:

[Authorized Official]





JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CALIFORNIA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812



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LACOUNTYPROPERTYTAX.COM

March 21, 2017

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 March 21, 2017

LORI GLASGOW
EXECUTIVE OFFICER

**DELEGATION OF AUTHORITY TO INVEST AND
ANNUAL ADOPTION OF THE TREASURER AND TAX COLLECTOR
INVESTMENT POLICY
(ALL DISTRICTS) (3-VOTES)**

SUBJECT

Delegation of authority to invest and annual adoption of the Treasurer and Tax Collector Investment Policy.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate the authority to invest and reinvest County funds and funds of other depositors in the County Treasury, to the Treasurer.
2. Adopt the attached Treasurer and Tax Collector Investment Policy (Investment Policy).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The requested actions allow the Treasurer to continue to invest County funds and funds of other depositors in the County Treasury (Treasury Pool) pursuant to the Investment Policy. Government Code Section 27000.1 provides that your Board may delegate annually to the Treasurer the authority to invest and reinvest funds of the County and funds of other depositors in the Treasury Pool. Government Code Section 53646 permits your Board to approve annually the Investment Policy.

The proposed revisions are predominantly limited to those required under SB 974, which clarified and amended statutory rating requirements contained in Government Code Section 53601. Nationally Recognized Statistical Rating Organizations (NRSROs) (i.e., Fitch, Moody's and Standard

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& Poor's) assign general letter-grade rating categories, and then add modifiers to indicate whether the investment vehicles and issuers fall within the high, middle, or low range of that category. The amended rating requirements now refer to a "rating category" which is inclusive of any rating modifiers assigned by a NRSRO. This change is administrative in nature, and has no impact on permissible investments or the risk profile of the Treasury Pool.

We revised the Minimum Credit Rating for Foreign Issuers (Attachment I b) to replace the consideration of Fitch's Viability Ratings with Fitch's Long-Term Ratings as it relates to Banker's Acceptance and Certificates of Deposit categories. More issuers are rated with Fitch's Long-Term Ratings than with Fitch's Viability Ratings, and this change expands the pool of eligible issuers without increasing risk. There is no change to the requirement that a permissible investment will need ratings from at least two of the three NRSROs (Fitch, Moody's and Standard & Poor's.)

Finally, we revised the Limitation Calculation for Intermediate-Term, Medium-Term and Long Term Holdings (Attachment II) to reflect the most recent three calendar year balances.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Strategy III.3 – Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

There is no fiscal impact from this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 27000.1 provides that your Board may annually delegate the authority to invest and reinvest funds of the County and funds of other depositors in the County Treasury to the Treasurer.

Government Code Section 53646 permits the Treasurer to render annually to your Board a statement of Investment Policy, to be reviewed and approved at a public meeting. This Government Code Section also requires that any change in the Investment Policy be submitted to your Board for review and approval at a public meeting.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services.

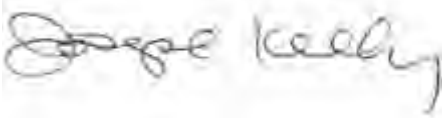


The Honorable Board of Supervisors

3/21/2017

Page 3

Respectfully submitted,



Joseph Kelly

Treasurer and Tax Collector

JK:NI:bp

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Los Angeles County Office of Education
Los Angeles Community College District

**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
INVESTMENT POLICY**

Authority to Invest

Pursuant to Government Code Section 27000.1 and Los Angeles County Code 2.52.025, the Los Angeles County Board of Supervisors has delegated to the Treasurer the authority to invest and reinvest the funds of the County and the funds of other depositors in the County Treasury.

Fundamental Investment Policy

The Treasurer, a trustee, is inherently a fiduciary and subject to the prudent investor standard. Accordingly, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing investments, the investment decisions SHALL be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

All investments SHALL be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Periodically, it may be necessary and prudent to make investment decisions beyond the limitations set forth in the Investment Policy that are otherwise permissible by California Government Code. In these special circumstances, ONLY the Treasurer is permitted to give written approval to operate outside the limitations set forth within this Investment Policy.

Pooled Surplus Investment Portfolio

The Treasurer SHALL establish and maintain a Pooled Surplus Investment (PSI) portfolio. The PSI portfolio SHALL be used to provide safe, liquid investment opportunities for pooled surplus funds deposited into the County Treasury.

The investment policies of the PSI portfolio SHALL be directed by and based on three prioritized objectives. The primary objective SHALL be to ensure the safety of principal. The secondary objective SHALL be to meet the liquidity needs of the PSI participants, which might be reasonably anticipated. The third objective SHALL be to achieve a return on funds invested, without undue compromise of the first two objectives.

PSI revenue/loss distribution SHALL be shared on a pro-rata basis with the PSI participants. PSI revenue/loss distribution will be performed monthly, net of administrative costs authorized by Government Code Section 27013 which includes employee salaries and benefits and services and supplies, for investing, depositing or handling funds, and the

distribution of interest income, based on the PSI participants' average daily fund balance as recorded on the Auditor-Controller's accounting records. Administrative costs SHALL be deducted from the monthly PSI revenue/loss distribution on the basis of one-twelfth of the budgeted costs and adjusted periodically to actual costs.

Investments purchased with the intent to be held to maturity SHALL be accounted for in the Non-Trading partition of the PSI portfolio. Investments purchased with the intent to be sold prior to maturity SHALL be accounted for in the Trading partition of the PSI portfolio. The investments in the Trading partition SHALL NOT exceed \$500 million without specific written approval of the Treasurer.

In the event that a decision is made to transfer a given security from one partition to another, it MAY be transferred at cost; however, the difference between the market value, exclusive of accrued interest, at the time of transfer and the purchase price, exclusive of accrued interest, SHALL be computed and disclosed as unrealized profit or loss.

All PSI investments SHALL be categorized according to the period of time from settlement date to maturity date as follows:

- SHORT-TERM investments are for periods of up to ONE YEAR.
- INTERMEDIATE-TERM investments are for periods of ONE YEAR to THREE YEARS.
- MEDIUM-TERM investments are for periods of over THREE YEARS to FIVE YEARS.
- LONG-TERM investments are for periods of over FIVE YEARS.

PSI investments SHALL be limited to the short-term category except that the Investment Office of the Treasurer's Office MAY make PSI investments in accordance with the limitations imposed in Attachments I, II, and III (all of which are attached hereto and incorporated by this reference.)

The weighted average maturity target of the PSI portfolio is a range between 1.0 and 2.0 years. For purposes of maturity classification, the maturity date SHALL be the nominal maturity date or the unconditional put option date, if one exists.

The total PSI portfolio investments with maturities in excess of one year SHALL NOT exceed 75% of the last three years' average minimum total cash and investments, after adjustments, as indicated in Attachment II.



Business Continuity Plan

The Treasurer's Business Continuity Plan (BCP) serves to sustain the performance of mission-critical Treasury functions in the event of a local or widespread disaster. The BCP includes written guidelines to perform critical Treasury functions, contact information for key personnel, authorized bank representatives and broker/dealers. The plan provides for an offsite location in the event the Treasurer's offices are uninhabitable. The Treasurer's Office implemented its BCP in 2007.

The Treasurer's Office shall perform regularly scheduled BCP exercises at the offsite location. To prepare Treasury staff for emergency processing, staff shall participate in the BCP exercises on a rotating basis.

Liquidity of PSI Investments

Short-term liquidity SHALL further be maintained and adjusted monthly so that sufficient anticipated cash is available to fully meet unanticipated withdrawals of discretionary deposits, adjusted for longer-term commitments, within 90 days.

Such liquidity SHALL be monitored where, at the beginning of each month, the par value for maturities in the next 90 days plus projected PSI deposits for 90 days, divided by the projected PSI withdrawals for 90 days plus discretionary PSI deposits, is equal to or greater than one.

The liquidation of investments is not required solely because the discretionary liquidity withdrawal ratio is less than one; however, investments SHALL be limited to a maximum maturity of 30 days until such time as the discretionary liquidity withdrawal ratio is equal to or greater than one.

The sale of any PSI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Specific Purpose Investment Portfolio

The Treasurer SHALL maintain a Specific Purpose Investment (SPI) portfolio to manage specific investment objectives of the SPI participants. Specific investments may be made with the approval of the requesting entity's governing body and the approval of the Treasurer. Revenue/loss distribution of the SPI portfolio SHALL be credited to the specific entity for which the investment was made. The Treasurer reserves the right to establish and charge the requesting entity fees for maintaining the entity's SPI portfolio.



Investments SHALL be limited to the short-term category, as defined above in the previous section for PSI investments, except when requested by a depositing entity and with the approval of the Treasurer, a longer term investment MAY be specifically made and held in the SPI portfolio.

The sale of any SPI instrument purchased in accordance with established policies is not required solely because an institution's credit rating is lowered after the purchase of the instrument.

Execution, Delivery, and Monitoring of Investments

The Treasurer SHALL designate, in writing, personnel authorized to execute investment transactions.

All transactions SHALL be executed on a delivery versus payment basis.

The Treasurer or his authorized designees, in purchasing or obtaining any securities in a negotiable, bearer, registered, or nonregistered format, requires delivery of the securities to the Treasurer or designated custodial institution, by book entry, physical delivery, or by third party custodial agreement.

All investment transactions made by the Investment Office SHALL be reviewed by the Internal Controls Branch to assure compliance with this Investment Policy.

Reporting Requirements

The Treasurer SHALL provide the Board of Supervisors with a monthly report consisting of, but not limited to, the following:

- All investments detailing each by type, issuer, date of maturity, par value, historical cost, market value and the source of the market valuation.
- Month-end bank balances for accounts under the control of the Treasurer.
- A description of funds, investments, or programs that are under the management of contracted parties, including lending programs for the Treasurer.
- A description of all investment exceptions, if any, to the Investment Policy.
- A statement denoting the ability of the PSI portfolio to meet the anticipated cash requirements for the participants for the next six months.



Discretionary Treasury Deposits and Withdrawal of Funds

At the sole discretion of the Treasurer, PSI deposits may be accepted from local agencies not required to deposit their funds with the Los Angeles County Treasurer, pursuant to Government Code Section 53684.

At the time such deposits are made, the Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Such projections may be adjusted periodically as prescribed by the Treasurer but in no event less than semi-annually.

In accordance with Government Code Section 27136, all requests for withdrawal of such funds, for the purpose of investing or depositing these funds elsewhere SHALL be evaluated, prior to approving or disapproving the request, to ensure that the proposed withdrawal will not adversely affect the principal deposits of the other PSI participants.

If it is determined that the proposed withdrawal will negatively impact the principal deposits of the other PSI participants, the Treasurer may delay such withdrawals until the impact can be mitigated.

Broker/Dealers Section

Broker/Dealers SHALL be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting one of the following:

- A. Broker/Dealers with minimum capitalization of \$500 million and who meet all five of the below listed criteria:
 1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
 2. Be a member of the Financial Industry Regulatory Authority and;
 3. Be registered with the Securities and Exchange Commission and;
 4. Have been in operation for more than five years; and
 5. Have a minimum annual trading volume of \$100 billion in money market instruments or \$500 billion in United States (U.S.) Treasuries and Agencies.



B. Emerging firms that meet all of the following:

1. Be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a Federally regulated securities exchange and;
2. Maintain office(s) in California and;
3. Maintain a minimum capitalization of \$250,000 and, at the time of application, have a maximum capitalization of no more than \$10 million.

Commercial Paper and Negotiable Certificates of Deposit may be purchased directly from issuers approved by the Treasurer.

An approved Treasurer Broker/Dealer list SHALL be maintained. Firms SHALL be removed from the approved Broker/Dealer list and trading suspended with firms failing to accurately and timely provide the following information:

- A. Confirmation of daily trade transactions and all open trades in effect at month-end.
- B. Response to auditor requests for confirmation of investment transactions.
- C. Response to the Internal Controls Branch requests for needed information.

Honoraria, Gifts, and Gratuities Limitations

The Treasurer, Chief Deputy Treasurer and Tax Collector and designated Treasurer and Tax Collector employees SHALL be governed by the provision of the State's Political Reform Act, the Los Angeles County Code relating to Lobbyists, and the Los Angeles County Code relating to post government employment of County officials.

Investment Limitations

The Investment Office SHALL NOT invest in inverse floating rate notes, range notes, or interest only strips that are derived from a pool of mortgages.

The Investment Office SHALL NOT invest in any security that could result in zero interest if held to maturity.

For investment transactions in the PSI portfolio, the Investment Office SHALL obtain



approval of the Treasurer before recognizing any loss exceeding \$100,000 per transaction, calculated using amortized cost.

Proceeds from the sale of notes or funds set aside for the repayment of notes SHALL NOT be invested for a term that exceeds the term of the notes. Funds from bond proceeds may be invested in accordance with Government Code Section 53601(m), which permits investment according to the statutory provisions governing the issuance of those bonds, or in lieu of any statutory provisions to the contrary, in accordance with the approved financing documents for the issuance.

Permitted Investments

Permitted Investments SHALL be limited to the following:

A. Obligations of the U.S. Government, its agencies and instrumentalities

1. Maximum maturity: None.
2. Maximum total par value: None.
3. Maximum par value per issuer: None.
4. Federal agencies: Additional limits in Section G apply if investments are Floating Rate Instruments.

B. Municipal Obligations from the approved list of municipalities (Attachment III)

1. Maximum maturity: As limited in Attachment III.
2. Maximum total par value: 10% of the PSI portfolio.

C. Asset-Backed Securities

1. Maximum maturity: Five years.
2. Maximum total par value: 20% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
4. All Asset-Backed securities must be rated in a rating category of "AA" or its



equivalent or better rating and the issuer's corporate debt rating must be in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).

D. Bankers' Acceptance Domestic and Foreign

1. Maximum maturity: 180 days and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. The aggregate total of Bankers' Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of depository bank.

E. Negotiable Certificates of Deposit (CD)

1. Maximum maturity: Three years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: Aggregate total of Domestic and Euro CD's are limited to 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Must be issued by:
 - a) National or State-chartered bank, or
 - b) Savings association or Federal association, or
 - c) Federal or State credit union, or
 - d) Federally licensed or State-licensed branch of a foreign bank.



5. Euro CD's:
 - a) Maximum maturity: One year and limits outlined in Attachment I for issuer's current credit rating.
 - b) Maximum total par value: 10% of the PSI portfolio.
 - c) Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.
 - d) Limited to London branch of National or State-chartered banks.
6. The aggregate total of Bankers Acceptances and Negotiable Certificates of Deposits SHALL NOT exceed:
 - a) The total shareholders' equity of depository bank.
 - b) The total net worth of the depository bank.

F. Corporate and Depository Notes

1. Maximum maturity: Three years and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Notes MUST be issued by:
 - a) Corporations organized and operating within the U.S.
 - b) Depository institutions licensed by the U.S or any State and operating within the U.S.
5. Additional limits in Section G apply if note is a Floating Rate Note Instrument.

G. Floating Rate Notes

Floating Rate Notes included in this category are defined as any instrument that



has a coupon or interest rate that is adjusted periodically due to changes in a base or benchmark rate.

1. Maximum maturity: Seven years, provided that Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 million par value may be greater than five years to maturity.
2. Maximum total par value: 10% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for the issuer's current credit rating.
4. Benchmarks SHALL be limited to commercially available U.S. dollar denominated indexes.
5. The Investment Office SHALL obtain the prospectus or the issuer term sheet prior to purchase for all Floating Rate Notes and SHALL include the following on the trade ticket:
 - a) Specific basis for the benchmark rate.
 - b) Specific computation for the benchmark rate.
 - c) Specific reset period.
 - d) Notation of any put or call provisions.

H. Commercial Paper

1. Maximum maturity: 270 days and limits outlined in Attachment I for the issuer's current credit rating.
2. Maximum total par value: 40% of the PSI portfolio.
3. Maximum par value per issuer: The lesser of 10% of the PSI portfolio or the limits outlined in Attachment I for the issuer's current credit rating.
4. Credit: Issuing Corporation - Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):



- a) The entity meets the following criteria:
 - 1) Is organized and operating in the U.S. as a general corporation.
 - 2) Has total assets in excess of \$500 million.
 - 3) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a NRSRO.
- b) The entity meets the following criteria:
 - 1) Is organized in the U.S. as a Limited Liability Company or Special Purpose Corporation.
 - 2) Has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
 - 3) Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

I. Shares of Beneficial Interest

- 1. Money Market Fund (MMF) - Shares of beneficial interest issued by diversified management companies known as money market mutual funds, registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. The company SHALL have met either of the following criteria:
 - a) Attained the highest possible rating by not less than two NRSROs.
 - b) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations authorized in Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).

Maximum total par value: 15% of the PSI portfolio. However, no more than 10% of the PSI may be invested in any one fund.
- 2. State of California’s Local Agency Investment Fund (LAIF) pursuant to Government Code Section 16429.1.



3. Trust Investments – Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in securities and obligations authorized in Section 53601 (a) to (o) of the Government Code. To be eligible, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - b) The adviser has not less than five years of experience investing in the securities and obligations authorized in Section 53601 (a) to (o) of the Government Code.
 - c) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

J. Repurchase Agreement

1. Maximum maturity: 30 days.
2. Maximum total par value: \$1 billion.
3. Maximum par value per dealer: \$500 million.
4. Agreements must be in accordance with approved written master repurchase agreement.
5. Agreements must be fully secured by obligations of the U.S. Government, its agencies and instrumentalities. The market value of these obligations that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less than monthly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. If a repurchase agreement matures the next business day after purchase, the repurchase agreement is not out of compliance with this collateralization requirement if the value of the collateral falls below the 102% requirement at the close of business on settlement date.



K. Reverse Repurchase Agreement

1. Maximum term: One year.
2. Maximum total par value: \$500 million. Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Maximum par value per broker: \$250 million.
4. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
5. Agreements SHALL only be made for the purpose of enhancing investment revenue.
6. Agreements must be in accordance with approved written master repurchase agreement.
7. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.
8. The security to be sold on a reverse repurchase agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
9. The proceeds of the reverse repurchase agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
10. The proceeds of the reverse repurchase agreement SHALL be invested in instruments with maturities occurring at or before the maturity of the reverse repurchase agreement.
11. In no instance SHALL the investment from the proceeds of a reverse repurchase agreement be sold as part of a subsequent reverse repurchase agreement.



L. Forwards, Futures and Options

Forward contracts are customized contracts traded in the Over The Counter Market where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Future contracts are standardized contracts traded on recognized exchanges where the holder of the contract is OBLIGATED to buy or sell a specific amount of an underlying asset at a specific price on a specific future date.

Option contracts are those traded in either the Over The Counter Market or recognized exchanges where the purchaser has the RIGHT but not the obligation to buy or sell a specific amount of an underlying asset at a specific price within a specific time period.

1. Maximum maturity: 90 days.
2. Maximum aggregate par value: \$100 million.
3. Maximum par value per counterparty: \$50 million. Counterparties for Forward and Option Contracts limited to those on the approved Treasurer and Tax Collector list and must be rated "A" or better from at least one nationally recognized rating agency.
4. The underlying securities SHALL be an obligation of the U.S. Government and its agencies and instrumentalities.
5. Premiums paid to an option seller SHALL be recognized as an option loss at the time the premium is paid and SHALL not exceed \$100,000 for each occurrence or exceed a total of \$250,000 in any one quarter. Premiums received from an option purchase SHALL be recognized as an option gain at the time the premium is received.
6. Complex or hybrid forwards, futures or options defined as agreements combining two or more categories are prohibited unless specific written approval of the Treasurer is obtained PRIOR to entering into the agreement.
7. Open forward, future, and option contracts SHALL be marked to market weekly and a report SHALL be prepared by the Internal Controls Branch.
8. In conjunction with the sale of bonds, the Treasurer MAY authorize exceptions to maturity and par value limits for forwards, futures and options.



M. Interest Rate Swaps

Interest Rate Swaps SHALL be used only in conjunction with the sale of bonds approved by the Board of Supervisors. In accordance with Government Code Section 53534, these agreements SHALL be made only if all bonds are rated in one of the three highest rating categories by two nationally recognized rating agencies and only upon receipt, from any rating agency rating the bonds, of written evidence that the agreement will not adversely affect the rating.

Further, the counterparty to such an agreement SHALL be rated "A" or better from at least one nationally recognized rating agency selected by the Treasurer, or the counterparty SHALL provide an irrevocable letter of credit from an institution rated "A" or better from at least one nationally recognized rating agency acceptable to the Treasurer.

N. Securities Lending Agreement

Securities lending agreements are agreements under which the Treasurer agrees to transfer securities to a borrower who, in turn agrees to provide collateral to the Treasurer. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the Treasurer in return for the collateral.

1. Maximum term: 180 days.
2. Maximum par value: Maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.
3. Dealers limited to those primary dealers or those Nationally or State chartered banks that have a significant banking relationship with the County as defined in Government Code Section 53601(j)(4)(B) approved specifically by the Treasurer.
4. Agreements SHALL only be made for the purpose of enhancing investment revenue.
5. Securities eligible to be sold with a simultaneous agreement to repurchase SHALL be limited to obligations of the U.S. Government and its agencies and instrumentalities.



6. The security to be sold on securities lending agreement SHALL have been owned and fully paid for by the Treasurer for a minimum of 30 days prior to sale.
7. The proceeds of the securities lending agreement SHALL be invested in authorized instruments with a maturity less than 92 days unless the agreement includes a codicil guaranteeing a minimum earning or spread to maturity.
8. In no instance SHALL the investment from the proceeds of a securities lending agreement be sold as part of a subsequent reverse repurchase agreement or securities lending agreement.

O. Supranationals

Supranationals are multilateral lending institutions that provide development financing, advisory services and other financial services to their member countries to promote improved living standards through sustainable economic growth.

Supranational investments are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by any of the supranational institutions identified in Government Code Section 53601(q), with a maximum remaining maturity of five years or less, and which are eligible for purchase and sale within the United States. Supranational investments shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the PSI portfolio.

1. Maximum maturity: Five years and limits outlined in Attachment I for issuer's current credit rating.
2. Maximum total par value: 30% of the PSI portfolio.
3. Maximum par value per issuer: Per limits outlined in Attachment I for issuer's current credit rating.



**MINIMUM CREDIT RATING
 DOMESTIC ISSUERS**

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM
		A-1/AA	P-1/Aa	F1/AA	\$600MM
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN)	Corporate: 3 years ABS: 5 years FRN: 5 years (1)	A-1/AAA	P-1/Aaa	F1/AAA	\$750MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$600MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$450MM, of which 50% may be over 90 days to a maximum of 180 days

Note: All domestic issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.



**MINIMUM CREDIT RATING
FOREIGN ISSUERS**

Investment Type	Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
Bankers' Acceptance	180 days	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM
		A-1/AA	P-1/Aa	F1/AA	\$450MM
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days.
Certificates of Deposit	3 years	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days
Corporate Notes, Asset Backed Securities (ABS) and Floating Rate Notes (FRN) (1)	Corporate: 3 years ABS: 5 years FRN: 5 years (1)	A-1/AAA	P-1/Aaa	F1/AAA	\$600MM, of which 50% may be over 180 days
		A-1/AA	P-1/Aa	F1/AA	\$450MM, of which 50% may be over 180 days
		A-1/A	P-1/A	F1/A	\$300MM, of which 50% may be over 90 days to a maximum of 180 days

Note: All foreign issuers must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's, and Fitch).

(1) Seven years, if Board of Supervisors' authorization to exceed maturities in excess of five years is in effect, of which a maximum of \$100 MM (million) par value may be greater than five years to maturity.



**MINIMUM CREDIT RATING
 SUPRANATIONAL ISSUERS**

S&P	Issuer Rating (1)		Limit (2)
	Moody's	Fitch	
AAA	Aaa	aaa	30% of PSI Portfolio, of which 20% of the PSI Portfolio may be between 2 and 5 years.
AA	Aa	aa	20% of PSI Portfolio, of which 10% of the PSI Portfolio may be between 2 and 5 years.

(1) The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).

(2) Maximum combined par value for all issuers is limited to 30% of the PSI portfolio.



**MINIMUM CREDIT RATING
 COMMERCIAL PAPER**

Maximum Maturity	S&P	Moody's	Fitch	Investment Limit
270 days	A-1/AAA A-1/AA A-1/A	P-1/Aaa P-1/Aa P-1/A	F1/AAA F1/AA F1/A	\$1.5 Billion \$1 Billion \$750 MM

Note: The issuer must attain the required ratings from at least two of the three Nationally Recognized Statistical Rating Organizations (S&P, Moody's and Fitch).



**LIMITATION CALCULATION FOR
INTERMEDIATE-TERM, MEDIUM-TERM AND LONG-TERM HOLDINGS
(Actual \$)**

	2016	2015	2014
Minimum Investment Balance and Available Cash	\$24,154,869,779	\$21,537,941,275	\$20,475,769,982
Less:			
▪ Discretionary Deposits	(2,066,916,700)	(1,806,071,553)	(1,956,658,573)
Minimum Available Balance	\$22,087,953,079	\$19,731,869,722	\$18,519,111,409
Average Minimum Available Balance			\$20,112,978,070
Multiplied by the Percent Available for Investment Over One Year			75%
Equals the Available Balance for Investment Over One Year			\$15,084,733,553
Intermediate-Term (From 1 to 3 Years)			\$5,028,244,518
▪ One-third of the Available Balance for Investment			
Medium-Term and Long-Term (Greater Than 3 Years)			\$10,056,489,034
▪ Two-thirds of Available Balance for Investment (1)			

(1) Any unused portion of the Medium-Term and Long-Term available balance may be used for Intermediate-Term investments.



APPROVED LIST OF MUNICIPAL OBLIGATIONS

1. Any obligation issued or caused to be issued by the County of Los Angeles on its behalf or on behalf of other Los Angeles County affiliates. If on behalf of other Los Angeles County affiliates, the affiliate must have a minimum rating of “A3” (Moody’s) or “A-“ (Standard and Poor’s or Fitch). The maximum maturity is limited to 30 years.
2. Any short- or medium-term obligation issued by the State of California or a California local agency with a minimum Moody’s rating of “MIG-1” or “A2” or a minimum Standard and Poor’s rating of “SP-1” or “A.” Maximum maturity limited to five years.



THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of November 30, 2017, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

<u>Local Agency</u>	<u>Invested Funds (in billions)</u>
County of Los Angeles and Special Districts	\$13.029
Schools and Community Colleges	13.261
Discretionary Participants	<u>2.444</u>
Total	<u>\$28.734</u>

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	91.50%
Discretionary Participants:	
Independent Public Agencies	7.90%
County Bond Proceeds and Repayment Funds	<u>0.60%</u>
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 21, 2017, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to



the Investment Report dated December 31, 2017, the November 30, 2017 book value of the Treasury Pool was approximately \$28.734 billion and the corresponding market value was approximately \$28.482 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of November 30, 2017:

<u>Type of Investment</u>	<u>% of Pool</u>
U.S. Government and Agency Obligations	61.60
Certificates of Deposit	10.79
Commercial Paper	27.39
Bankers Acceptances	0.00
Municipal Obligations	0.05
Corporate Notes & Deposit Notes	0.17
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of November 30, 2017, approximately 34.38% of the investments mature within 60 days, with an average of 588 days to maturity for the entire portfolio.

TreasPool Update
11/30/2017





JANUARY 22, 2018 - Board Meeting

Prepared by: Andrew Hamilton

Submitted by: Andrew Hamilton

Approved by: Kevin P. Hunt, P.E.

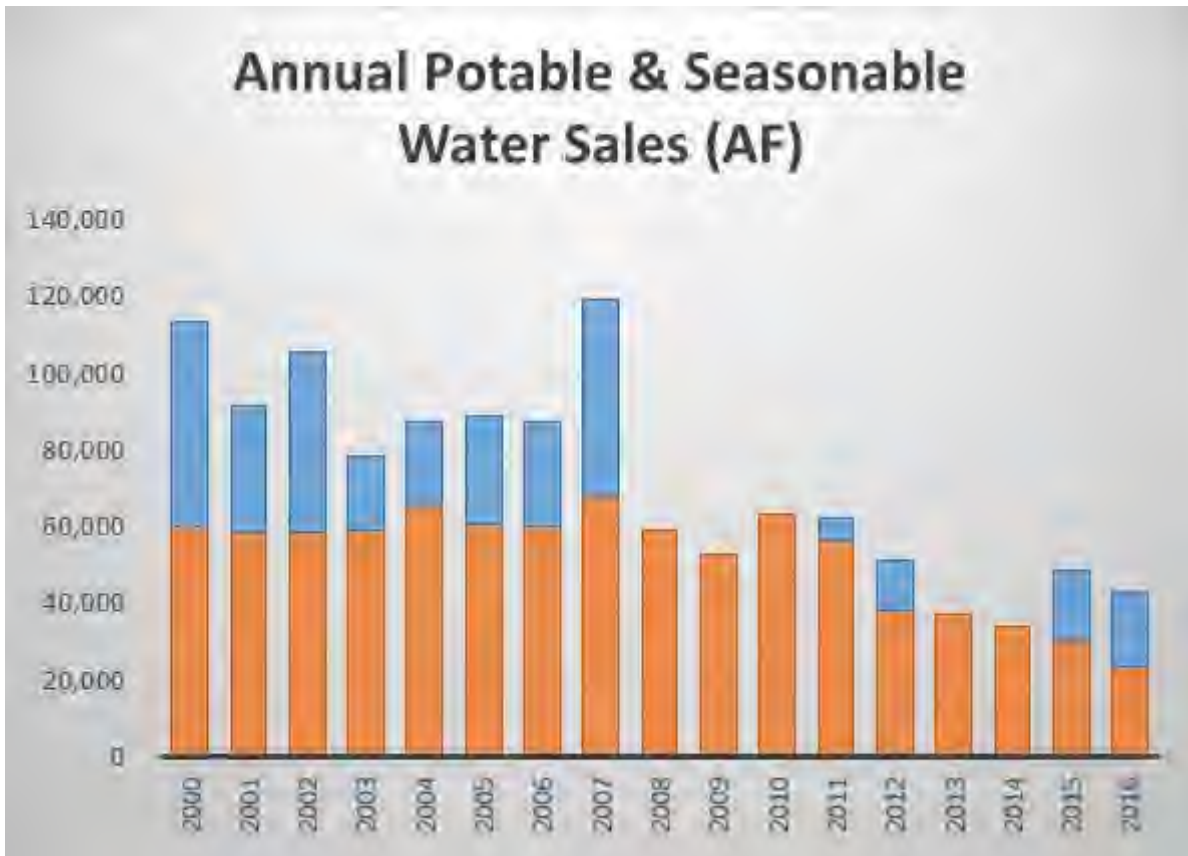
ACTION CALENDAR

**DISCUSSION AND APPROVAL OF RESOLUTION FOR
PROPOSED RETAIL METER CHARGE**

SUMMARY:

Central Basin's Financial Health

As discussed at Central Basin's Board Workshop on November 13, 2017 and Regular Board meeting on November 27, 2017, the Finance & Audit Committee on December 8, 2017, the Board meeting December 18, 2017 and at the Board Workshop January 12, 2018, Central Basin's water sales have decreased significantly since Fiscal Year 2000 as depicted on the following graph:



These decreased sales have negatively impacted the financial condition as discussed below.



Revenue Loss and Budget Reductions

Over the last 10 years, potable water sales have declined from 58,000 AF per year to 18,000 AF per year, with a net revenue loss at fiscal year 2016 rates of approximately \$4,000,000 annually. Replenishment sales are projected to decrease from an average of 20,000 AF per year to a projected zero AF in the future, resulting in a net revenue loss of approximately \$1,400,000 annually. The recycled system has lost a 600 AF per year sale to Rose Hills, with a net revenue loss of approximately \$420,000 per year. The Metropolitan Local Resource Program (LRP) contracts are coming to an end, with a loss of \$600,000 in net revenue on June 30, 2017 and an expected loss of \$1,200,000 in June 30, 2019 and each year thereafter.

To counter this net revenue losses, Central Basin has recently raised rates, settled personnel litigation, reduced staff by 3 FTE's, significantly reduced staff training and travel, cancelled a major design contract and implemented numerous other cost containment measures as summarized in Table 1. On January 12, 2018, the Board adopted additional cost reduction measures as summarized in Table 2. In addition to cost reductions, Central Basin has worked on enhancing its revenue through dispute resolution, contract negotiations, recycled water marketing, investment optimization and other efforts.

Unfortunately, the cost containment reductions together with the revenue enhancement efforts, to date, are not sufficient to stabilize the District's finances. Next year's budget will require additional effort to stabilize the District's financial condition. Among those being reviewed are:

- Implementation of a Standby parcel assessment;
- Leasing out office space;
- Negotiating a new LRP contract;
- Use of hours in Severn Trent contract to reduce costs;
- Sale of recycled water to WRD;
- Startup STEM battery project; and
- Numerous other detailed short and long-term possible cost reductions.

The 2018-2019 Budget will include the selected expense reductions and revenue enhancements.



Table 1	
\$1,588,438 of Budget Reductions at Central Basin in Last Year	
2018 Budget Presentation to the Board on April 28, 2017	
Staff Development	Education Programs
Conference Expense	Printing
Consultant Expense	GIS Services In-house
Declined Per Diem of Appointed Directors	Promotional Items for Conservation
Eliminate State Lobbyist	Reduced Hours to Part-Time Annuitant
Travel Expenditures	Conservation Grant Matching
Website Graphic Design In-house	Lease Cost Reduction
Memberships	Vacant Position – Water Resource Analyst
Courier Services	
Total Reduction = \$573,657	
2018 Budget Revision Additional Cuts Presentation to the Board September 25, 2017	
Training	Further Cuts in Education Program
Travel and Registration	Printing
Lower Salary for New Finance Director	Advertising
Director Travel	Saving from New Operations Contract
Defer/Eliminate Employee Raises	Utilities (electricity)
Defer OPEB Payment	Computer Supplies
Eliminate Chief Engineer Position	Reduced Security Hours
Office Supplies	End of Vernon Capital Credits
Postage	Legal Services
Total Expense Reduction = \$695,867	
Capital Reductions	
Defer Asset Management Condition Assessment	Delay Cudahy Pump Station Assessment
Phelan School Pipeline	Reduce Small Service Laterals
Customer Development	
Total Capital Reduction = \$318,914	
Total Combined Reductions = \$1,588,438	

Table 2	
Cost Reduction / Revenue Enhancement	FY 2019 Estimated Adopted Savings
Subtotal, General Manager's Authority	135,000
Lease Surplus Space	8,500
Add Los Angeles County Pooled Investment Fund	8,000
Transfer San Gabriel River Watermaster	83,224
Subtotal, Board	99,724
Total Budget Reduction	234,724

Rating Agency Downgrades

Standard and Poor's Global Ratings (S&P) originally assigned the 2010A Bonds with a rating of "AA" on February 4, 2010 due to the following factors:

- "Good system operations, with increasing use of recycled water;"
- "Strong debt service coverage (DSC) of 1.6x in fiscal 2009;"
- "Very strong system liquidity, with \$26.8 million in unrestricted cash, or 266 days' cash of operations;" and
- "Large, strong, and diverse service base."

On April 4, 2014, S&P downgraded its rating to "A" with the following comment:

"The rating action reflects our view of the district's significantly lower and inadequate debt service coverage (DSC) in audited fiscal 2012 (at 0.64x) and fiscal 2013 (at 0.20x) and reduced liquidity. These declines were due to two consecutive years of revenue declines without corresponding expenditure reductions, and were exacerbated by higher debt service requirements in both years and extraordinary legal costs in fiscal 2013."

Finally, S&P downgraded Central Basin from an "A" rating to an "A-" rating on June 30, 2017 and made the following statements:

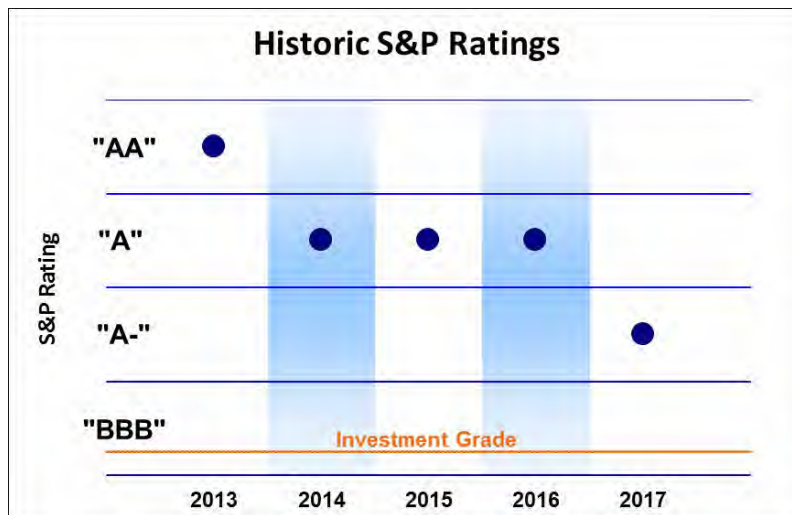
- "Since 2013, the district has experienced significant negative budget variances with regard to both replenishment water (to the Water Replenishment District of Southern California, or WRD) and potable water sales."
- "DSC (Debt Service Coverage) has been insufficient since 2013."
- "This continuation of thin [Debt Service] coverage is a credit risk, especially as the district's letter of credit reimbursement agreement expires in 2018, which could result in higher bank fees thereafter."



- *“Despite these rate [increase] adjustments, we believe that potentially significant declines in potable and recycled water sales may continue to pressure the district’s revenue base.”*
- *“Unexpected turnover at the senior management level added to our concern about the future financial performance of the district.”*

This is the second downgrade where S&P has warned that Central Basin’s financial situation is unsustainable without corrective action.

The following is a graphical summary of S&P ratings from the last 5 fiscal years:



S&P Global Ratings Comments on Fixed Revenue

S&P made the following comment in their most recent report that detailed the downgrade from an “A” rating to an “A-” rating on June 30, 2017:

“We understand management is studying the feasibility of a new fixed charge to be implemented in fiscal 2019, which we believe could stabilize the district’s financial metrics and as a potentially favorable credit development.”

In S&P’s opinion, a new fixed charge like the proposed Retail Meter Charge would strengthen the district’s finances, resulting in a potential ratings upgrade.

Along this reasoning, S&P also provided the following “Upside Scenario” if Central Basin’s financial condition were to see improvement:

“We could revise the outlook to stable or take a positive rating action if the district’s financial performance improves (and is sustainable, in our view) resulting in materially higher DSC in excess of the 1.15x rate covenant.”



Conversely, S&P made the following comments regarding a “Downside Scenario” if Central Basin’s revenues are subject to further deterioration:

“If the district’s financial profile continues to deteriorate as a result of unanticipated declines in revenue, and if the board does not approve management’s (yet to be formalized but planned) corrective rate actions, we could further lower the rating.”

Proposed Approach

Staff is requesting at this time that the Board adopt a resolution giving it the ability to adopt a retail meter charge in the preparation of the fiscal year 2018-2019 Budget. Staff is currently researching and evaluating the listed cost reduction and revenue enhancement measures, with the goal of presenting a Budget, which meets our debt coverage ratio and is at least cash flow neutral for fiscal year 2018-2019. The process will continue the open, collaborative and transparent process that the District has achieved for the last three years. The proposed fixed charge will then be adopted by the Board as part of the water rate resolution.

The ability to approve the Retail Meter Charge will send a strong message to the rating agencies about the District’s financial stability. Operation expense reductions will send an equally powerful message. Both messages are needed.

Proposed Resolution

Staff proposes the following resolution for the Board that would initially approve the establishment of a Retail Meter Charge to help stabilize Central Basin’s financial position by providing a predictable source of Fixed Revenue.

However, staff is not recommending the determination of the actual rate of the Retail Meter Charge at this time. The District is undertaking a Water Rate Study, which will be completed in the next three months to comply with California Proposition 26 as it relates to water rates.

Therefore, further consideration and authorization by Central Basin’s Board of Directors is necessary to establish the Retail Meter Charge rate after the Budget development process and during the Budget adoption and rate setting process.

FISCAL IMPACTS:

None at this time.

PROCUREMENT PROCESS:

Not applicable.



ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Special Finance & Audit Committee on December 8, 2017 and was sent to the December 18, 2017 Board meeting without a recommendation for the Board's consideration. The December 18, 2017 Board requested additional information be provided at the January 12, 2018 Board Workshop.

RECOMMENDED MOTION:

That the Board approves, adopts, and authorizes the President to sign Resolution No. 01-18-937, "A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT ESTABLISHING A RETAIL METER CHARGE."

EXHIBITS:

- Exhibit "A" - S&P Summary – CBMWD Water/Sewer February 4, 2010
 - Exhibit "B" - S&P Summary – CBMWD Joint Criteria Water/Sewer April 4, 2014
 - Exhibit "C" - S&P Summary – CBMWD Joint Criteria Water/Sewer June 30, 2017
 - Exhibit "D" - Resolution No. 01-18-937
- Y:\centralbasinboard\cbmwdmemos\2018\18jan019





Global Credit Portal[®]

RatingsDirect[®]

February 4, 2010

Summary:

Central Basin Municipal Water District, California; Water/Sewer

Primary Credit Analyst:

Paul Dyson, San Francisco (1) 415-371-5079; paul_dyson@standardandpoors.com

Secondary Credit Analyst:

Lawrence Witte, San Francisco (1) 415-371-5037; larry_witte@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Research

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Summary:

Central Basin Municipal Water District, California; Water/Sewer

Credit Profile		
US\$28.87 mil rev certs of part (BABs) ser 2010A-2 due 08/01/2039		
<i>Long Term Rating</i>	AA/Stable	New
US\$23.855 mil rev and refunding certs of part (Tax-Exempt) ser 2010A-1 due 08/01/2026		
<i>Long Term Rating</i>	AA/Stable	New
Central Basin Mun Wtr Dist (Cent Basin Rfdg Proj)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

Rationale

Standard & Poor's Ratings Services assigned its 'AA' rating to Central Basin Municipal Water District (CBMWD), Calif.'s \$23.855 million series 2010A-1 revenue and refunding certificates of participation (COPs) and \$28.87 million series 2010A-2 revenue COPs (Build America Bonds, or BABs). In addition, Standard & Poor's affirmed its 'AA' rating and underlying rating (SPUR) on the district's outstanding parity COPs.

The ratings reflect our view of the district's:

- Good system operations, with increasing use of recycled water;
- Strong debt service coverage (DSC) of 1.6x in fiscal 2009;
- Very strong system liquidity, with \$26.8 million in unrestricted cash, or 266 days' cash of operations; and
- Large, strong, and diverse service base.

We understand that the COPs are being issued to finance the district's Southeast Water Reliability Project, a large pipeline that will deliver recycled water to many large industrial and irrigation facilities within the district's boundaries. We understand that COP proceeds will also be used to improve system capacity and storage to allow for system expansion. The COPS are on parity with the district's outstanding series 2003, 2008A, and 2008B COPs, currently outstanding in the combined amount of \$43.4 million; the 2008A and 2008B COPs were issued in variable-rate mode synthetically fixed with two interest rate swaps. We understand that the district is also considering the issuance of bonds to refund its outstanding 2008A variable-rate COPs and converting them to fixed-rate mode and terminating the associated swaps.

The series 2010A-2 bonds are being issued as BABs per the American Recovery and Reinvestment Act, and this series will be issued under the direct subsidy structure. The district will receive interest subsidy payments from the Treasury Secretary of the U.S. equal to 35% of interest payments provided the district files the appropriate tax forms 45-90 days prior to interest payment dates. No assurances are provided that the district will receive the subsidies described above. Any BAB subsidy that is received will reduce the interest installment necessary, or will be used to reimburse the district for a portion of the interest paid. Given the flow of funds required above per the



indenture, the district is not relying on the subsidy to pay debt service.

The COPs have an interest in net system revenues of CBMWD after payment of operation and maintenance costs.

COP provisions are what we consider adequate, with a rate covenant that requires the district to maintain and collect rates and charges for the water service that will be at least sufficient to yield net revenues for each fiscal year equal to 1.15x annual installment payments. Likewise, the additional COPs test requires that net revenues cover total existing and proposed debt service by at least 1.15x.

The 227-square-mile district is located in central Los Angeles County. It serves a total population of more than 2 million people in 24 cities and provides wholesale water to 27 retail suppliers. These retail suppliers are both public and private agencies such as cities, mutual water companies, private companies, and investor-owned utilities. All but one agency purchase potable water from the district, while one agency purchases water for replenishment purposes. The district provides 40% of water needs for the 24 cities it serves, as its primary mission is to serve as the sub-regional wholesaler for MWD imported water, supplementing local ground water. The district also purchases recycled water at approximately \$57 per acre-foot from the County Sanitation District of Los Angeles County for 14 retail water suppliers and one governmental agency outside the district. The district's water supply comes from the Southern California Metropolitan Water District (MWD) and is delivered to CBMWD treated. The district's recycled water supply is what we consider small, but increasing. Recycling projects continue to reduce dependence on expensive MWD water.

The district's rate structure mirrors that of MWD, and the district passes costs on to retailers. In addition to MWD rates, Central Basin includes a surcharge, currently at \$62 per acre-foot. The district also imposes a standby charge of \$10 per parcel to customers, which is collected on the Los Angeles County tax roll. Most of the district's debt service payments can be covered by this charge (89% in 2009). Given that the largest component of imported water rates is the cost of water purchased from MWD, the district has historically and we understand will continue to adjust water rates as the cost of water purchased from MWD changes. The district can increase rates by board action, and raised rates by 14% in January 2009 and another 20% in September 2009. According to management, further similar annual rate increases are likely.

The district's financial performance remains what we consider solid, with fiscal 2009 results providing 1.6x annual debt service coverage, down from 1.9x in fiscal 2007 but near the 1.7x recorded in fiscal 2005. Due to the combination of this new issuance, rate increases, and rising costs, management expects coverage to stay around 1.5x through fiscal 2014. Given our view of the district's essential nature and broad customer base, we believe the slightly reduced coverage is not indicative of the district's financial stability. In our opinion, system liquidity is very strong, with \$26.8 million in cash and investments, or a strong 266 days of operations, as of fiscal 2009. The district's cash position has been relatively consistent during the past several years and, according to management, is expected to grow \$1 million-\$2 million per year through fiscal 2014.

Debt Derivative Profile (DDP)

CBMWD has been assigned a DDP score of '3.0' on a four-point scale, where '1' represents the lowest risk. The score indicates our view that the swaps are of moderate risk and do not have a meaningful impact on the district's rating. CBMWD entered into two floating-to-fixed interest rate swaps of \$19.825 million and \$14.9 million for its 2007A and 2007B certificates, respectively, which were amended in connection with the issuance of the 2008A and 2008B variable-rate demand bonds.



The score reflects our opinion of:

- A lack of formal policies that address swap risks;
- Poor economic viability under stressful interest rate environments;
- A highly rated swap counterparty; and
- The remote probability of a swap termination event, given the district's strong underlying rating.

The swaps are LIBOR-based swaps, where the issuer pays the counterparty a fixed rate of interest and receives a variable rate based on the LIBOR index. Standard & Poor's considers the lack of formal policies to monitor the swaps a high risk. Mitigating the swap risk are, in our view, the rating strength of the counterparty Citibank N.A., New York (A+) and the district's strong underlying rating. The poor economic viability of the swaps is offset, in our opinion, by the district's strong cash position.

The swap terms associated with the district's 2008A certificates include the district paying a fixed rate of 3.373%. The district will receive 53.8% of LIBOR plus a 0.36% spread. The agreement runs through the life of the certificates and terminates in 2021.

The swap terms associated with the district's 2008B certificates, which refunded the district's 2007B certificates, include the district paying a fixed rate of 3.323%. The district will receive 55.7% of LIBOR plus a 0.23% spread. The agreement runs through the life of the certificates and terminates in 2037.

Outlook

The stable outlook reflects our expectation of continued strong financial performance and continued very strong liquidity. The outlook also reflects our view of the district's strong customer base and robust economy, which help to provide revenue stability. In addition, well-planned capital projects that improve the district's water supply provide long-term stability to its credit quality, in our view.

Related Research

USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

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Summary:

Central Basin Municipal Water District, California; Joint Criteria; Water/Sewer

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Table Of Contents

Rationale

Outlook

Related Criteria And Research



Summary:

Central Basin Municipal Water District, California; Joint Criteria; Water/Sewer

Credit Profile		
Central Basin Mun Wtr Dist adj rate rfdg COP (2007 Project) ser 2008B		
<i>Long Term Rating</i>	AAA/A-1+	Affirmed
<i>Unenhanced Rating</i>	A(SPUR)/Negative	Downgraded
Central Basin Mun Wtr Dist rev and rfdg certs of part (Tax-Exempt) ser 2010A-1		
<i>Long Term Rating</i>	A/Negative	Downgraded
Central Basin Mun Wtr Dist (AGM)		
<i>Unenhanced Rating</i>	A(SPUR)/Negative	Downgraded
Central Basin Mun Wtr Dist (Cent Basin Rfdg Proj)		
<i>Unenhanced Rating</i>	NR(SPUR)	Withdrawn

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services lowered its uninsured long-term rating and underlying rating (SPUR) to 'A' from 'AA' on Central Basin Municipal Water District (CBMWD), Calif.'s previously issued revenue certificates of participation (COPs). The outlook is negative.

Standard & Poor's also affirmed its 'AAA/A-1+' long-term rating on the district's series 2008B adjustable-rate refunding certificates of participation (2007 project), with a bank facility extending to Sept. 23, 2016. The long-term component of the rating is based jointly (assuming low correlation) on the ratings on the obligor, which is the district, and the letter of credit provider, U.S. Bank N.A. The short-term component of the rating is based solely on the rating on U.S. Bank.

We also withdrew the long-term rating and SPUR on the district's series 2003 COPs because the district redeemed the bonds with cash in August 2013.

The rating action reflects our view of the district's significantly lower and inadequate debt service coverage (DSC) in audited fiscal 2012 (at 0.64x) and fiscal 2013 (at 0.20x) and reduced liquidity. These declines were due to two consecutive years of revenue declines without corresponding expenditure reductions, and were exacerbated by higher debt service requirements in both years and extraordinary legal costs in fiscal 2013. The district projects that DSC will improve to 1.6x in fiscal 2014 and 2.0x in fiscal 2015, but this is reliant on uncertain one-time net revenue from replenishment water sales. We view the district's use of cash to meet debt payments in recent years, and its significant negative budget variances for those years, as extreme and inconsistent with its historically stronger financial performance, and this increases uncertainty about projections.

Partly offsetting the above weaknesses, in our view, are the district's:



- Good system operations, with increasing use of recycled water;
- Stability in property-based standby charges, which, in most years, can cover almost 100% of debt service requirements;
- Anticipated decline in annual debt service requirements to \$3.2 million in fiscal years 2014 to 2022 from \$4.7 million during the past two years, partly because of the prepayment of the series 2003 COPs in August 2013, but also because of a debt restructuring planned for later in fiscal 2014;
- Good albeit reduced liquidity, with \$14.5 million in unrestricted cash reserves, or 121 days' cash, in fiscal 2013, projected to increase to \$22 million, or 171 days' cash, in fiscal 2018; and
- Large, strong, and diverse service base, with little risk of delinquencies given the nature of the district's wholesale customer base.

The COPs are secured by net system revenue of CBMWD after payment of operations and maintenance costs. The COPs are outstanding in the amount of \$48.4 million. COP provisions are what we consider adequate, with a rate covenant that requires the district to maintain and collect rates and charges for the water service that will be at least sufficient to yield net revenue for each fiscal year equal to 1.15x annual installment payments. Likewise, the additional COPs test requires that net revenue cover total existing and proposed debt service by at least 1.15x.

The district's financial performance prior to fiscal 2012 was generally strong, with DSC averaging 1.4x in fiscal years 2009 to 2011 and cash averaging 156 days. However, the district experienced significant negative budget variances in fiscal years 2012 and 2013 with regard to water sales, particularly sales to the Water Replenishment District of Southern California (WRD). Water replenishment sales totaled \$11 million in fiscal 2010 and \$14 million in fiscal 2011, but declined significantly to \$6.3 million in fiscal 2012 and were nil in fiscal 2013. The decline in recent years is partly related to litigation with regard to the replenishment fee rates and groundwater storage issues, and led to extraordinary legal costs for the district of \$1.6 million in fiscal 2013. The litigation and disputes with WRD have since been resolved (late 2013), and a February 2014 agreement between the parties provides for WRD to purchase a total of 60,000 acre-feet of replenishment water from the district, with the district assuming 20,000 acre-feet will be sold in April 2014 and 40,000 acre-feet in fiscal 2015, generating \$1.4 million and \$2.8 million in net revenue in those fiscal years, respectively. Beyond fiscal 2015, sales are budgeted at 5,000 acre-feet per year, generating about \$3.4 million to \$3.6 million in revenue, or about \$400,000 annually in net revenue.

Because of the recent revenue declines without sufficient expenditure or revenue adjustments, compounded by higher debt service requirements in fiscal years 2012 and 2013, DSC declined to an inadequate 0.6x in fiscal 2012 and 0.2x in fiscal 2013, from 1.4x in fiscal 2011 and 1.9x in fiscal 2010. The district projects DSC in fiscal 2014 at 1.60x, or 1.15x if no replenishment sales margins are realized. The district sees a 50% chance that the replenishment sales may not occur in fiscal 2014 as a result of an operational issue on a pipeline. If the issue is not resolved by April 30, 2014, no sales are permitted to occur until Oct. 1, 2015 (fiscal 2015). Management projects DSC at 2.0x in fiscal 2016, but at just 1.1x without replenishment water sales margins. The district is highly confident that the full 60,000 acre-feet would be sold by June 30, 2015. Beyond fiscal 2015, reliance on water replenishment sales margins decreases, with DSC with and without this revenue differing by only about 10 basis points (1.53x versus 1.42x in fiscal 2016).

Whereas DSC was significantly less than 1x in fiscal 2012 and even more so in fiscal 2013, no default on required bond payments occurred, as the district made a portion of debt service payments with cash on hand. Because of the rate covenant violation, the district had to renegotiate its fees on its 2008B variable-rate COP letter of credit provider. Cash



reserves as of fiscal 2013 totaled \$14.5 million, or 121 days' cash, a significant decline from \$23.3 million, or 171 days' cash, in fiscal 2011. The decline is due to the following occurrences in fiscal years 2012 and 2013: the use of \$3.9 million to redeem the series 2003 COPs, \$2.6 million in litigation costs, and \$4.3 million in unrealized WRD net revenue. The district forecasts reserves of \$16 million, or 105 days' cash, in fiscal 2014, with an increase to \$22 million, or 171 days' cash, by fiscal 2018.

Fiscal years 2012 and 2013 overlapped the tenure of the district's prior management team. Since May 2013 a new general manager and finance director have been active, with an aim of greater fiscal diligence, including cost containment and debt reduction. We believe these efforts could improve financial performance in the current and future years. Given heightened legal costs in recent years related to the litigation with WRD, management has imposed mandatory caps on all legal fees and has enacted procedures to prevent these caps from being exceeded. As a result, management anticipates that legal fees will return to normal levels of \$500,000 annually during the next five years. In addition, the district has instituted several cost containment measures to reduce overhead and spending. Also, the district prepaid its series 2003 COPs in August 2013, leading to a decline in debt service costs to \$3.3 million in fiscal years 2014 to 2017 (from \$4.7 million in fiscal years 2012 and 2013). The district also plans to restructure a portion of its series 2010A COPs later in fiscal 2014, which will also reduce debt service payments for fiscal years 2018 to 2022 to \$3.3 million. At this level, the district's property-based per-parcel standby charge will be sufficient, on its own, to cover near 100% of debt service.

The 227-square-mile district is located in central Los Angeles County. It serves a total population of more than 2 million people in 24 cities and provides wholesale water, replenishment water, and recycled water to 27 retail suppliers. Its primary function is to supply imported water from the Southern California Metropolitan Water District (MWD) to retail agencies to supplement local groundwater, with the agencies paying for the water at MWD cost plus additional district surcharges and ready-to-serve charges. These retail suppliers are both public and private agencies such as cities, mutual water companies, private companies, and investor-owned utilities. All but one agency purchases potable water from the district, while one agency purchases water for replenishment purposes. The district provides 40% of water needs for the 24 cities it serves. The district also purchases recycled water from the Los Angeles County Sanitation District for 14 retail water suppliers and one governmental agency outside the district. The district's water supply comes from MWD and is delivered to CBMWD treated. The district's recycled water supply is what we consider small, but is increasing. Recycling projects are gradually reducing dependence on expensive MWD water. The leading 10 customers based on sales revenue represent a concentrated 83% of total water sales revenue, with California Water Service Co. representing 23% on its own, but the wholesale nature of the customer base mitigates concentration risks; there have been no delinquencies.

The district's rate structure mirrors that of MWD, and the district passes costs on to retailers. In addition to MWD rates, Central Basin includes a surcharge (currently at \$90 per acre-foot, up from \$62 in fiscal 2010). It also includes a ready-to-serve charge of \$58 per acre-foot, up from \$30 in fiscal 2013. The district projects that its surcharge will rise to \$100 per acre-foot by 2018, and may reduce its ready-to-serve charge to \$46 during the same timeframe. The district also imposes a standby charge of \$10 per parcel to customers, which is collected on the Los Angeles County tax roll. This charge can cover most of the district's debt service payments (68% in 2013, projected at 95% to 101% for fiscal years 2014 to 2018). Given that the largest component of imported water rates is the cost of water purchased



from MWD, the district has historically adjusted and, we understand, will continue to adjust water rates as the cost of water purchased from MWD changes (direct pass-through). Recycled water sales (9% of water sales revenue in fiscal 2013) are small relative to overall sales. The average recycled water rate in fiscal 2014 is estimated at \$510 per acre-foot, and the district projects 1% annual increases hereafter. The district can increase rates by board action. The district anticipates no material impact from the current drought, but mandatory conservation measures or reduced water allocations from MWD, if prolonged, could impact sales.

The district reports no plans for major capital projects in the near term, only smaller projects totaling no more than \$1 million related to connecting customers to the recycled water system. As such, management anticipates no additional debt during the next five years.

The district has a floating- to fixed-rate swap relating to its series 2008B variable-rate COPs. The swap is LIBOR-based, whereby the district pays the counterparty a fixed interest rate and receives a variable rate based on the LIBOR index. Mitigating the swap risk are, in our view, the rating strength of the counterparty, Citibank N.A. New York (A/A-1), and the good SPUR on the district. The district's good cash position also partly offsets interest rate risk. The swap terms associated with the district's 2008B COPs, the proceeds of which refunded the district's 2007B COPs, include the district's paying a fixed rate of 3.323%. The district will receive 55.7% of LIBOR plus a 0.23% spread. The agreement runs through the life of the certificates and terminates in 2037.

Outlook

The negative outlook reflects our view that during the next two years, the district has a high reliance on one-time revenue that, if not realized, could result in slim or inadequate DSC and a further lowering of the rating. The negative outlook also reflects our view of uncertainty with regard to replenishment water sales net revenue in fiscal 2014, with management estimating a 50% likelihood of those sales not being realized, in which case DSC would be marginal at just 1.15x. We also cite uncertainty as to whether the district can achieve cost savings at the level budgeted for fiscal 2014 and beyond, and the possibility that, if the district fails to do so, DSC for fiscal 2014 (and perhaps 2015) could fall to less than 1x, as in fiscal years 2012 and 2013. We could revise the outlook to stable if the district records replenishment sales revenue in fiscal years 2014 or 2015 and DSC improves, or if financial performance improves for other reasons (and is sustainable, in our view) and allows for materially higher DSC in excess of 1x. A raised rating could also accompany the revision of the outlook to stable, but we view that scenario as much less likely.

Related Criteria And Research

Related Criteria

- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008
- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008
- Criteria: Joint Support Criteria Update, April 22, 2009
- USPF Criteria: Bank Liquidity Facilities, June 22, 2007



Related Research

U.S. State And Local Government Credit Conditions Forecast, Dec. 17, 2013

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Summary:

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Table Of Contents

Rationale

Outlook



Summary:

Central Basin Municipal Water District, California; Joint Criteria; Water/Sewer

Credit Profile

Central Basin Mun Wtr Dist WTRSWR		
<i>Long Term Rating</i>	A-/Negative	Downgraded
Central Basin Mun Wtr Dist (AGM)		
<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded
Central Basin Mun Wtr Dist (Central Basin Mun Wtr Dist) JOINTCRIT		
<i>Long Term Rating</i>	AA/A-1+	Affirmed
<i>Unenhanced Rating</i>	A-(SPUR)/Negative	Downgraded

Many issues are enhanced by bond insurance.

Rationale

S&P Global Ratings lowered its long-term rating and underlying rating (SPUR) to 'A-' from 'A' on Central Basin Municipal Water District, Calif.'s outstanding revenue certificates of participation (COPs). At the same time, S&P Global affirmed its 'AA/A-1+' rating on the district's series 2008B adjustable rate refunding COPs (2007 project), with a bank facility extending to June 29, 2018. The outlook, where applicable, is negative.

The lowered rating reflects our view of the district's projected year-end results for fiscal 2017 and updated financial forecast for fiscal 2018, both of which indicate the district will continue to achieve debt service coverage (DSC) well below its rate covenant as well as the median for wholesale utilities at this rating level over the two-year outlook period.

Since our last review, we recognize that management has taken several critical steps to address noted deficiencies in the district's internal controls, including: hiring an independent consultant to do an assessment of the district's procurement policies, grant tracking practices, and cost center accounting methodologies. Management has also filled a key staffing vacancy, with the hiring of a new finance director in May 2017. The district also recently changed its governance structure, increasing the board of directors to eight individuals, following legislation enacted by the California Legislature in 2016, which required the addition of three directors appointed from and elected by the district's governmental and retail purchasing communities to bolster the size of the board from the original five directors.

We initially revised our outlook to negative on the bonds on April 4, 2014. Subsequently, we placed the district on CreditWatch with negative implications on March 21, 2017. The CreditWatch placement was based on our opinion that there was not sufficient information of satisfactory quality to maintain our rating on the securities, as the district had not produced fiscal 2016 financial statements well over 180 days after the end of the prior fiscal year. Unexpected turnover at the senior management level added to our concern about the future financial performance of the district.



We also noted that the unpublished fiscal 2016 audit that was shared with S&P Global Ratings at the time of the review included a finding from the district's independent auditor dated Dec. 27, 2016, which indicated there is a significant deficiency related to the district's internal controls in its financial accounting (identified as Finding 2016-001), wherein it was found that the district was not properly reconciling and recalculating grants revenues, accounts receivable, and unearned revenues. At this time, however, we understand management has addressed the prior period inaccuracies discussed in the finding and has also implemented new grant reimbursement practices which should ensure proper reconciliation going forward.

The COPs are secured by net system revenue of the district after payment of operations and maintenance costs. The COP provisions are what we consider adequate, with a rate covenant that requires the district to maintain and collect rates and charges for the water service that will be at least sufficient to yield net revenue for each fiscal year equal to 1.15x annual installment payments. Likewise, the additional COPs test requires that net revenue cover total existing and proposed debt service by at least 1.15x.

The 227-square-mile district is located in central Los Angeles County. It serves a total population of more than 2 million people and about 40% of the potable water needs within 24 cities, and provides wholesale water, replenishment water, and recycled water to 27 retail suppliers. While the customers are part of the large and diverse Los Angeles County service area economy, about half the cities served by the district demonstrate weak income levels and employment trends compared to the state and national averages. These retail suppliers are both public and private agencies, such as cities, mutual water companies, private companies, and investor-owned utilities. All but one agency purchases potable water from the district, while one agency purchases untreated water exclusively for replenishment purposes.

The district's primary function is to supply treated imported water imported (potable and replenishment) to retail agencies to supplement local groundwater, with the agencies paying for the water at cost, plus additional district surcharges and ready-to-serve charges. The district also purchases recycled water from the Los Angeles County Sanitation Districts and delivers recycled water to 14 retail water suppliers and one governmental agency outside the district. Imported water remains Central Basin's primary source of revenue, totaling \$40.3 million for fiscal 2016, while recycled water sales amounted to \$3.6 million for the same period.

In August 2016, the board of directors approved the first increase in water surcharge rates, recycled water rates, and meter service fees in five years. As such, water surcharges, recycled sales and meter service fees were raised by 16.5% effective Jan. 1, 2017. On July 1, 2017, these same rates and fees will be raised again by 8%. Despite these rate adjustments, we believe that potentially significant declines in potable and recycled water sales may continue to pressure the district's revenue base. We understand management is studying the feasibility of a new fixed charge to be implemented in fiscal 2019, which we believe could stabilize the district's financial metrics and as a potentially favorable credit development.

Since 2013, the district has experienced significant negative budget variances with regard to both replenishment water (to the Water Reclamation District of Southern California, or WRD) and potable water sales. Replenishment sales to WRD totaled \$11.5 million in fiscal 2016 and are expected increase to \$19.5 million in fiscal 2017 (projected), up from zero sales in fiscals 2013 and 2014, and \$6.3 million in fiscal 2012. The variation in recent years is partly related to



litigation with regard to the replenishment fee rates and groundwater storage issues, and led to \$1.6 million in legal costs for the district in fiscal 2013. The litigation and disputes with WRD were resolved in late 2013, and a February 2014 agreement between the parties provides for WRD to purchase a total of 120,000 acre-feet of replenishment water from the district over the next 10 years. However, management indicates that WRD intends to reduce its purchases from Central Basin over the next few years. We understand management has begun budgeting for reduced sales to WRD. Compounding the expected reduction in replenishment sales to WRD, potable water sales are projected to be 40% below budget in fiscal 2017 (\$17.2 million) and are anticipated to rebound only slightly to \$18.4 million in fiscal 2018, and could remain well below fiscal 2015 sales (of \$27.5 million) thereafter.

Because the reduction in water sales over the past few years have not been matched with a commensurate decline in operating costs, DSC has been insufficient since 2013. DSC improved marginally to 0.96x in fiscal 2014 from 0.2x in fiscal 2013, but remained at 1.1x in both fiscals 2015 (or 1.5x when including non-reoccurring grant revenues, which we typically exclude from our debt service calculations) and 1.0x in 2016 as calculated by S&P Global Ratings. At the same time, fiscal 2017 DSC is forecast to decline to 0.8x. This continuation of thin coverage is a credit risk, especially as the district's letter of credit reimbursement agreement expires in 2018, which could result in higher bank fees thereafter.

The district's thin financial margins, in our view, poses significant uncertainty regarding the integrity of its financial projections, and raises the risk that the district's water rates may not be fully capturing the true cost of service, despite the approved rate increases effective Jan. 1, 2017 and July 1, 2017--especially in the event that the district may not be generating sufficient margins to adequately reinvest capital into the system, which could also result in deferred maintenance. In our view, however, the district's liquidity position has been good despite the thin DSC over the last few years, in part due to its established reserve policies, which set minimum working capital thresholds. Cash reserves as of June 30, 2016 totaled \$14.7 million or 125 days' cash, an improvement from \$14.1 million or 103 days' cash at fiscal year-end 2015.

The district reports \$45.7 million of major capital projects between fiscal 2017 through fiscal 2021, which are primarily focused on expansions of the recycled water system. Although we consider the capital plan to be relatively large, about half of which (\$26.7 million) will be funded with grants, and the remainder may be funded with a state revolving fund loan (\$12.9 million) and contribution from the city of Monterey Park (\$3.7 million) and only a modest contribution from the district's reserves (\$2.1 million).

The long-term component of the series 2008B rating is based jointly (assuming low correlation) on the ratings on the obligor, which is the district, and the letter of credit provider, U.S. Bank N.A. The short-term component of the rating is based solely on the rating on U.S. Bank.

The district has a floating- to fixed-rate swap relating to its series 2008B variable-rate COPs. The swap is LIBOR-based, whereby the district pays the counterparty a fixed interest rate and receives a variable rate based on the LIBOR index. The swap had a negative fair market value to the district of \$2.8 million as of June 30, 2016. Mitigating termination risk is, in our view, the rating strength of the counterparty, Citibank N.A. New York (A+/A-1). The swap terms associated with the district's 2008B COPs, the proceeds of which refunded the district's 2007B COPs, include the district's paying a fixed rate of 3.323%. The district will receive 55.7% of LIBOR plus a 0.23% spread. The agreement



terminates in 2037, while the final maturity of the 2008 COPs is in 2040.

Outlook

The outlook reflects our view that during the next two years, both the district's replenishment water and potable water sales may remain thin or decline, which will likely result in a continuation of inadequate DSC.

Upside scenario

We could revise the outlook to stable or take a positive rating action if the district's financial performance improves (and is sustainable, in our view) resulting in materially higher DSC in excess of the 1.15x rate covenant.

Downside scenario

If the district's financial profile continues to deteriorate as a result of unanticipated declines in revenue, and if the board does not approve management's (yet to be formalized but planned) corrective rate actions, we could further lower the rating.

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EXHIBIT "D"

RESOLUTION NO. 01-18-937

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL BASIN MUNICIPAL WATER DISTRICT ESTABLISHING A RETAIL METER CHARGE

WHEREAS, Central Basin Municipal Water District (Central Basin or District) supplies a reliable source of water to 1.7 million residents throughout 24 cities and unincorporated areas of Southeast Los Angeles County; and

WHEREAS, as a member agency of the Metropolitan Water District of Southern California, Central Basin relies on imported water supplies from the Metropolitan Water District of Southern California; and

WHEREAS, pursuant to California Water Code sections 71614 and 71616, Central Basin is authorized to establish water rates and charges for water which will result in revenues sufficient to meet the operating expenses of the District, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions and enlargements, and cover principal and interest payments and costs associated with bonded debt; and

WHEREAS, on August 28, 2017, the Board of Directors of Central Basin adopted Resolution No. 08-17-924 establishing water rates and charges for the calendar year commencing July 1, 2017 and continuing each calendar year thereafter; and

WHEREAS, there continues to be a need for increasing Central Basin's financial stability as Central Basin received a downgrade in Standard & Poor's credit rating to "A-" from "A" in June 2017.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors (Board) of the Central Basin Municipal Water District hereby establishes a Retail Meter Charge to be imposed annually by the District on each of its member agencies based upon the total number of retail water meters served by the member agency which are in service as of January 1 of each year.

BE IT FURTHER RESOLVED that the General Manager and staff of Central Basin are authorized and directed to move forward with conducting a water rate study for the purpose of, among other things, studying and making recommendations to the Board regarding establishing the Retail Meter Charge rate consistent with California Proposition 26. Further consideration and authorization by the Board is necessary to establish the Retail Meter Charge rate. The Retail Meter Charge will not be imposed by the District until the rate is approved by the Board.



BE IT FURTHER RESOLVED that Central Basin is authorized, at such time as the General Manager may determine to be necessary, to require supporting documentation from each member agency, signed by an authorized representative of the member agency, to verify the number of retail meters within the member agency's service area which are in service as of January 1. Central Basin also is authorized to conduct random on-site visits with the member agencies to verify data regarding the number of retail meters.

Passed, approved and adopted on this 22nd day of January 2018.

Board President

ATTEST:

Board Secretary
(Seal)

LEGISLATIVE INTENT SERVICE (800) 666-1917

LEGISLATIVE INTENT SERVICE





JANUARY 11, 2018 – Finance & Ethics

Apodaca, Oskoui, Aceituno

JANUARY 22, 2018 – Board Meeting

Prepared by: Dorrett Lambey

Submitted by: Dorrett Lambey

Approved by: Kevin P. Hunt

ACTION CALENDAR

APPOINTMENT OF BOARD TREASURER AND DEPUTY TREASURER

SUMMARY:

The California Water Code (Code) Section 71340 states “. . . the Board shall appoint, by majority vote, a secretary, treasurer, attorney, general manager and auditor, and shall assign their duties and fix their compensation. “ The duties imposed on the Board Treasurer as indicated in the District’s Administrative Code, Part 2, Chapter 1, Article 3.3, are listed below:

1. Deposit, manage and invest the District money under the terms of the current approved District Investment Policy, with the approval of the General Manager;
2. Certify that checks presented for Board approval in payment of obligation of the District are correct and supporting documents available;
3. Review and present monthly investment and disbursement reports, budget comparative and financial status reports to the Board; and
4. Co-sign disbursement vouchers when required.

Article 3.3 also states: “When the Treasurer is unavailable or otherwise engaged, the above-listed tasks can be performed by the Deputy Treasurer.”

The District’s Investment Policy further states that the Board “re-delegates the investment function annually to the appointed Treasurer, which will be District staff, who shall thereafter assume full responsibility for these transactions until the delegation is revoked or expires.”

Key investment duties of the Treasurer are listed below:

- Prudently invest the District funds within the guidelines of the Investment Policy;
- Obtain quotes from brokers/dealers for the sale and purchase of investments;
- Monitor the District’s investment portfolio;
- Review, make recommendations and update existing Investment Policy as directed by the Board;
- Conduct an investment workshop with the Board to report on the work of staff and investment advisor, if any; and
- Develop a strategy to improve portfolio duration and diversification.



Andrew Hamilton, CPA, the interim consultant, has been appointed as the permanent Finance Director. Mr. Hamilton has a Bachelor's degree from Taylor University in Indiana and 25 years of experience, 6 of which are with Water Districts. He is a Certified Public Accountant (CPA), Certified Public Funds Investment Manager (CPFIM), Certified California Municipal Treasurer (CCMT) and is familiar with Bond Financings and Pension cost containment. It is the intent of the District to appoint Andrew Hamilton as Treasurer and reappoint Dorrett Lambey as Deputy Treasurer and to revoke any prior appointments by the Board to these positions.

FISCAL IMPACTS:

None.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance & Audit Committee on January 11, 2018 and was recommended for approval at the January 22, 2018 Board meeting.

RECOMMENDED MOTION:

That the Board appoints Andrew Hamilton, Finance Director, as the Board Treasurer and Dorrett Lambey, Accounting Manager, as Deputy Treasurer effective January 22, 2018 and revoke any prior appointments.

EXHIBITS:

None.

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DECEMBER 18, 2017 – Board Meeting

Prepared by: Kevin P. Hunt, P.E.

Submitted by: Kevin P. Hunt, P.E.

Approved by: Kevin P. Hunt, P.E.

ACTION CALENDAR

**APPROVAL TO PAY NOSSAMAN LLP LEGAL INVOICE
FOR DECEMBER 2017 IN EXCESS OF \$25,000**

SUMMARY:

The December invoice was \$27,509.79. District operational matters totaled \$8,672.29. Recycled Water Expansion matters related to multiple contracts totaled \$2,887.50 Opinions regarding the proposed fixed retail meter charge and Proposition 26 totaled \$3,712.50. The cost for the Huntington Park Litigation was \$907.50.

Legal opinions, negotiations and contract amendment preparation regarding the transfer of the Water Quality Protection Plan (WQPP) operations to the City of Whittier totaled \$11,330. The city has agreed to reimburse the District legal expenses related to WQPP transition for up to \$10,000. Any cost over \$10,000 will be negotiated between the District and the city prior to reimbursement.

Other miscellaneous costs (i.e. phone conferencing, FedEx, online research, and duplicating and printing costs) totaled \$64.79.

It is recommended that the Board approve paying the legal invoice for December.

FISCAL IMPACTS:

Not applicable.

PROCUREMENT PROCESS:

Not applicable.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was not reviewed at Committee.

RECOMMENDED MOTION:

That the Board approve payment to Nossaman, LLP for providing legal services to the District for the month of December 2017 in the amount of \$27,509.79.

EXHIBITS:

None.

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JANUARY 4, 2018 – Engineering & Operations
 Grajeda, Gedney, Apodaca
JANUARY 22, 2018 – Board Meeting
 Prepared by: Roman C. Gonzalez
 Submitted by: Jacqueline Koontz
 Approved by: Kevin P. Hunt, P.E.

INFORMATION CALENDAR

DISCUSSION ON CONSTRUCTION PROGRESS OF UTC AEROSPACE RECYCLED WATER EXPANSION PIPELINE PROJECT

SUMMARY:

Project Description

The purpose of this project is to expand Central Basin’s recycled water system within the cities of Santa Fe Springs and Norwalk to provide recycled water to the cooling towers of UTC Aerospace Systems. The water purveyor for this site is the City of Santa Fe Springs. The pipeline alignment to reach the UTC site consists of extending a new 6-inch PVC lateral pipeline from an existing 24-inch recycled water pipeline at the intersection of Florence Avenue and Norwalk Boulevard. The alignment will continue south on Norwalk Boulevard for approximately 2,000 feet to connect to the onsite industrial water system of UTC Aerospace Systems.

The table below describes the most up to date project schedule for the District’s UTC recycled water expansion project being construct by Ramona Inc. as of January 4, 2018.

Action	Date
Notice to Proceed	12/11/17
Pre-construction Meeting	12/21/17
Ramona Inc – Construction Schedule	1/02/18
Contractor’s Mobilization Starts	1/22/18
Pipeline Construction completion	2/26/18-3/01/18

FISCAL IMPACTS:

The District will be funding construction costs. This project is included in the approved FY 2017-2018 Capital Improvement Projects budget in the amount of \$382,974. However, the project’s revised construction cost is now at \$482,050, exceeding the approved budget amount by approximately \$100,000, which the Board approved in the October 2017 Board meeting.

This \$100,000 overage is offset by the delay of the Mayberry Park Recycled Water Project which has funding approved for FY 2017-2018 in the amount of \$221,520 of which no funds have been expended in FY 2017-2018.



PROCUREMENT PROCESS:

The project was formally advertised in accordance to the District's Procurement Policy.

ENVIRONMENTAL COMPLIANCE:

A Notice of Exemption was filed for this project.

COMMITTEE STATUS:

This item was reviewed by the Engineering and Operations Committee on January 4, 2018 and was agendaized to the January 22, 2018 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

EXHIBITS:

None.

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Board Meeting Agenda

Russ Baggerly, Director
Mary Bergen, Director
Bill Hicks, Director

Pete Kaiser, Director
James Word, Director

CASITAS MUNICIPAL WATER DISTRICT

Meeting to be held at the
Casitas Board Room
1055 Ventura Ave.
Oak View, CA 93022

January 24, 2018 @ 3:00 P.M.

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of §54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Roll Call
2. Public comments (Items not on the agenda – three minute limit).
3. General Manager comments.
4. Board of Director comments.
5. Board of Director Verbal Reports on Meetings Attended.
6. Consent Agenda
 - a. Minutes from the January 10, 2018 meeting.
 - b. Recommend approval of a purchase order to Rayco Roofing Contractors Inc. of Ventura in the amount of \$16,731 for the replacement of the park store roof.
 - c. Recommend approval of a purchase order contract with BMI-PACWEST Inc. in the not to exceed amount of \$ 6,708 per year for HVAC System Preventative Maintenance.
 - d. Recommend approval of purchase orders for the purchase of the remaining budgeted vehicles.

RECOMMENDED ACTION: Adopt Consent Agenda.



7. Review of District Accounts Payable Report for the Period of 1/05/18 - 01/17/18.

RECOMMENDED ACTION: Motion approving report.

8. Resolution expressing appreciation to Neil Cole upon his retirement.

RECOMMENDED ACTION: Adopt Resolution

9. Appeal of Bert and Lynn Munnikhuis requesting relief for a \$520 water conservation penalty that was incurred as a result of a leak.

RECOMMENDED ACTION: Direction to Staff

10. Appeal of Margaret Morgan requesting the \$2,905 conservation penalty be waived as it was incurred as a result of a leak.

RECOMMENDED ACTION: Direction to Staff

11. Appeal of Alex Smith with Beasant Hill School of Happy Valley requesting consideration of the water conservation penalty.

RECOMMENDED ACTION: Direction to Staff

12. Recommend acceptance of the fiscal Year 2016-2017 Comprehensive Annual Financial Report.

RECOMMENDED ACTION: Motion approving recommendation

13. Presentation by Jack Oehmke with Morgan Stanley regarding the District's Investments.

14. Resolution of Designation of Applicant's Agent for application for Federal Assistance for the Thomas Fire.

RECOMMENDED ACTION: Adopt Resolution.

15. Information Items:

- a. Water Conservation Update for December 2017.
- b. Letter from the City of Ojai expressing support for Assembly Bill 1794.
- c. Investment Report.

16. Adjournment.

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a)).





Minutes of the Casitas Municipal Water District
Board Meeting Held
January 10, 2018

A meeting of the Board of Directors was held January 10, 2018 at the Casitas Municipal Water District located at 1055 Ventura Ave. in Oak View, California. The meeting was called to order at 3:00 p.m. President Baggerly led the group in the flag salute.

1. Roll Call

Directors Baggerly, Word, Hicks, Bergen and Kaiser were present. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were three staff members and 13 members of the public in attendance.

2. Public comments (Items not on the agenda – three minute limit).

None

3. General Manager comments.

Mr. Wickstrum discussed the tragic events in Montecito and suggested that our citizens and our entire district need to look at that and be aware and be safe. Every area we have is exposed. He expressed hope for a speedy recovery and condolences for the losses. We are all heeding the calls to evacuations and making sure we observe our own safety. We did have a good surge storm in our area. There was a peak at about 3:30 – 4:00 on Tuesday morning. Brian Taylor was at Robles and at about 4:30 – 5:00 we went from near zero to over ten feet of water hitting that area. It went to 13,000 cfs in a matter of minutes. He had never seen anything like that in all the years he has operated there. We tried repeatedly to do diversions but the fish screens were laden with fine sediment. The water has a lot of silt so we opted to hold off. We still had flows in the rest of the watershed. Once we get through the ash the watershed should provide more water as there is no vegetation absorbing the rainfall. Staff worked hard to try to get diversions going. This is a key critical moment looking at fisheries aspects and how we operate. It may be 5-10 years before restoration of the watershed to a more normal state. We do not have the turbidity curtains yet but hope to have them in about two weeks. The recreation area did well.



4. Board of Director comments.

Director Hicks mentioned a call he had from a friend in La Conchita and a fire hydrant that had been buried in the 2005 slide. Mr. Wickstrum explained that there are hydrants within 500 feet of every structure but we can put another hydrant in. The one that was buried was abandoned in place, bagged and covered.

5. Board of Director Verbal Reports on Meetings Attended.

President Baggerly reported his attendance at the Ventura River Watershed Council meeting where Ron gave a presentation of post fire actions and fire response and drought preparedness. We have a new part time employee and also part time watershed coordinator Po who did an excellent job of kicking off the meeting. I liked the way she handled the meeting. I gave a short presentation on upcoming events with OBGMA. There is a meeting on the 25th of January where we will present the groundwater management plan.

Director Bergen reported she also attended the Watershed Council meeting but was not paid by Casitas. She gave an update on Upper Ventura River Groundwater Sustainability Agency. They are in the early stages of this new agency.

6. Election of Board Officers.

On the motion of Director Kaiser, seconded by Director Hicks the board officers are:

PRESIDENT	Jim Word
VICE PRESIDENT	Bill Hicks
SECRETARY	Mary Bergen
ASST. SECRETARY	Pete Kaiser
At Large	Russ Baggerly

The motion was passed by the following roll call vote:

AYES:	Directors:	Baggerly, Kaiser, Bergen, Hicks, Word
NOES:	Directors:	None
ABSENT:	Directors:	None

7. Selection of Board Committees and Ad Hoc Committees.

- a. Board Member Assignments.
- b. Schedule of Committee Meeting

COMMITTEE ASSIGNMENTS:

	<u>Members</u>
Executive	Word/Hicks
Finance	Word/Kaiser
Personnel	Bergen/Baggerly
Quagga	Baggerly/Kaiser
Recreation	Hicks/Kaiser
Water Resources	Baggerly/Bergen

COMMITTEE DATES AND TIME:

	<u>Date</u>	<u>Time</u>
Executive	2 nd Friday	10:00 a.m.
Finance	3 rd Friday	10:00 a.m.
Personnel	2 nd Tuesday	4:30 p.m.
Quagga	3 rd Monday	10:00 a.m.
Recreation	1 st Monday	10:00 a.m.
Water Resources	4 th Tuesday	10:00 a.m.

On the motion of Director Baggerly, seconded by Director Kaiser the committee assignments and schedule of meetings was approved by the following roll call vote:

AYES: Directors: Baggerly, Kaiser, Bergen, Hicks, Word
NOES: Directors: None
ABSENT: Directors: None

8. Assignments to Outside Associations and Approval of Authorized Meetings for the Board.

On the motion of Director Baggerly, seconded by Director Bergen the meetings were approved by the following roll call vote:

AYES: Directors: Baggerly, Kaiser, Bergen, Hicks, Word
NOES: Directors: None
ABSENT: Directors: None

9. Consent Agenda

ADOPTED

- a. Minutes from the December 13, 2017 meeting.
- b. Minutes from the December 20, 2017 meeting.
- c. Resolution authorizing memberships.
- d. Recommend approval of a purchase order to California Woodworking, Inc. in the amount of \$38,750 for the construction of a new dais and storage cabinet.



The consent agenda was offered by Director Baggerly, seconded by Director Kaiser and adopted by the following roll call vote:

AYES: Directors: Baggerly, Kaiser, Bergen, Hicks, Word
NOES: Directors: None
ABSENT: Directors: None

Resolution is numbered 18-01.

10. Review of District Accounts Payable Report for the Period of 12/09/17 - 01/03/18. APPROVED

On the motion of Director Hicks, seconded by Director Kaiser and passed by the following roll call vote:

AYES: Directors: Baggerly, Kaiser, Bergen, Hicks, Word
NOES: Directors: None
ABSENT: Directors: None

11. Recommend approval of a budget of \$185,000 for the emergency pipeline replacement of the 10" pipeline located at the Padre Juan crossing location in the Faria Beach area. APPROVED

On the motion of Director Hicks, seconded by Director Baggerly the above recommendation was approved by the following roll call vote:

AYES: Directors: Baggerly, Kaiser, Bergen, Hicks, Word
NOES: Directors: None
ABSENT: Directors: None

12. Recommend approval of a one year agreement for the use of Lake Casitas Recreation Area's Event Area for the Ojai Wine Festival with Rotary Club of Ojai West Foundation. APPROVED WITH CHANGES

The board discussed this agreement at length with staff and heard from the following individuals representing the Rotary Club of Ojai West.

Les Gardner resides at 1129 Maricopa Highway and is a member of Ojai Rotary West gave a history of the wine festival and how it happened to be held at the lake. He reminded the board of the Rotary's involvement in improvements to what has become the event area including installation of electrical, sprinklers, grass and trees. The lake has been a good site for the event and our relationship has been good. The event has allowed the club to donate \$1.3 million dollars back into the community. If you go to the event will see close to 100 people working the event and none of them being paid, they are all volunteers. His hope is that we have not outgrown the lake and the lake has not



outgrown us. Since we have had a great relationship for so many years he hopes to reach an agreement that we can all benefit from.

David May, member of Rotary West and Chairman of the Wine Festival spoke about the insurance and that it could be enhanced. He expressed concerns over the board's request to have all their sponsors provide insurance and Certificates of Insurance. The sponsors volunteer their time and their products and some do not have insurance. He also mentioned the desire to retain storage at the lake for convenience.

Richard Gould spoke as a charter member of Rotary Ojai West and explained that the proceeds of the wine festival have allowed them to operate the floating classroom teaching children the benefits of the lake, teaching them to protect the lake.

Angela May, Executive Director of the wine festival asked for a longer contract of at least 2-3 years since it takes so long to do the planning for the event. She also asked for reconsideration on the insurance requirements for the sponsors.

Stephanie Midgett spoke regarding the successful partnership with the Rotary boat and what a joy it is to take our children and have them know about this lake. She mentioned that Joe Evans and some of the Rangers have begun to help out with the youth.

Mike Caldwell, President of Rotary Club of Ojai West suggested that if the board is insistent that the individual sponsors have insurance then maybe the board could back off of the 27% of net that is provided to the lake.

Don Midgett spoke as a Rotarian spouse. He added that he attended some of the first wine festivals and has worked for them for the last dozen years or so. He understands the issues we are facing. It takes a collective effort. It is difficult to cover 100% of all possibilities. You do know this club and you have people here who will work with you.

Mr. Shouse agreed with what had already been said adding that we love this venue and that it is important that we make a profit from this event in order to continue to support the good things throughout the community. The community benefits from this tremendously.

Linda Taylor thanked the board for their service and suggested that since there are a lot of events within the county that have large attendance perhaps we could talk with our supervisors to see if there is some kind of insurance to cover these activities. She added that the security force at the wine festival inspects all bags and purses.

President Word thanked the Rotary members for their comments.



Director Baggerly thanked the members of Ojai Rotary West for coming and suggested that section 6 b 4 be removed from the contract as it is causing so much anxiety. Our contract is with you, not with them. It is not fair for us to ask this. It was suggested that there be a clause inserted into the contract to allow for an extension if there are not issues and that the extension come before the board as a consent agenda item.

On the motion of Director Baggerly to remove section 6 b (4) and add in an automatic extension for two extra years if the contract has no major changes and no major problems, it will come back to the board for approval as a consent agenda item. The general liability amount that will be provided by Ojai Rotary West is changed to \$7 million in general liability. This was seconded by Director Bergen and passed by the following roll call vote:

AYES:	Directors:	Baggerly, Kaiser, Bergen, Hicks, Word
NOES:	Directors:	None
ABSENT:	Directors:	None

13. Recommend authorization of an additional five acre feet of water allocation be made available for projects. APPROVED

On the motion of Director Hicks, seconded by Director Bergen, the above recommendation was approved by the following roll call vote:

AYES:	Directors:	Bergen, Hicks, Word
NOES:	Directors:	Baggerly, Kaiser
ABSENT:	Directors:	None

14. Information Items:

- a. Executive Committee Minutes.
- b. Memo regarding Thomas Fire and Water Billing Actions.
- c. Memo regarding Robles Diversion Maintenance Efforts.
- d. California Department of Fish & Wildlife Meeting on Rapid Response Planning.
- e. 2018 State Water Project Initial Allocation – 15%.
- f. Water Consumption Report.
- g. CFD No. 2013-1 (Ojai) Monthly Cost Analysis.
- h. Investment Report.

On the motion of Director Hicks, seconded by Director Bergen the information items were approved by the following roll call vote:

AYES:	Directors:	Baggerly, Kaiser, Bergen, Hicks, Word
NOES:	Directors:	None
ABSENT:	Directors:	None



President Word moved the meeting to closed session at 5:10 p.m.

15. Closed Session

a. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (a) of Section 54956.9

Name of Case: George Lewis and Cheryl Lewis, Kerry Tormey; Alton Gebhart and Mary Louise Gebhart; Geoffrey Marcus, as Trustee of the Marcus Family Trust; Katherine Conner; Kevin Vanderwyck and Katy Vanderwyck; on behalf of themselves and all others similarly situated vs. Southern California Edison Company, a California corporation; City of Ventura; Casitas Municipal Water District; and DOES 1 through 50 inclusive.

Case No. 56-2017-00505314-CU-MT-VTA.

b. Public Employee Performance Evaluation (Government Code Sec. 54957). Title: General Manager

President Word moved the meeting back into open session at 5:47 p.m. with Mr. Mathews reported that the board discussed two matters in closed session, the existing litigation and there is no item reportable on that discussion and the board also reviewed the performance evaluation with the General Manager present.

16. Discussion and consideration of the General Manager's compensation.

On the motion of Director Baggerly, seconded by Director Bergen a 6% salary increase was approved by the following roll call vote:

AYES:	Directors:	Baggerly, Kaiser, Bergen, Hicks, Word
NOES:	Directors:	None
ABSENT:	Directors:	None

17. Adjournment.

President Word adjourned the meeting at 5:50 p.m.

Mary Bergen, Secretary



**CASITAS MUNICIPAL WATER DISTRICT
INTEROFFICE MEMORANDUM**

TO: STEVEN E. WICKSTRUM, GENERAL MANAGER
FROM: NEIL COLE, PRINCIPAL CIVIL ENGINEER
SUBJECT: AUTHORIZE GENERAL MANAGER TO SIGN PURCHASE ORDER FOR PARK STORE ROOF REPLACEMENT
DATE: 1/19/2018

Recommendation:

It is recommended that the Board of Directors authorize the General Manager to sign a Purchase Order Contract with Rayco Roofing Contractors Inc. of Ventura, for the replacement of the park store roof in the amount of **\$16,731**.

Background and Discussion:

The park store roof has two separate roofing systems. The roofing system on the front or visible side of the building is in good shape and does not need to be replaced. The roofing system on the backside of the building leaks and is at the end of its expected service life. This project will replace the backside of the roof with a membrane roofing system that will provide an expected service life of at least 20 years. The project will also provide for insulation of the roof.

The project was originally advertised on the District's web site and invitations were sent to 3 local firms. Only one firm submitted a proposal. The informal proposal was considered unacceptable because the cost was double the budget at \$30,000. A local roofing contractor (Rayco Roofing Contractors Inc.) had received the informal request for proposals but did not submit a proposal due to their workload. Since that time their workload has lessened and they expressed an interest in completing the project. Rayco Roofing Contractors Inc has submitted a proposal to complete the roof replacement for a cost of \$16,731, including the insulation.

This project is Categorically Exempt from the California Environmental Quality Act under Section 15301 Existing Facilities. \$15,000 was budgeted in the FY 2017-18 Budget for the Park Store Roof Repairs. The roof insulation could be deleted from the project to reduce the project cost to \$14,041.



RAYCO ROOFING CONTRACTORS, INC.

250 NORTH OLIVE ST, VENTURA, CA 93001

Phone: 805 643-0557 Fax: 805 643-0644

raycoroofing@yahoo.com

State Contractor's License #431552

January 4, 2018

Casitas Municipal Water District

ATTN: Tim Lawson

eMail: tlawson@casitaswater.com

RE: Re-Roof Country Store

We propose to furnish all materials and perform all labor necessary to complete the following:

Install:

2 layers FR-10 Class "A" Fire Sheet.

Carlisle 60 mil. TPO, Title 24 compliant, Single-Ply Membrane Roofing System, mechanically attached. (enclosed)

TPO Clad metal edging.

Carlisle pipe flashings.

New shingle ridge at tie-in.

5-Year Workmanship Guarantee.

20 yr. Manufacturer's Material Warranty on TPO roofing.

PREVAILING WAGE

TPO Roofing	13,791.00
Permit Allowance (if required)	<u>250.00</u>
JOB COMPLETE	\$14,041.00

ADDITIONAL ITEMS:

2X2 skylight	+ \$350.00 ea
1.5" Secure Shield Rigid Roof Insulation with wood insulation stop at perimeter	+ \$2,690.00

Respectfully submitted,
Kris Hebert



**CASITAS MUNICIPAL WATER DISTRICT
INTEROFFICE MEMORANDUM**

TO: STEVE WICKSTRUM, GENERAL MANAGER
FROM: NEIL COLE, PRINCIPAL CIVIL ENGINEER
SUBJECT: GENERAL MANAGER TO SIGN PURCHASE ORDER CONTRACT FOR HVAC SYSTEM PREVENTATIVE MAINTENANCE
DATE: JANUARY 12, 2018

RECOMMENDATION:

It is recommended that the General Manager sign a purchase order contract with BMI-PacWest Inc. in an amount not to exceed \$6708 per year.

BACKGROUND AND DISCUSSION:

Casitas installed a new heating, ventilation and air conditioning system (HVAC) in the District Office building. Preventative maintenance will help keep the new systems operating efficiently for many years. The preventative maintenance program includes quarterly inspections of all equipment and lubrication, cleaning and filter replacement on an as needed basis. Any repair work will be billed on a time and material basis.

Casitas' most recent HVAC maintenance firm has informed Casitas that they will no longer complete work requiring prevailing wages and certified payrolls. Casitas has sent out a Request for Quotations to many firms but all of the firms except BMI-PacWest Inc. stated they do not complete work with prevailing wage requirements.

BMI-PacWest has completed some HVAC repair and maintenance work at other Casitas facilities and has completed the work satisfactorily. It is important that the HVAC system be serviced in the near future because of the additional loading of the system do to the fire. \$1700 was included in Fiscal Year 2017-18 Budget for HVAC preventative maintenance.



MEMORANDUM

TO: Board of Directors
 From: Michael Flood – Assistant General Manager
 RE: FY 2018 Remaining Budgeted Vehicle Purchases
 Date: January 18, 2018

RECOMMENDATION:

- Recommend the Board approve the schedule of FY 2018 remaining budgeted vehicle purchases as presented in the amount of **\$142,338.30**.

- **BACKGROUND:**

With the acquisition of the Ojai Water System in June 2017, the District has added additional Operations & Maintenance staff and thus must expand the fleet in order to accommodate these additions. Two vehicles (2-ton pipeline service vehicle & Case backhoe) have already been added and the schedule below represents the balance of the budgeted vehicles which includes two replacement vehicles.

Detailed vehicle specifications were transmitted to 15 different vehicle vendors for the acquisition of five new vehicles of which the District received bids from six of those vendors. The vehicle types, the vendor, and associated pricing is listed below. The pricing represents the lowest responsible bid and are all below the FY 2018 budgeted amount.

<u>Schedule of FY 2018 Remaining Budgeted Vehicle Purchases</u>		
<u>Vendor</u>	<u>Vehicle Type</u>	<u>Bid</u>
Vista Ford	3/4 Ton Service Body *	\$ 31,843.37
Vista Ford	3/4 Ton Pickup (4WD) *	\$ 27,952.34
Winner Chevrolet	Mid-Size Pickup	\$ 26,340.06
Vista Ford	3/4 Ton Service Body	\$ 31,843.37
Winner Chevrolet	1/2 Ton Pickup (2WD)	\$ 24,359.16
	Total	\$ 142,338.30
	* Replacement vehicles	



CASITAS MUNICIPAL WATER DISTRICT
Payable Fund Check Authorization
Checks Dated 01/05/18-01/17/18
Presented to the Board of Directors For Approval January 24, 2018

Check	Payee		Description	Amount
000777	Payables Fund Account	# 9759651478	Accounts Payable Batch 011018	\$1,759,878.00
000778	Payables Fund Account	# 9759651478	Accounts Payable Batch 011718	\$366,142.56
				\$2,126,020.56
000779	Payroll Fund Account	# 9469730919	Estimated Payroll 02/01/18	\$170,000.00
			Total	\$2,296,020.56

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 000777-000779 have been duly audited is hereby certified as correct.

Denise Collin 1/17/18
Denise Collin, Accounting Manager/Treasurer

Signature

Signature

Signature



CERTIFICATION

Payroll disbursements for the pay period ending 01/13/18
Pay Date of 01/18/18
have been duly audited and are
hereby certified as correct.

Signed: Denise Collin 1/14/18
Denise Collin

Signed: _____
Signature

Signed: _____
Signature

Signed: _____
Signature



A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

000777	A/P Checks:	028937-028951
	A/P Draft to P.E.R.S.	000000
	A/P Draft to State of CA	000000
	A/P Draft to I.R.S.	000000
	Voids:	

000778	A/P Checks:	028952-029080
	A/P Draft to P.E.R.S.	000000
	A/P Draft to State of CA	000000
	A/P Draft to I.R.S.	000000
	Voids:	029013-029014

Denise Collin 1/17/18
Denise Collin, Accounting Manager/Treasurer

Signature

Signature

Signature



A/P HISTORY CHECK REPORT

VENDOR SET: 01 Casitas Municipal Water D
 BANK: * ALL BANKS
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	1/17/2018			029013		
C-CHECK	VOID CHECK	V	1/17/2018			029014		

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
0	0.00	0.00	0.00
0	0.00	0.00	0.00
0	0.00	0.00	0.00
0	0.00	0.00	0.00
0	0.00	0.00	0.00
2	VOID DEBITS 0.00		
	VOID CREDITS 0.00		

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
2	TOTALS: 0.00	0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01 BANK: TOTALS: 0.00

BANK: TOTALS: 0.00



VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00049	STATE OF CALIFORNIA State Withholding	D	1/17/2018	10,376.94		000000		10,376.94
00128	INTERNAL REVENUE SERVICE Federal Withholding FICA Withholding Medicare Withholding	D D D D	1/08/2018 1/08/2018 1/08/2018	74.27 270.22 63.20		000000 000000 000000		407.69
00128	INTERNAL REVENUE SERVICE Federal Withholding FICA Withholding Medicare Withholding	D D D	1/17/2018 1/17/2018 1/17/2018	31,647.85 31,237.28 7,305.34		000000 000000 000000		70,190.47
00187	CALPERS PERS EMPLOYEE PORTION PERS EMPLOYEE PORTION PERS EMPLOYER PORTION	D D D	1/08/2018 1/08/2018 1/08/2018	200.39CR 148.28 166.77		000000 000000 000000		114.66
00187	CALPERS PERS BUY BACK PERS BUY BACK PERS EMPLOYERS PORTION PERS EMPLOYEE PORTION PERS EMPLOYEE PORTION PERS EMPLOYER PORTION	D D D D D D D	1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018	216.95 161.96 3,901.08 3,511.05 6,653.46 4,077.66 11,280.82		000000 000000 000000 000000 000000 000000 000000		29,802.98
00489	STEVE WICKSTRUM Reimburse Mileage 12/17	R	1/10/2018	232.72		028937		232.72
00004	ACWA JOINT POWERS INSURANCE AU Health Insurance 1/18	R	1/10/2018	146,640.63		028938		146,640.63
00051	BOARD OF EQUALIZATION Underground Storage Tank Fee	R	1/10/2018	313.12		028939		313.12
00051	BOARD OF EQUALIZATION Underground Storage Tank Fee	R	1/10/2018	323.50		028940		323.50
02755	Vincent Godinez Meal Reimbursements12/28-12/29	R	1/10/2018	60.00		028941		60.00
01186	GERARDO M HERRERA Meal Reimbursements12/28-12/29	R	1/10/2018	60.00		028942		60.00

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00126	CAROLE ILES Reimburse Mileage 12/17	R	1/10/2018	33.71		028943		33.71
01270	SCOTT LEWIS Reimburse Expense 12/17	R	1/10/2018	1,172.13		028944		1,172.13
03484	Mario Mariscal Meal Reimbursements12/28-12/29	R	1/10/2018	60.00		028945		60.00
03485	Levi Maxwell Meal Reimbursements12/28-12/29	R	1/10/2018	60.00		028946		60.00
00048	STATE OF CALIFORNIA State Water Plan Payment	R	1/10/2018	1,155,457.00		028947	1,155,457.00	
00498	BRIAN TAYLOR Meal Reimbursements12/28-12/29	R	1/10/2018	60.00		028948		60.00
03206	U.S. Bank Global Corporate Tru Tax Bonds, Series B	R	1/10/2018	454,372.84		028949	454,372.84	
03967	Robert Vasquez Meal Reimbursement12/28-12/29	R	1/10/2018	60.00		028950		60.00
03979	WaterWisePro Training Distribution Refresher Course	R	1/10/2018	450.00		028951		450.00
03010	AIRGAS USA LLC Gloves,Masks,Filters - PL Filter,Gloves,Masks - PL	R	1/17/2018	75.48 127.11		028952 028952		202.59
03569	ALLCABLE Cat 6 Cable - FS	R	1/17/2018	107.75		028953		107.75
01817	ALLIED ELECTRONICS, INC. Float Switches - EM	R	1/17/2018	187.58		028954		187.58
03044	Amazon Capital Services Accrue Use Tax Accrue Use Tax Accrue Use Tax Accrue Use Tax Pressure Washer Nozzle - LCRA Pressure Washer Wand - LCRA Valve Kit - LCRA Safe - TP	R R R R R R R R	1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018	1.16CR 2.92CR 1.16 2.92 15.98 65.42 40.34 426.86		028955 028955 028955 028955 028955 028955 028955 028955		548.60

A/P HISTORY CHECK REPORT

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00029	AMERICAN TOWER CORP Tower Rent-Red Mtn.Rincon Peak	R	1/17/2018	1,927.53		028956		1,927.53
00022	AMERICAN WATER WORKS ASSOC. 2018 Membership Dues	R	1/17/2018	420.00		028957		420.00
00014	AQUA-FLO SUPPLY PVC Fittings - LCRA Pop Up Rotor - LCRA PVC Fittings - LCRA Solvent & Fittings - WP PVC Fittings - TP	R R R R R	1/17/2018 1/17/2018 1/17/2018 1/17/2018 1/17/2018	102.46 95.56 375.63 27.73 69.33		028958 028958 028958 028958 028958		670.71
00434	ASSOCIATION OF CALIFORNIA 2018 Annual Agency Dues	R	1/17/2018	20,570.00		028959		20,570.00
00021	AWA OF VENTURA COUNTY 2018 Annual Membership	R	1/17/2018	6,000.00		028960		6,000.00
00030	B&R TOOL AND SUPPLY CO Galvanizing Spray - EM Hole Saws - PL	R R	1/17/2018 1/17/2018	17.07 55.68		028961 028961		72.75
00679	BAKERSFIELD PIPE & SUPPLY INC Flanged Slanted Valve - TP Teflon Tape - PL	R R	1/17/2018 1/17/2018	673.80 51.37		028962 028962		725.17
00498	Margaret Barfield Camping Cancellation - LCRA	R	1/17/2018	71.00		028963		71.00
00062	BP Medical Supplies Accrue Use Tax Accrue Use Tax Defibrillator - LCRA	R R R	1/17/2018 1/17/2018 1/17/2018	89.90CR 89.90 1,240.00		028964 028964 028964		1,240.00
03059	Brenntag Pacific Inc. Chlorine for Ojai Sys. - TP	R	1/17/2018	824.11		028965		824.11
00463	Cal-Coast Machinery Service Heidelberger Gen.-EM Service Signal Gen.-EM	R R	1/17/2018 1/17/2018	828.09 828.09		028966 028966		1,656.18
02300	California Door & Hardware Door for HR Closet - ENG	R	1/17/2018	656.20		028967		656.20



VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00067	CALIFORNIA SPECIAL DISTRICTS A 2018 Membership Dues	R	1/17/2018	6,842.00		028968		6,842.00
01023	CARQUEST AUTO PARTS Diesel Exhaust Fluid - OM Rubber Flap - Unit 69 Filters - Unit 123	R R R	1/17/2018 1/17/2018 1/17/2018	71.31 22.10 213.95		028969 028969 028969		307.36
03482	Casey Myers Equipment Fuel Tank Rentals - DO	R	1/17/2018	2,500.00		028970		2,500.00
00055	CASITAS BOAT RENTALS Gas for Boats - LCRA	R	1/17/2018	836.04		028971		836.04
00511	Centers for Family Health Drug Screening - LCRA	R	1/17/2018	190.00		028972		190.00
03021	Central Communications Call Center 1/18	R	1/17/2018	467.69		028973		467.69
01843	COASTAL COPY Copier Usage - DO	R	1/17/2018	131.84		028974		131.84
00060	COASTLINE EQUIPMENT Dump Switch - Unit 114	R	1/17/2018	99.26		028975		99.26
00061	COMPUWAVE Printer - CONS	R	1/17/2018	209.14		028976		209.14
00115	Consumers Pipe Supply Co. Butterfly Valves - EM	R	1/17/2018	6,343.76		028977		6,343.76
00719	CORELOGIC INFORMATION SOLUTION Realquest Subscription	R	1/17/2018	137.50		028978		137.50
00873	CSAC EXCESS INSURANCE AUTHORIT Excess Workers Comp Insurance	R	1/17/2018	4,181.00		028979		4,181.00
01764	DataProse, LLC UB Mailing 11/17	R	1/17/2018	3,279.86		028980		3,279.86
00740	DELL MARKETING L.P. Dell Computer - MGMT Interactive Monitor - ENG Dell Computer - MAT Dell Computer & Monitor - TP	R R R R	1/17/2018 1/17/2018 1/17/2018 1/17/2018	1,002.56 3,025.24 1,002.56 1,238.72		028981 028981 028981 028981		6,269.08



VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00081	DELTA LIQUID ENERGY	R	1/17/2018	239.97		028982		
	Propane - LCRA	R	1/17/2018	451.15		028982		691.12
00662	Diamond A Equipment	R	1/17/2018	89.27		028983		89.27
	Hydraulic Fluid - Unit 116							
02667	Digital Telecommunications Cor	R	1/17/2018	335.00		028984		335.00
	Phone Sys. Restore - IT							
03201	E&M Inc.	R	1/17/2018	6,287.00		028985		6,287.00
	Wonderware Software Support-EM							
00086	E.J. Harrison & Sons Inc	R	1/17/2018	560.00		028986		560.00
	Acct#500546088							
00086	E.J. Harrison & Sons Inc	R	1/17/2018	3,246.14		028987		3,246.14
	Acct# 500139629							
00095	FAMCON PIPE & SUPPLY	R	1/17/2018	85.80		028988		
	Flange - PL	R	1/17/2018	172.67		028988		
	Flanges & Pipe Support - UT	R	1/17/2018	246.68		028988		
	Repair Clamp Kit - PL	R	1/17/2018	3,891.83		028988		
	Angel Meters & Fittings - WHS							4,396.98
00013	FERGUSON ENTERPRISES INC	R	1/17/2018	282.13		028989		282.13
	Hard Hats,Shovel,Sledge -PL							
00099	FGL ENVIRONMENTAL	R	1/17/2018	550.00		028990		
	Hobe Well Recon 11/10/17 - ENG	R	1/17/2018	61.00		028990		611.00
	Nitrate Monitoring 12/27/17							
03487	Greg Flack	R	1/17/2018	12.50		028991		12.50
	Extra Vehicle Refund - LCRA							
00104	FRED'S TIRE MAN	R	1/17/2018	20.00		028992		20.00
	Flat Repair - Unit 19							
00106	FRONTIER PAINT	R	1/17/2018	76.28		028993		
	Paint - WP	R	1/17/2018	16.76		028993		
	Gloss White Paint - WP	R	1/17/2018	61.33		028993		154.37
	Urethane - WP							



A/P HISTORY CHECK REPORT

1/17/2018 1:40 PM Casitas Municipal Water D
VENDOR SET: 01 AP ACCOUNTS PAYABLE
BANK: AP
DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01280	FRY'S ELECTRONICS, INC. Headlamp - IT UPS,Cords,Wall Plates - ADM&TP Power Strip & Keyboard - IT USB HD Data Backup - IT	R R R R	1/17/2018 1/17/2018 1/17/2018 1/17/2018	24.11 230.97 69.97 117.44		028994 028994 028994 028994		442.49
03499	Mary Ann Garcia Camping Cancellation(Fire)-LCR	R	1/17/2018	249.00		028995		249.00
02720	Garda CL West, Inc. Armored Truck Service	R	1/17/2018	681.52		028996		681.52
00432	Government Finance Officers AS GOFA Cert. of Achievement App.	R	1/17/2018	435.00		028997		435.00
00115	GRAINGER, INC Gloves - TP Fuel Transfer Pump - GAR	R R	1/17/2018 1/17/2018	45.65 388.06		028998 028998		433.71
02462	Graphic Products, Inc. Label Printer - SAF	R	1/17/2018	1,444.23		028999		1,444.23
02217	Greg Rents Slurry Backfill - PL Slurry Backfill - PL Slurry Backfill - PL	R R R	1/17/2018 1/17/2018 1/17/2018	102.95 102.95 102.95		029000 029000 029000		308.85
09121	HACH COMPANY DO Sensor Replacement Cap - TP	R	1/17/2018	150.78		029001		150.78
03894	HOSE-MAN, INC. Hydraulic Hose - Unit 114	R	1/17/2018	221.81		029002		221.81
03023	ID Modeling Inc. GIS Software & Server - ENG Sedaru Annual Maintenance	R R	1/17/2018 1/17/2018	10,400.00 8,400.00		029003 029003		18,800.00
00127	INDUSTRIAL BOLT & SUPPLY Hex nut, Wedge, Pipe - PL	R	1/17/2018	113.22		029004		113.22
01689	J. J. KELLER & ASSOCIATES, INC. 2 Year Subscription	R	1/17/2018	1,950.75		029005		1,950.75



VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02344	Janitek Cleaning Solutions	R	1/17/2018	1,627.50		029006		1,627.50
00131	Janitorial Services - DO							
02986	JCI JONES CHEMICALS, INC	R	1/17/2018	1,650.00		029007		1,650.00
	Chlorine - TP, CM 745149							
03500	Pat Joyce	R	1/17/2018	249.00		029008		249.00
	Camping Cancellation(Fire)-LCR							
02939	Alma Korn	R	1/17/2018	71.00		029009		71.00
	Camping Cancellation - LCRA							
00280	Linkedin	R	1/17/2018	2,800.00		029010		2,800.00
	Online Training - CONS							
	MCCARTY & SONS TOWING, INC	R	1/17/2018	325.00		029011		325.00
	Bull Dozer Rental - PL							
	MEINERS OAKS ACE HARDWARE	R	1/17/2018	79.39		029012		79.39
	Mask,Batteries,Sanitizer-LCRA							
	Paintbrushes & Paint - LCRA	R	1/17/2018	165.94		029012		165.94
	Batteries & Screwdriver Set-UT	R	1/17/2018	32.15		029012		32.15
	Knee Pads, PPE, Gloves - WP	R	1/17/2018	57.98		029012		57.98
	Spray Paint - FS	R	1/17/2018	5.85		029012		5.85
	Wrench & Hammer - UT	R	1/17/2018	55.61		029012		55.61
	Toilet Seat Parts - LCRA	R	1/17/2018	252.16		029012		252.16
	Paint - LCRA	R	1/17/2018	95.10		029012		95.10
	Saw & Screwdriver - LCRA	R	1/17/2018	35.54		029012		35.54
	Batteries - LCRA	R	1/17/2018	35.09		029012		35.09
	Clip & Fuse Kit - LCRA	R	1/17/2018	14.11		029012		14.11
	Outlet Box & Cover - EM	R	1/17/2018	18.98		029012		18.98
	Cables & Bucket - MAT	R	1/17/2018	35.06		029012		35.06
	PVC Pipe - FS	R	1/17/2018	11.58		029012		11.58
	Gloves & Rope - MAT	R	1/17/2018	34.35		029012		34.35
	Gloves - FS	R	1/17/2018	57.54		029012		57.54
	Rope, Conduit, Fittings - FS	R	1/17/2018	29.74		029012		29.74
	Bulbs & Drill Bit - EM	R	1/17/2018	29.26		029012		29.26
	Trash Can, Dustpan, Chain - FS	R	1/17/2018	37.91		029012		37.91
	Masks, Paintbrushes, Elbow -WP	R	1/17/2018	56.79		029012		56.79
	Tape,Sharpies,Bolts,Screws -PL	R	1/17/2018	42.02		029012		42.02
	Tape, Ratchet - MAT	R	1/17/2018	52.68		029012		52.68
	Single Cut Key, Gloves - MAINT	R	1/17/2018	33.53		029012		33.53
	Silicone,Connectors - MAINT	R	1/17/2018	21.00		029012		21.00
	Glue,Paintbrushes,Bucket-TP	R	1/17/2018	55.96		029012		55.96
	Tubing,Clamps,Fittings - LCRA	R	1/17/2018	55.96		029012		55.96
	Tape,Silicone - EM	R	1/17/2018	23.67		029012		23.67
	Handle - EM	R	1/17/2018	5.06		029012		5.06
	Fittings & Adapter - LCRA	R	1/17/2018	34.20		029012		34.20
	Hose & Fitting - LCRA	R	1/17/2018	14.31		029012		14.31



A/P HISTORY CHECK REPORT

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
03444	Mission Linen Supply							
	Uniform Pants - TP	R	1/17/2018	28.05		029015		
	Uniform Pants - TP	R	1/17/2018	28.05		029015		
	Uniform Pants - TP	R	1/17/2018	28.05		029015		
	Uniform Pants - TP	R	1/17/2018	28.05		029015		112.20
00149	MRC Global							
	Connector - TP	R	1/17/2018	69.76		029016		69.76
03503	National Commission for the Ce							
	Crane Certification Fee	R	1/17/2018	50.00		029017		50.00
03504	Phil Nelson							
	Irrigation Controller Rebate	R	1/17/2018	236.76		029018		236.76
02185	Oasis Technology Inc.							
	Camera Install Hoist House -EM	R	1/17/2018	1,000.00		029019		1,000.00
00625	OfficeTeam							
	Conservation Temp	R	1/17/2018	548.64		029020		548.64
00570	Ojai Auto Supply							
	Core Deposit - Unit 4	R	1/17/2018	20.00CR		029021		
	Battery - Unit 39	R	1/17/2018	115.33		029021		
	Air Filter & Kit - Unit 22 & 8	R	1/17/2018	16.02		029021		
	Wiper Blades - Unit 19	R	1/17/2018	10.70		029021		
	Fuel Filter - Unit 109	R	1/17/2018	13.72		029021		
	Gauge - LCRA	R	1/17/2018	29.63		029021		165.40
00912	OJAI BUSINESS CENTER, INC							
	Shipping,Copies,Folding-DO/LCR	R	1/17/2018	280.85		029022		
	Laminating - EM	R	1/17/2018	4.29		029022		285.14
00165	OJAI LUMBER CO, INC							
	Pallet Return	R	1/17/2018	171.60CR		029023		
	Redwood - MAT, CM 1801-858155	R	1/17/2018	3,479.88		029023		
	Redwood - LCRA	R	1/17/2018	36.30		029023		3,344.58
00168	OJAI VALLEY NEWS							
	Conservation Ad 8/18-12/22	R	1/17/2018	55.00		029024		55.00
02917	Ojai Valley Organics							
	Green Waste Pickup - MAINT	R	1/17/2018	23.00		029025		23.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00169	OJAI VALLEY SANITARY DISTRICT							
I-122617	2018 Permit Fee	R	1/17/2018	1,304.00		029026		
I-19879	Cust # 20594	R	1/17/2018	168.84		029026		
I-19953	Cust # 52921	R	1/17/2018	56.28		029026		1,529.12
00947	CITY OF OJAI							
I-0111618	Encroachment Permits	R	1/17/2018	1,265.00		029027		1,265.00
00178	PARADISE CHEVROLET							
I-7111654CVW	Parking Brake Cable - Unit 54	R	1/17/2018	40.94		029028		40.94
00627	PORT SUPPLY							
I-3327	Rain Gear - UT	R	1/17/2018	150.81		029029		150.81
03287	Porta-Stor							
I-2666497	Storage Container Rental - ENG	R	1/17/2018	110.00		029030		110.00
03501	Sandy Powe							
I-622980	Camping Cancellation - LCRA	R	1/17/2018	71.00		029031		71.00
Exhibit C	POWER MACHINERY CENTER							
I-334	Shut off Valve - Unit 287	R	1/17/2018	23.44		029032		23.44
00184	POWERSTRIDE BATTERY CO, INC							
I-V596468	Batteries - GAR	R	1/17/2018	212.68		029033		212.68
00833	Praxair, Inc							
I-80619783	Liquid Oxygen - TP	R	1/17/2018	2,139.75		029034		2,139.75
00837	Premiere Global Services, Inc.							
I-24805327	Conference Call - CONS	R	1/17/2018	11.15		029035		11.15
10042	PSR ENVIRONMENTAL SERVICE, INC							
I-8442	Leak Detection - DO	R	1/17/2018	910.00		029036		
I-8494	Gas Tank Inspection - DO	R	1/17/2018	220.00		029036		
I-8495	Gas Tank Inspection - LCRA	R	1/17/2018	220.00		029036		1,350.00
00313	ROCK LONG'S AUTOMOTIVE							
I-21888	Brakes & Diagnose - Unit 22	R	1/17/2018	120.00		029037		
I-22396	Fluids, Suspension, Shocks - #28	R	1/17/2018	1,802.71		029037		
I-22460	Fluids & Sensors - Unit 43	R	1/17/2018	474.17		029037		
I-22555	Fluids & Cylinder - Unit 82	R	1/17/2018	104.02		029037		
I-22624	Smog & Throttle Body - Unit 15	R	1/17/2018	683.89		029037		
I-22629	Filters & Smog Check - Unit 42	R	1/17/2018	478.08		029037		3,662.87

VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
03049	I-121817 Rock Solid Hazmat Safety Train Confined Space Training - OM	R	1/17/2018	400.00		029038		400.00
02756	C-1058850-IN I-1048097-IN SC Fuels Drum Return - GAR Diesel - LCRA	R R	1/17/2018 1/17/2018	60.00CR 2,653.89		029039 029039		2,593.89
03491	I-613059b Ilene Scandlyn Reduction in Stay - LCRA	R	1/17/2018	40.00		029040		40.00
02597	I-332122 I-332254 Shell Gas - EM Gas - EM	R R	1/17/2018 1/17/2018	75.00 48.88		029041 029041		123.88
03495	I-INV-2327 SiteDocs Safety Corp. SiteDocs Safety Platform	R	1/17/2018	4,100.00		029042		4,100.00
02003	I-3494 Sostre Enterprises Inc. Website CMS/Fee Hosting	R	1/17/2018	249.00		029043		249.00
02703	I-011118 SOUTHERN CALIFORNIA EDISON Acct#2397969643	R	1/17/2018	16,696.94		029044		16,696.94
00767	I-LW-1017302 STATE WATER RESOURCES CONTROL SWRCB Water System Fees	R	1/17/2018	13,609.00		029045		13,609.00
02703	I-74762656-0001 I-74786408-0002 Sunbelt Rentals Generator Rental - EM Light Tower Rental - TP	R R	1/17/2018 1/17/2018	2,403.22 1,036.17		029046 029046		3,439.39
01147	I-3905 SUPERIOR GATE SYSTEMS DO Gate Repair - MAT	R	1/17/2018	180.00		029047		180.00
03502	I-622358 Sandra Taylor Camping Cancellation - LCRA	R	1/17/2018	71.00		029048		71.00
01959	I-010118 The Wharf Safety Boots/Jackets - PL & UT	R	1/17/2018	648.46		029049		648.46
00266	I-837533666 THOMSON REUTERS - WEST Government Code Updates	R	1/17/2018	4,043.65		029050		4,043.65
02527	I-26464 Traffic Technologies LLC Fire Hydrant Markers - LCRA	R	1/17/2018	109.47		029051		109.47



VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00225	UNDERGROUND SERVICE ALERT 69 New Ticket Charges	R	1/17/2018	123.85		029052		123.85
00234	UNITED WATER CONSERVATION Surplus Invest.Off Aqueduct	R	1/17/2018	583.00		029053		583.00
03488	Jim Van Loo Reduction in Stay (Fire) -LCRA	R	1/17/2018	324.00		029054		324.00
00239	VENTURA CHAMBER OF COMMERCE 2018 Membership Dues	R	1/17/2018	895.00		029055		895.00
00247	County of Ventura Encroachment Permits	R	1/17/2018	2,535.00		029056		2,535.00
01291	Ventura County Star 12 Month Subscription	R	1/17/2018	463.44		029057		463.44
00254	VENTURA LOCKSMITHS Key Duplicate - LCRA Key Copies - PL	R	1/17/2018	16.16		029058		16.16
00257	VENTURA RIVER WATER DISTRICT Acct#05-50100A Acct#05-37500A	R	1/17/2018	118.53		029058		134.69
00955	VENTURA WHOLESale ELECTRIC Wire Connector - EM	R	1/17/2018	53.88		029060		53.88
00306	City of Ventura PROP 84 MOU - CONS	R	1/17/2018	51,000.00		029061		51,000.00
00949	CITY OF VENTURA Surplus Invest.Off Aqueduct	R	1/17/2018	1,166.00		029062		1,166.00
01283	Verizon Wireless Monthly Cell Charges - DO Monthly Cell Charges - LCRA	R	1/17/2018	2,402.63		029063		3,106.79
03203	Water Systems Consulting, Inc. Ojai System Master Plan - ENG	R	1/17/2018	4,168.58		029064		4,168.58
00663	WAXIE SANITARY SUPPLY Wall Duster - LCRA	R	1/17/2018	17.02		029065		17.02



A/P HISTORY CHECK REPORT

1/17/2018 1:40 PM
 VENDOR SET: 01 Casitas Municipal Water D
 BANK: AP ACCOUNTS PAYABLE
 DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
02676	I-S6658a West Coast Power Solutions HVAC Programming Check - ENG	R	1/17/2018	139.00		029066		139.00
00403	I-476364-00 WESTERN WATER WORKS SUPPLY CO. Fittings & Gaskets - WHS	R	1/17/2018	202.60		029067		202.60
00330	I-10008149429 I-10008151450 I-10008162227 WHITE CAP CONSTRUCTION SUPPLY Tarp - UT Wipes,Tape,Wrench - UT Gloves,Hard Hats,Vests - PL	R R R	1/17/2018 1/17/2018 1/17/2018	27.04 59.96 210.50		029068 029068 029068		297.50
00102	I-G03201801161303 FRANCHISE TAX BOARD Payroll Deduction	R	1/17/2018	95.11		029069		95.11
00124	I-CUI201801161303 I-DCI201801161303 I-DI201801161303 ICMA RETIREMENT TRUST - 457 457 CATCH UP DEFERRED COMP FLAT DEFERRED COMP PERCENT	R R R	1/17/2018 1/17/2018 1/17/2018	461.54 2,109.62 141.44		029070 029070 029070		2,712.60
00960	I-MOR201801161303 Moringa Community PAYROLL CONTRIBUTIONS	R	1/17/2018	16.75		029071		16.75
00985	I-CUN201801161303 I-DCN201801161303 I-DN201801161303 NATIONWIDE RETIREMENT SOLUTION 457 CATCH UP DEFERRED COMP FLAT DEFERRED COMP PERCENT	R R R	1/17/2018 1/17/2018 1/17/2018	230.77 5,140.39 394.18		029072 029072 029072		5,765.34
00180	I-COP201801161303 I-UND201801161303 S.E.I.U. - LOCAL 721 SEIU 721 COPE UNION DUES	R R	1/17/2018 1/17/2018	42.00 791.75		029073 029073		833.75
00230	I-UWY201801161303 UNITED WAY PAYROLL CONTRIBUTIONS	R	1/17/2018	60.00		029074		60.00
1	I-000201712301294 ROTHFARB TRUST US REFUND	R	1/17/2018	1.93		029075		1.93
1	I-000201712301295 KELLER, BRUCE & SORA US REFUND	R	1/17/2018	0.99		029076		0.99
1	I-000201801091301 FREIBERG, PETER Refu AR REFUND	R	1/17/2018	51.00		029077		51.00



A/P HISTORY CHECK REPORT

1/17/2018 1:40 PM Casitas Municipal Water D
VENDOR SET: 01 ACCOUNTS PAYABLE
BANK: AP
DATE RANGE: 1/05/2018 THRU 1/17/2018

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1	I-000201801091300 GONZALEZ, HANK Refun AR REFUND	R	1/17/2018	84.00		029078		84.00
1	I-000201801091302 HOFF, APRIL Refund AR REFUND	R	1/17/2018	84.00		029079		84.00
1	I-000201801171304 HARVEY, ROBERT D Ref AR REFUND	R	1/17/2018	42.00		029080		42.00

* * T O T A L S * *
 REGULAR CHECKS: 142 INVOICE AMOUNT 2,015,127.82 CHECK AMOUNT 2,015,127.82
 HAND CHECKS: 0 DISCOUNTS 0.00
 DRAFTS: 5 0.00
 EFT: 0 110,892.74 110,892.74
 NON CHECKS: 0 0.00
 VOID CHECKS: 0 VOID DEBITS 0.00
 VOID CREDITS 0.00

TOTAL ERRORS: 0
 VENDOR SET: 01 BANK: AP TOTALS: INVOICE AMOUNT 2,126,020.56 CHECK AMOUNT 2,126,020.56
 BANK: AP TOTALS: 147 147 DISCOUNTS 0.00
 REPORT TOTALS: 147 147 0.00 0.00 2,126,020.56 2,126,020.56

CASITAS MUNICIPAL WATER DISTRICT

**A RESOLUTION HONORING
NEIL COLE
UPON HIS RETIREMENT FROM THE
CASITAS MUNICIPAL WATER DISTRICT**

WHEREAS, Neil Cole was hired on February 4, 2002 and has served the District ever since for almost 16 years as a full time employee; and

WHEREAS, Neil Cole has been a key employee the District’s Engineering where he provided positive leadership and a “Can-Do” approach to the daily activities in the service and in the success of the District; and

WHEREAS, Neil Cole has been a key influence that constructively contributed to the goals and objectives of the organization and has been a unique and significant factor in the operations of the District; and

WHEREAS, Neil Cole has had a significant management role in the design, construction management, and operation of the Robles Fish Passage Facility, district-wide preventative maintenance contract administration, and countless other projects that have had a positive impact on water supply, quality, and reliability for the customers of the District; and

WHEREAS, Neil Cole through his years of service has obtained institutional knowledge of the District that is unmatched and irreplaceable; and

WHEREAS, Neil Cole has chosen to retire effective January 24, 2018; and

WHEREAS, the Board of Directors wishes to take proper notice and express its appreciation for the faithful and dedicated service that Mr. Cole has rendered to Casitas.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Casitas Municipal Water District as follows:

1. The Board of Directors hereby expresses its congratulations and sincere appreciation to Neil Cole for his many years of faithful service to Casitas.

ADOPTED this 24th day of January, 2018.

Bill Hicks

Mary Bergen

Pete Kaiser

Russ Baggerly

Jim Word

Steve Wickstrum, General Manager



MEMORANDUM

TO: Board of Directors
From: Steven E. Wickstrum, General Manager
RE: Water Bill Appeal – Bert and Lynn Munnikhuis
Date: January 18, 2018

RECOMMENDATION:

It is recommended that the Board of Directors hear the appeal and direct staff.

BACKGROUND:

Please be informed that Bert and Lynn Munnikhuis have requested by the attached letter to appeal their water bill for October 2017.

Staff has informed Bert and Lynn Munnikhuis that current District policy does not provide financial relief for either a private water system leak or the conservation penalty resulting from a leak. Staff has denied the request for financial relief.

Staff has informed Bert and Lynn Munnikhuis of the date and time that the appeal is to be heard at the regular meeting of the Board on January 24, 2018, beginning at 3:00 PM.

Attachments



Bert and Lynn Munnikhuis

12272 MacDonald Drive, Ojai, CA93023. 805-649-9721. bertmunnikhuis@gmail.com

December 13, 2017

Ron Hicks

Casitas Board Director and Secretary

CC: Ron Merckling

Water Conservation and Publics Affair Manager

Casitas Municipal Water District

1055 Ventura Ave

Oak View, CA93022

Mr. Ron Hicks:

We received a rather large water bill for the month of October 2017; it included a whopping \$520.00 water conservation penalty. (See attachment A).

During most of October my wife and I were on vacation, visiting our son who currently lives in Sydney Australia. My neighbor noticed water coming from our yard spilling on his property. He promptly shut of the sprinkler main water valve.

Upon our return we discovered one of the sprinkler valves in our backyard was the culprit. We dug it up and replaced it. As you can see from Attachment B, the faulty valve had developed a major crack on the bottom. Attachment C shows the replacement installed.

We went to your office upon receipt of this bill. The friendly office manager suggested for us to show up at the December 13 board meeting. However also told us that you would not give us guidance or decisions due to the fact that it was not an agenda item for this meeting.

We do not want to waste your time by petitioning relief without you having the facts in hand.

We understand Water Conservation is of great importance to our community (unfortunately our landscaping has suffered severely with dead plants and several dead trees, a Redwood and 6 Birches – all at least 18 years old). However the spirit of the Water Conservation penalty is meant to encourage or incentivize offenders to comply with the spirit of Conservation; not to penalize unintended water system failures. It then is a revenue source initiative vs a conservation incentive.

We are respectfully requesting the Board to consider relief to us on this unintended penalty. We have adhered to our strict usage limits and are not habitual offenders.

If we need to appear in person, please let us know. We will be glad to appear if you so rule.

Sincerely,
Bert and Lynn Munnikhuis



Attachment B



Attachment C



MEMORANDUM

TO: Board of Directors
From: Steven E. Wickstrum, General Manager
RE: Water Bill Appeal – Margret Morgan
Date: January 18, 2018

RECOMMENDATION:

It is recommended that the Board of Directors hear the appeal and direct staff.

BACKGROUND:

Please be informed that Margret Morgan has requested by the attached letter to appeal their water bill for October 2017.

Staff has informed Margret Morgan that current District policy does not provide financial relief for either a private water system leak or the conservation penalty resulting from a leak. Staff has denied the request for financial relief.

Staff has informed Margret Morgan of the date and time that the appeal is to be heard at the regular meeting of the Board on January 24, 2018, beginning at 3:00 PM.

Attachments



Casitas Municipal Water District Board

805-649-3001

12/18/17

Dear Board Members:

RE: Water Bill for 4454 Casitas Pass Road

I am writing today because we have received a water bill with a huge penalty for excessive water use. We had an unknown leak on our property of 38 acres and it wasn't until we were notified by Casitas Water that we became aware of it. We immediately searched for the leak and repaired it. The leak was 4 feet under the ground in a wooded area. This was not a case of blatant misuse of water or of ignoring a common leak and was not preventable. As you can see from our water use we have been quite diligent in trying to conserve water in these difficult times and have postponed projects on this property to do so. We are asking the board to take these extenuating circumstances and our past history of conservation into consideration and waive the penalty of \$2,905 which seems a particularly excessive and substantial sum of money given the circumstances. We would present our case in person at the board meeting on Wednesday, but my husband must have surgery and we are unable to attend. Anything you can do to alleviate this situation for us would be greatly appreciated. I have included a copy of the bill. Please inform us of your decision at your earliest convenience.

Sincerely,



Margret Morgan

PO Box 487 Carpinteria CA 93014

805-452-1473

Fax: 805-684-7160

Email: lenore_248@msn.com



MEMORANDUM

TO: Board of Directors
From: Steven E. Wickstrum, General Manager
RE: Water Bill Appeal – Besant Hill School
Date: January 18, 2018

RECOMMENDATION:

It is recommended that the Board of Directors hear and reject the appeal.

BACKGROUND:

Please be informed that Alex Smith, Chief financial Officer of Besant Hill School, has requested by the attached letter to appeal their annual conservation penalty for fiscal year 2016-17.

Staff has informed Alex Smith that current District policy does not provide financial relief for either a private water system leak or the conservation penalty resulting from a leak and excessive water use. Staff has aggregated the two meters serving the School to cause some relief of the FY 2016-17 conservation penalty. Staff has denied the request for financial relief.

In 2011, Happy Valley Foundation (Besant Hill School) requested a will-serve letter from the District for their proposed construction of one pool, one cabana with restrooms and showers and six additional student/faculty housing buildings. District staff recognized that the School far exceeded its assigned allocation and that these projects would cause an increase in water demand beyond the 18.5 acre-foot allocation assigned to the combination of two meter services serving the School. The School did not want to purchase additional water allocation for the projects. An agreement was executed between the District and Happy Valley Foundation that provided for no additional water allocation, that the School would implement a plan to reduce its water demand to not exceed the water allocation assignment, and that the proposed projects would be served water from the School's groundwater well to assure that there would be no exceedance of the water allocation.

The projects have been constructed and it appears that in FY 2016-17 the School's water use increased during FY 2016-17 to exceeded the assigned annual water allocation. Note that the pool construction was completed during FY 2016-17.



The notification of the change in Stage that decreased the annual allocation was provided to the School in a manner that was consistent with the process applied to all other customers. Agreement Section 1(d) provides for the alteration of the water allocation, as the District has done so in accordance with the Casitas rate and regulation for water Service and the Water Efficiency and Allocation Program.

Staff has informed Mr. Smith of the date and time that the appeal is to be heard at the regular meeting of the Board on January 24, 2018, beginning at 3:00 PM.

Attachments



BESANT HILL SCHOOL
OF HAPPY VALLEY



January 11, 2018

Casitas Municipal Water District
Board of Directors
C/O Steve Wickstrum
1055 North Ventura Avenue
Oak View, CA 93022

Dear CMWD Board of Directors,

I would like to respectfully request consideration of the fee imposed on us by CMWD. There are several extenuating circumstances which we believe warrant further review of this fee.

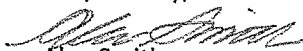
First, is our existing contractual agreement between CMWD and Happy Valley Foundation. We were not aware that the bulk notices sent to customers superseded our existing contractual agreement between Happy Valley Foundation and CMWD. Also, we did not receive the notice as sent by general mail in a bulk format. In review of the notice we believe it should have been routed differently and in a different format as to draw attention to the potential financial impact.

We would also request that you consider our overall reduction of our water consumption over the last several years. We have shown remarkable reduction as a general trend with the exception of a few months where we experienced multiple leaks on our campus which generated the penalty. One such leak was at the main water meter at the connection to our service. CMWD refused to send anyone out to review or assist with this issue which was very frustrating. The details of the leaks were outlined in a letter to Ron Merckling on August 25, 2017.

Besant Hill School has a very strong sustainability mission with a vital component being the conservation of all natural resources. We are a nonprofit 501c3. Our operational net last fiscal year was \$4,000.00. A monetary fine of this size will be financially devastating to us.

While we desire to work with and maintain positive relations with CMWD we believe this fine to be excessive and without due notice and does not consider the overall historical reductions that have been appreciated. We will be happy to provide additional information as desired to consider this request.

Respectfully,


Alex Smith
CFO



Casitas Municipal Water District

*Comprehensive Annual Financial Report
For the Years Ended June 30, 2017 and 2016*



1055 Ventura Avenue, Oak View, California 93022 . 805.649.2251

www.casitaswater.com





Casitas Municipal Water District
Oak View, California

Comprehensive Annual Financial Report
For the Years Ended June 30, 2017 and 2016

Prepared by:

Denise Collin – Accounting Manager / Treasurer



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**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Years Ended June 30, 2017 and 2016**

Table of Contents

	<u>Page No.</u>
Table of Contents	i-ii
<u>Introductory Section (Unaudited)</u>	
Letter of Transmittal	1-3
Board of Directors and Management	4
Organizational Chart	5
Government Finance Officers Association – Certificate of Achievement in Financial Reporting	6
<u>Financial Section</u>	
Independent Auditor’s Report	9-11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Management’s Discussion and Analysis – Required Supplementary Information (Unaudited)	14-18
Basic Financial Statements:	
Balance Sheets	20-21
Statements of Revenues, Expenses and Changes in Net Position	22
Statements of Cash Flows	23-24
Notes to the Basic Financial Statements	25-57
Required Supplementary Information: (Unaudited)	
Schedule of the District’s Proportionate Share of the Plan’s Net Pension Liability	61
Schedule of the District’s Contributions to the Pension Plan	62
Schedule of Funding Status – Other Post-Employment Benefits Plan	63
Supplementary Information:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual	67-68
Combining Balance Sheets	69-72
Combining Schedule of Revenues and Expenses	73-74
Detail Schedule of Operating Expenses – Utility Department	75-77
Detail Schedule of Operating Revenues & Expenses – Recreation Department	78-79

LEGISLATIVE INTENT SERVICE (800) 666-1917

LEGISLATIVE INTENT SERVICE



**Casitas Municipal Water District
Comprehensive Annual Financial Report
For the Years Ended June 30, 2017 and 2016**

Table of Contents (Continued)

<u>Statistical Section (Unaudited)</u>	<u>Page No.</u>
Statistical Section – Table of Contents	83
Changes in Net Position by Component – Last Ten Fiscal Years	84-85
Operating Revenues by Source – Last Ten Fiscal Years	86
Operating Expenses by Activity – Last Ten Fiscal Years	87
Revenue Base – Last Ten Fiscal Years	88
Revenue Rates – Fiscal Years 1999 to 2008	89
Revenue Rates – Fiscal Years 2009 to 2011	90
Revenue Rates – Fiscal Years 2012 to Present	91
Customers by Type at the End of the Fiscal Year – Last Ten Fiscal Years	92
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	93
Debt Coverage – Last Ten Fiscal Years	94
Demographics and Economic Statistics – County of Ventura – Last Ten Fiscal Years	95
Operating and Capacity Indicators – Employees – Last Ten Fiscal Years	96
Operating and Capacity Indicators – Operations – Last Ten Fiscal Years	97



INTRODUCTORY SECTION



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December 31, 2017

Board of Directors
Casitas Municipal Water District

Introduction

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Casitas Municipal Water District (District) for the years ended June 30, 2017 and 2016, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

District Structure and Leadership

The Casitas Municipal Water District is a special district of the State of California that provides domestic and agricultural water services to the western portion of Ventura County. The District's Board of Directors is composed of five members who are elected in specified election divisions. The Directors serve terms of four years with an election held every two years for alternating divisions. The District also provides recreational activities at Lake Casitas. The water district and the lake activities are accounted for as an enterprise fund.

Formed in 1952, the District was the inspiration of area civic leaders, cattlemen, and citrus ranchers who were frustrated by a severe drought and subsequent water rationing. Between 1952 and 1956, when ground was broken for Casitas Dam, the District sought and obtained commitments for 50-year federal loans to construct Casitas Dam and the Robles-Casitas Diversion Canal. Engineers drilled through 1,800 feet of rock for the outlet tunnel, and built an earthen dam with 9.2 million cubic yards of earth. Final cost of the reservoir, dam and Lake Casitas Recreation Area was \$20 million.

Drawing from the 105-square mile watershed, Lake Casitas began to form in the Santa Ana Valley. In 1978, 19 years after the dam's completion, the lake overflowed for the first time. With a capacity of 254,000-acre feet, the reservoir has a shoreline of 35 miles and provides water to over 65,000 people.

Water quality is strictly controlled in the surrounding 3,200-acre Charles M. Teague Memorial Watershed. Since 1974, the federal government has spent more than \$25 million to purchase lands in the watershed to preserve water quality from the pollution of over development.



For the past forty-seven years, Casitas Municipal Water District has been a strong proponent of watershed protection and lake management. The efforts to protect the Lake Casitas watershed and lake management practices developed by the District provide an excellent quality of water to the customers. Regulatory changes affecting surface waters had moved the District through considerations for filtration avoidance to the conclusion that construction of a water filtration plant was necessary to meet regulatory requirements. The Marion R. Walker Pressure Filtration Plant was designed and constructed to meet those requirements and became fully operational on November 6, 1997. Casitas was proud to receive a water supply permit from the Department of Health Services granting the District permission to supply water for domestic purposes after completion of the treatment plant.

Economic Condition and Outlook

The District offices are located in the Ojai Valley in Ventura County. Santa Barbara and Ventura counties have shown the healthiest economic growth in the region. The economic outlook for Southern California is one of cautious and slow growth.

California's water supply continues to be a concern due to projected population increases. This concern has increased interest in conservation and in irrigation methods and systems. The District has led the area in its conservation efforts and will continue to make strides in this area.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects.

The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors annually adopts an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, County of Ventura Pooled Money Investment Fund, U.S. Treasury Bills, Notes and Bonds, and institutional savings and checking accounts.

Water Rates and District Revenues

District policy direction ensures that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge.



Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group, LLP has conducted the audit of the District’s financial statements. Their unqualified Independent Auditor’s Report appears in the Financial Section.

Awards and Acknowledgements

For the year ended June 30, 2016, the District received for the 22nd year the Government Finance Officers Association of the United States and Canada’s (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. (See Page 6)

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Casitas Municipal Water District’s fiscal policies.

Respectfully submitted,



Casitas Municipal Water District

Directory

July 1, 2016 – June 30, 2017

Board of Directors

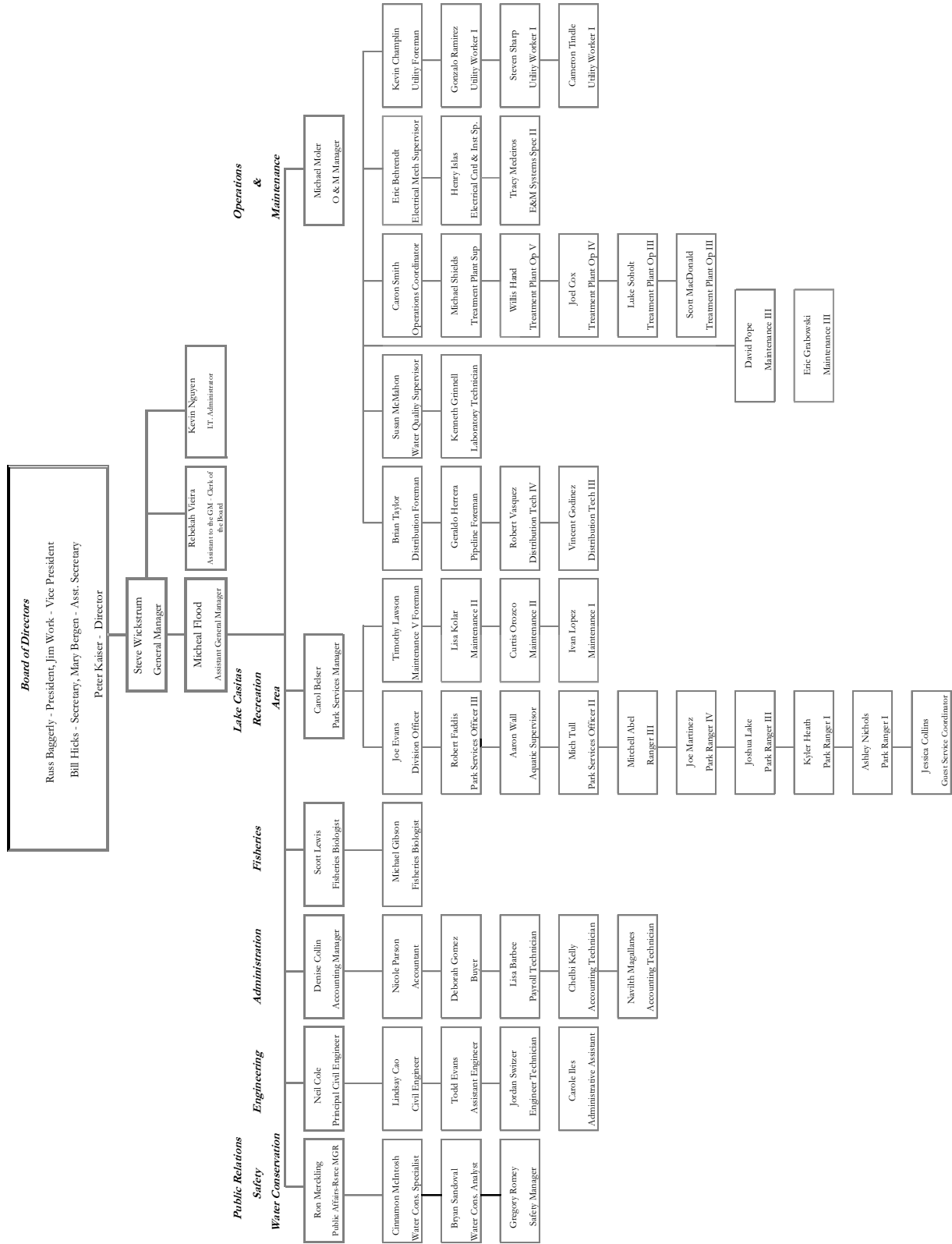
Board Member	Division	Date of Original Election or Appointment	Ending Date of Term
Bill Hicks	Division 1	November, 1990	December, 2018
Jim Word	Division 2	May, 1997	December, 2020
Pete Kaiser	Division 3	November, 2002	December, 2020
Mary Bergen	Division 4	November, 2010	December, 2018
Russ Baggerly	Division 5	November, 2004	December, 2020

Staff

Steve Wickstrum	General Manager
Michael Flood	Assistant General Manager
Rebekah Vieira	Assistant to the General Manager and Clerk of the Board
Neil Cole	Principal Civil Engineer
Carol Belser	Park Services Manager
Denise Collin	Accounting Manager / Treasurer
Michael Moler	O&M Manager
Ron Merckling	Public Affairs Resource Manager
Scott Lewis	Fisheries Biologist
Greg Romey	Safety Officer



Casitas Municipal Water District Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Casitas Municipal Water District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Casitas Municipal Water District (District), which comprises the balance sheets as of June 30, 2017 and 2016, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

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www.pungroup.com



To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 14 through 18 and the Schedule of the District’s Proportionate Share of the Plan’s Net Pension Liability, the Schedule of the District’s Contributions to the Pension Plans, and the Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 61 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District’s basic financial statements as a whole. The supplementary information on pages 67 through 79 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements as a whole. The introductory and the statistical sections are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

LEGISLATIVE INTENT SERVICE (800) 666-1917



To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Santa Ana, California
December 31, 2017

(800) 666-1917

LEGISLATIVE INTENT SERVICE





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Casitas Municipal Water District (District) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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To the Board of Directors
of the Casitas Municipal Water District
Oak View, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Santa Ana, California
December 31, 2017

Casitas Municipal Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Casitas Municipal Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2017 and 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District incurred a net loss of (\$5,736,057) and (\$607,035) for fiscal years ended June 30, 2017 and 2016, respectively.
- In May 2017, the District acquired the Ojai water facilities located within Community Facilities District 2013-1 (CFD 2013-1) for approximately \$34.4 million by issuing \$39.9 million in special tax bonds for the acquisition and capital improvements needed to upgrade the water facilities.
- In 2017, total revenues decreased by 8.7% or (\$1,496,676) from \$17,756,822 to \$15,517,755, from the prior year, primarily due to the decrease in retail water consumption of (\$1,050,611) and wholesale water sales of (\$422,947) as the District continued with its water conservation measures as the California drought was declared over by the Governor on April 7, 2017.
- In 2016, total revenues decreased by 3.5% or (\$630,737) from \$17,756,822 to \$17,126,085, from the prior year, primarily due to the decrease in retail water consumption of (\$1,141,921) and wholesale water sales of (\$677,957) as the California drought continues with a State mandated 25% reduction in consumption.
- In 2017, total operating expenses for the District's operations before depreciation expense increased by 9.8% or \$1,376,363 from \$13,931,131 to \$15,307,494, from the prior year, primarily due to an increase in general and administrative expenses of \$1,245,217 due to an increase in salaries and benefits of \$794,964 and professional services and contract of \$461,063.
- In 2016, total operating expenses for the District's operations before depreciation expense increased by 4.9% or \$653,845 from \$13,277,286 to \$13,931,131, from the prior year, primarily due to the combination of a decrease in pumping expenses of (\$273,580) and an increase in general and administrative expenses of \$996,557.

Required Financial Statements

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Change in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.



**Casitas Municipal Water District
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2017 and 2016**

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Balance Sheets

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Assets:					
Current assets	\$ 30,999,175	\$ 29,273,544	\$ 1,725,631	\$ 29,120,364	\$ 153,180
Non-current assets	16,264,433	5,084,988	11,179,445	6,163,728	(1,078,740)
Capital assets, net	83,401,429	58,243,096	25,158,333	58,504,721	(261,625)
Total assets	<u>130,665,037</u>	<u>92,601,628</u>	<u>38,063,409</u>	<u>93,788,813</u>	<u>(1,187,185)</u>
Deferred outflows of resources	<u>5,839,055</u>	<u>566,878</u>	<u>5,272,177</u>	<u>434,390</u>	<u>132,488</u>
Total assets and deferred outflows of resources	<u>\$ 136,504,092</u>	<u>\$ 93,168,506</u>	<u>\$ 43,335,586</u>	<u>\$ 94,223,203</u>	<u>\$ (1,054,697)</u>
Liabilities:					
Current liabilities	\$ 6,066,411	\$ 1,863,239	\$ 4,203,172	\$ 2,686,351	\$ (823,112)
Non-current liabilities	63,852,347	18,356,743	45,495,604	18,518,230	(161,487)
Total liabilities	<u>69,918,758</u>	<u>20,219,982</u>	<u>49,698,776</u>	<u>21,204,581</u>	<u>(984,599)</u>
Deferred inflows of resources	<u>1,996,455</u>	<u>2,621,588</u>	<u>(625,133)</u>	<u>2,084,651</u>	<u>536,937</u>
Net position:					
Net investment in capital assets	43,353,381	53,810,078	(10,456,697)	53,488,631	321,447
Restricted	333,285	25,720	307,565	134,267	(108,547)
Unrestricted	20,902,213	16,491,138	4,411,075	17,311,073	(819,935)
Total net position	<u>64,588,879</u>	<u>70,326,936</u>	<u>(5,738,057)</u>	<u>70,933,971</u>	<u>(607,035)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 136,504,092</u>	<u>\$ 93,168,506</u>	<u>\$ 43,335,586</u>	<u>\$ 94,223,203</u>	<u>\$ (1,054,697)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$64,588,879 and \$70,326,936 as of June 30, 2017 and 2016, respectively.



Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

The District's net position (67% as of June 30, 2017 and 76% as of June 30, 2016) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2017 and 2016, the District showed a positive balance in its unrestricted net position of \$20,902,213 and \$16,491,138, respectively, which may be utilized in future years.

Statement of Revenues, Expenses and Change in Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>June 30, 2015</u>	<u>Change</u>
Operating revenues	\$ 12,758,081	\$ 12,869,735	\$ (111,654)	\$ 14,530,148	\$ (1,660,413)
Operating expenses	<u>(15,307,494)</u>	<u>(13,931,131)</u>	<u>(1,376,363)</u>	<u>(13,277,286)</u>	<u>(653,845)</u>
Operating income before depreciation	(2,549,413)	(1,061,396)	(1,488,017)	1,252,862	(2,314,258)
Depreciation expense	<u>(3,736,067)</u>	<u>(3,174,681)</u>	<u>(561,386)</u>	<u>(3,164,097)</u>	<u>(10,584)</u>
Operating income(loss)	(6,285,480)	(4,236,077)	(2,049,403)	(1,911,235)	(2,324,842)
Non-operating revenues(expenses), net	<u>318,779</u>	<u>2,784,518</u>	<u>(2,465,739)</u>	<u>1,255,811</u>	<u>1,528,707</u>
Net loss before capital contributions	(5,966,701)	(1,451,559)	(4,515,142)	(655,424)	(796,135)
Capital contributions	<u>230,644</u>	<u>844,524</u>	<u>(613,880)</u>	<u>484,674</u>	<u>359,850</u>
Change in net position	(5,736,057)	(607,035)	(5,129,022)	(170,750)	(436,285)
Net position:					
Beginning of year	70,326,936	70,933,971	(607,035)	81,788,881	(10,854,910)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,684,160)</u>	<u>10,684,160</u>
End of year	<u>\$ 64,590,879</u>	<u>\$ 70,326,936</u>	<u>\$ (5,736,057)</u>	<u>\$ 70,933,971</u>	<u>\$ (607,035)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position decreased by (\$5,736,057) and (\$607,035) for the fiscal years ended June 30, 2017 and 2016, respectively.

Total Revenues

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Retail water consumption	\$ 4,433,772	\$ 5,484,383	\$ (1,050,611)	\$ 6,626,304	\$ (1,141,921)
Wholesale water sales	957,315	1,380,262	(422,947)	2,058,219	(677,957)
Monthly water service charge	2,151,152	2,123,742	27,410	2,183,531	(59,789)
Recreation revenue	4,027,340	3,592,600	434,740	3,443,089	149,511
Other water charges and services	<u>1,188,502</u>	<u>288,748</u>	<u>899,754</u>	<u>219,005</u>	<u>69,743</u>
Total operating revenues	<u>12,758,081</u>	<u>12,869,735</u>	<u>(111,654)</u>	<u>14,530,148</u>	<u>(1,660,413)</u>
Non-operating:					
Property taxes – ad valorem	2,164,262	2,199,074	(34,812)	2,240,433	(41,359)
Pass-through property tax increment	94,267	93,403	864	68,837	24,566
Property tax assessment for SWP	151,501	730,400	(578,899)	490,989	239,411
CFD 2013-1 assessment	601,938	454,543	147,395	-	454,543
Mira Monte assessment	19,280	19,049	231	19,434	(385)
Investment earnings	519,022	515,352	3,670	427,897	87,455
Change in fair-value of investments	(861,978)	203,143	(1,065,121)	(200,414)	403,557
Other non-operating revenues/(expenses), net	<u>71,382</u>	<u>41,386</u>	<u>29,996</u>	<u>179,498</u>	<u>(138,112)</u>
Total non-operating	<u>2,759,674</u>	<u>4,256,350</u>	<u>(1,496,676)</u>	<u>3,226,674</u>	<u>1,029,676</u>
Total revenues	<u>\$ 15,517,755</u>	<u>\$ 17,126,085</u>	<u>\$ (1,608,330)</u>	<u>\$ 17,756,822</u>	<u>\$ (630,737)</u>



Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

In 2017, total revenues decreased by 8.7% or (\$1,496,676) from \$17,756,822 to \$15,517,755, from the prior year, primarily due to the decrease in retail water consumption of (\$1,050,611) and wholesale water sales of (\$422,947) as the District continued with its water conservation measures as the California drought was declared over by the Governor on April 7, 2017.

In 2016, total revenues decreased by 3.5% or (\$630,737) from \$17,756,822 to \$17,126,085, from the prior year, primarily due to the decrease in retail water consumption of (\$1,141,921) and wholesale water sales of (\$677,957) as the California drought continues with a State mandated 25% reduction in consumption.

Total Expenses

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Increase (Decrease)</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Source of supply	\$ 1,706,783	\$ 1,432,140	\$ 274,643	\$ 1,430,475	\$ 1,665
Pumping	1,204,538	1,360,622	(156,084)	1,634,202	(273,580)
Water treatment	1,168,090	1,372,695	(204,605)	1,451,902	(79,207)
Transmission and distribution	672,992	697,974	(24,982)	646,868	51,106
Telemetering	213,595	173,559	40,036	272,594	(99,035)
Customer accounts	548,117	367,204	180,913	399,383	(32,179)
Recreation expenses	4,250,101	4,228,876	21,225	4,140,358	88,518
General and administrative	5,543,278	4,298,061	1,245,217	3,301,504	996,557
Operating expenses before depreciation	<u>15,307,494</u>	<u>13,931,131</u>	<u>1,376,363</u>	<u>13,277,286</u>	<u>653,845</u>
Depreciation	3,736,067	3,174,681	561,386	3,164,097	10,584
Total operating expenses	<u>19,043,561</u>	<u>17,105,812</u>	<u>1,937,749</u>	<u>16,441,383</u>	<u>664,429</u>
Non-operating expenses:					
State water project expense	266,509	183,384	83,125	696,576	(513,192)
Change in water-in-storage inventory	(2,555,167)	1,193,960	(3,749,127)	1,171,790	22,170
Tax collection expense	27,697	32,050	(4,353)	31,610	440
Interest expense – long-term debt	168,407	62,438	105,969	70,887	(8,449)
Amortization of deferred loss and insurance	18,689	-	18,689	-	-
Acquisition expense of CFD 2013-1	3,975,600	-	3,975,600	-	-
Cost of debt issuance	539,160	-	539,160	-	-
Total non-operating	<u>2,440,895</u>	<u>1,471,832</u>	<u>969,063</u>	<u>1,970,863</u>	<u>(499,031)</u>
Total expenses	<u>\$ 21,484,456</u>	<u>\$ 18,577,644</u>	<u>\$ 2,906,812</u>	<u>\$ 18,412,246</u>	<u>\$ 165,398</u>

In 2017, total operating expenses for the District's operations before depreciation expense increased by 9.8% or \$1,376,363 from \$13,931,131 to \$15,307,494, from the prior year, primarily due to an increase in general and administrative expenses of \$1,245,217 due to an increase in salaries and benefits of \$794,964 and professional services and contract of \$461,063.

In 2016, total operating expenses for the District's operations before depreciation expense increased by 4.9% or \$653,845 from \$13,277,286 to \$13,931,131, from the prior year, primarily due to the combination of a decrease in pumping expenses of (\$273,580) and an increase in general and administrative expenses of \$996,557.

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Casitas Municipal Water District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Years Ended June 30, 2017 and 2016

Capital Asset Administration

	Balance	Balance	Balance
Capital assets:	June 30, 2017	June 30, 2016	June 30, 2015
Non-depreciable assets	\$ 10,523,881	\$ 6,288,912	\$ 6,230,088
Depreciable assets	136,599,607	111,938,176	109,187,029
Accumulated depreciation	<u>(63,720,059)</u>	<u>(59,983,992)</u>	<u>(56,912,396)</u>
Total capital assets, net	<u>\$ 83,403,429</u>	<u>\$ 58,243,096</u>	<u>\$ 58,504,721</u>

At the end of fiscal year 2017, 2016 and 2015, the District's investment in capital assets amounted to \$83,403,429, \$58,243,096 and \$58,504,721 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, structures, building, operating equipment and office equipment. See Note 6 for further information.

Debt Administration

The long-term debt position of the District is summarized below:

	Balance	Balance	Balance
Long-term debt:	June 30, 2017	June 30, 2016	June 30, 2015
Reimbursement agreement	\$ 2,702,986	\$ 2,780,214	\$ 3,011,898
Assessment bonds payable	73,500	89,500	105,500
Loans payable	1,398,725	1,652,804	1,898,692
Special tax bonds	<u>44,125,399</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,300,610</u>	<u>\$ 4,522,518</u>	<u>\$ 5,016,090</u>

See Notes 6, 7 and 8 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Accounting Manager/Treasurer at 1055 Ventura Avenue, Oak View, California 93022 – (805) 649-2251 x 103.



BASIC FINANCIAL STATEMENTS



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Casitas Municipal Water District
Balance Sheet
June 30, 2017 and 2016

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,304,457	\$ 6,280,341
Investments (note 2)	20,696,527	19,552,252
Accrued interest receivable	123,513	101,996
Accounts receivable (note 4)	6,033,970	2,998,724
Materials and supplies inventory	82,132	96,593
Prepaid expenses	758,576	243,638
Total current assets	30,999,175	29,273,544
Non-current assets:		
Restricted – cash and cash equivalents (note 2 and 3)	8,643,510	-
Restricted – special assessments receivable (note 7)	95,988	115,220
Water-in-storage inventory (note 5)	7,524,935	4,969,768
Capital assets – not being depreciated (note 6)	10,523,881	6,288,912
Capital assets – being depreciated, net (note 6)	72,879,548	51,954,184
Total non-current assets	99,667,862	63,328,084
Total assets	130,667,037	92,601,628
Deferred outflows of resources:		
Deferred loss on CFD 2013-1 (note 10)	4,100,000	-
Pension related deferred outflows of resources (note 12)	1,739,055	566,878
Total deferred outflows of resources	5,839,055	566,878
Total assets and deferred outflows of resources	\$ 136,506,092	\$ 93,168,506
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,077,815	\$ 619,778
Deposits and unearned revenue	3,018,270	539,569
Accrued interest payable	166,920	13,279
Long-term liabilities – due within one year:		
Compensated absences (note 7)	346,976	343,306
Reimbursement agreement (note 8)	77,228	77,228
Assessment bonds payable (note 9)	17,000	16,000
Long-term debt (note 10)	362,202	254,079
Total current liabilities	6,066,411	1,863,239
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 7)	520,465	514,958
Reimbursement agreement (note 8)	2,625,758	2,702,986
Assessment bonds payable (note 9)	56,500	73,500
Long-term debt (note 10)	45,161,922	1,398,725
Net other post-employment benefits payable (note 11)	8,800,102	9,049,748
Net pension liability (note 12)	6,687,600	4,616,826
Total non-current liabilities	63,852,347	18,356,743
Total liabilities	69,918,758	20,219,982
Deferred inflows of resources:		
Pension related deferred inflows of resources (Note 12)	1,996,455	2,621,588
Total deferred inflows of resources	1,996,455	2,621,588
Net position:		
Net investment in capital assets (note 13)	43,353,381	53,810,078
Restricted for debt service (note 14)	333,285	25,720
Unrestricted	20,904,213	16,491,138
Total net position	64,590,879	70,326,936
Total liabilities, deferred inflows of resources and net position	\$ 136,506,092	\$ 93,168,506



Casitas Municipal Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Retail water consumption	\$ 4,433,772	\$ 5,484,383
Wholesale water sales	957,315	1,380,262
Monthly water service charge	2,151,152	2,123,742
Recreation revenue	4,027,340	3,592,600
Other water charges and services	1,188,502	288,748
Total operating revenues	<u>12,758,081</u>	<u>12,869,735</u>
Operating expenses:		
Source of supply	1,706,783	1,432,140
Pumping	1,204,538	1,360,622
Water treatment	1,168,090	1,372,695
Transmission and distribution	672,992	697,974
Telemetry	213,595	173,559
Customer accounts	548,117	367,204
Recreation expenses	4,250,101	4,228,876
General and administrative	5,543,278	4,298,061
Total operating expenses	<u>15,307,494</u>	<u>13,931,131</u>
Operating (loss) before depreciation	(2,549,413)	(1,061,396)
Depreciation – water department	(3,415,057)	(2,826,579)
Depreciation – recreation department	(321,010)	(348,102)
Operating (loss)	<u>(6,285,480)</u>	<u>(4,236,077)</u>
Non-operating revenues(expenses):		
Property taxes – ad valorem	2,164,262	2,199,074
Pass-through property tax increment	94,267	93,403
Property tax assessment for State Water Project	151,501	730,400
State water project expense	(266,509)	(183,384)
Change in water-in-storage inventory (note 5)	2,555,167	(1,193,960)
CFD 2013-1 assessment	601,938	454,543
Mira Monte assessment	19,280	19,049
Tax collection expense	(27,697)	(32,050)
Investment earnings	519,022	515,352
Change in fair-value of investments	(861,978)	203,143
Interest expense – long-term debt	(168,407)	(62,438)
Amortization of deferred loss and bond insurance on CFD 2013-1	(18,689)	-
Acquisition expense of CFD 2013-1	(3,975,600)	-
Cost of debt issuance	(539,160)	-
Other, net	71,382	41,386
Total non-operating revenue(expense), net	<u>318,779</u>	<u>2,784,518</u>
Net (loss) before capital contributions	<u>(5,966,701)</u>	<u>(1,451,559)</u>
Capital contributions:		
Federal, state and local grants	230,644	844,524
Total capital contributions	<u>230,644</u>	<u>844,524</u>
Change in net position	(5,736,057)	(607,035)
Net position:		
Beginning of year	70,326,936	70,933,971
End of year	<u>\$ 64,590,879</u>	<u>\$ 70,326,936</u>



Casitas Municipal Water District
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 12,272,918	\$ 12,940,637
Cash paid to employees for salaries and wages	(5,905,764)	(5,329,582)
Cash paid to vendors and suppliers for materials and services	(8,677,684)	(8,744,560)
Net cash (used in) operating activities	(2,310,530)	(1,133,505)
Cash flows from non-capital financing activities:		
Proceeds from property taxes and assessments	3,012,016	3,511,308
Tax collection expense	(27,697)	(32,050)
Net cash provided by non-capital financing activities	2,984,319	3,479,258
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,005,659)	(2,913,056)
Proceeds from capital grants	230,644	844,524
Proceeds from debt issuance	44,137,303	-
Cost of debt issuance	(539,160)	-
Principal paid on long-term debt	(347,307)	(517,921)
Interest paid on long-term debt	(55,864)	(49,159)
Net cash provided by (used in) capital and related financing activities	40,419,957	(2,635,612)
Cash flows from investing activities:		
Proceeds from the sale or maturity of investments	3,609,269	2,256,411
Purchases of investments, net	(4,684,894)	(2,570,123)
Acquisition of CFD 2013-1	(34,481,628)	-
Acquisition of CFD 2013-1 expenses	(366,372)	-
Investment earnings	497,505	522,731
Net cash provided by (used in) investing activities	(35,426,120)	209,019
Net increase (decrease) in cash and cash equivalents	5,667,626	(80,840)
Cash and cash equivalents:		
Beginning of year	6,280,341	6,361,181
End of year	\$ 11,947,967	\$ 6,280,341

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Casitas Municipal Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2017 and 2016

	2017	2016
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (6,285,480)	\$ (4,236,077)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	3,736,067	3,174,681
State water project expense	(266,509)	(183,384)
Other, net	71,382	41,386
Change in assets – (increase)decrease:		
Accounts receivable	(3,035,246)	11,018
Materials and supplies inventory	14,461	(7,889)
Prepaid items	(514,938)	151,320
Change in deferred outflows of resources – (increase)decrease		
Pension related deferred outflows of resources	(1,172,177)	(132,488)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	1,458,037	(683,588)
Deposits and unearned revenue	2,478,701	18,498
Compensated absences	9,177	(24,349)
Net other post-employment benefits payable	(249,646)	936,532
Net pension liability	2,070,774	(736,102)
Change in deferred inflows of resources – increase(decrease)		
Pension related deferred inflows of resources	(625,133)	536,937
Total adjustments	3,974,950	3,102,572
Net cash (used in) operating activities	\$ (2,310,530)	\$ (1,133,505)
Non-cash investing, capital and financing transactions:		
Change in fair-value of investments	\$ (861,978)	\$ 203,143

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Casitas Municipal Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Established in 1952, the Casitas Municipal Water District provides domestic and agricultural water to the western portion of Ventura County. The District is governed by a five-member Board of Directors who serves overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. The District has no component units.

Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's enterprise fund.

Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered, primarily through user charges (water sales and services) or similar funding. The District segregates its Wholesale and Retail Zone accounting internally as separate entities. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through the water sales activities to the District's customers. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Investments

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

U.S. GAAP, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and/or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by organizations for services rendered in the regular course of business operations. Uncollectable accounts are based on prior experience and management’s assessment of the collectability of existing accounts. As of June 30, 2017 and 2016, no allowance for doubtful accounts has been recorded as the District deems all accounts receivable balances collectable.

Property Taxes and Assessments

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Ventura, California (County) bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Property assessments are extended on the property tax bills and are collected by the County and distributed to the District throughout the year.

Materials and Supplies Inventory

Materials and supplies inventory consists primarily of water meters, pipe and pipefittings for construction and repair to the District’s water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid expenses.

Water-In-Storage Inventory

The value of water inventory is determined based upon the quantity of water in storage in Lake Casitas and the costs to divert the water into the lake.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Transmission and distribution system	50 to 75 years
Pumping plant	10 to 30 years
Water treatment plant	10 to 30 years
Buildings and structures	10 to 30 years
Equipment	5 to 10 years
Fish ladder	5 years
Recreation assets	7 years
Alternate swimming facility	2 to 5 years

Major outlays for capital assets are capitalized as construction in progress until fully constructed. Once the construction is completed the capital asset is transferred and depreciated based on its useful life.

State Water Project Participation Rights

The District participates in the State Water Project (Project) entitling it to certain water rights. The District's participation in the Project is through cash payments. Monies used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are recorded as participation rights and amortized over the life of the agreements. Certain projects also require payments for on-going maintenance; those payments are charged to expenses as incurred.

Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

Customer Deposits

Based on a customer's credit-worthiness, the District may require a deposit deemed reasonable by the District. These deposits are held to pay-off close out bills or to cover delinquent payments.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Other Post Employment Retirement Benefits

The District provides certain health care benefits for all retired employees that meet eligibility requirements. The District’s share of the estimated costs that will be paid after retirement is being accounted for on a pay-as-you-go basis.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

<u>CalPERS</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
Measurement period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments

Cash and investments as of June 30 were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash and cash equivalents	\$ 3,304,457	\$ 6,280,341
Investments	20,696,527	19,552,252
Restricted – cash and cash equivalents	8,643,510	-
Total	<u>\$ 32,644,494</u>	<u>\$ 25,832,593</u>

Cash and investments as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash on hand	\$ 6,400	\$ 5,000
Deposits held with financial institutions	3,294,732	6,225,779
Investments	29,343,362	19,601,814
Total	<u>\$ 32,644,494</u>	<u>\$ 25,832,593</u>

Demand Deposits

At June 30, 2017 and 2016, the carrying amount of the District’s demand deposits was \$3,294,732 and \$6,225,779, respectively, and the financial institution balance was \$4,712,483 and \$6,787,388, respectively. The \$1,417,751 and \$561,609 respective net difference as of June 30, 2017 and 2016 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District’s bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and VCPIF).

As of June 30, 2017 and 2016, none of the District’s deposits and investments was exposed to disclosable custodial credit risk.

Investments

The District’s investments as of June 30, 2017 were as follows:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Maturity</u>		
				<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	AAA	\$ 3,119,948	\$ 1,151,779	\$ -	\$ 1,968,169
Government sponsored agency securities	Level 2	AAA	17,576,579	1,014,900	1,354,590	15,207,089
Money market mutual funds	Level 2	N/A	8,643,511	8,643,511	-	-
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	451	451	-	-
Ventura County Pooled Investment Fund	Level 2	AAA/S-1+	2,873	2,873	-	-
Total investments			<u>\$ 29,343,362</u>	<u>\$ 10,813,514</u>	<u>\$ 1,354,590</u>	<u>\$ 17,175,258</u>

The District’s investments as of June 30, 2016 were as follows:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Maturity</u>		
				<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 120 Months</u>
U.S. treasury obligations	Level 2	AAA	\$ 3,187,930	\$ -	\$ -	\$ 3,187,930
Government sponsored agency securities	Level 2	AAA	16,364,322	685,356	1,062,220	14,616,746
Money market mutual funds	Level 2	N/A	46,262	46,262	-	-
Local Agency Investment Fund (LAIF)	Uncategorized	N/A	448	448	-	-
Ventura County Pooled Investment Fund	Level 2	AAA/S-1+	2,852	2,852	-	-
Total investments			<u>\$ 19,601,814</u>	<u>\$ 734,918</u>	<u>\$ 1,062,220</u>	<u>\$ 17,804,676</u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Authorized Deposits and Investments

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	10-years	None	None
Government sponsored entities securities	10-years	None	None
Non-negotiable certificates of deposit	10-years	None	None
Money market mutual funds	5-years	20%	20%
Collateralized bank deposits	None	None	None
County pooled investment funds	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller’s website: www.treasurer.ca.gov/pmia-laif/

The District’s investments with LAIF at June 30, 2017 and 2016 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had \$451 and \$448 invested in LAIF, which had invested 2.89% and 2.81% of the pooled investment funds as of June 30, 2017 and June 30, 2016, respectively, in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 0.998940671 and 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2017 and 2016, respectively.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 2 – Cash and Investments (Continued)

Ventura County Pooled Investment Fund (VCPIF)

The District is a voluntary participant in the VCPIF and the District determines the amount and term of its investment. The County Treasurer makes investments in accordance with a Statement of Investment Policy reviewed and approved annually by the Board of Supervisors. The Treasury Investment Oversight Committee comprised of the County Treasurer, a representative of the Board of Supervisors, the County Investment Manager, a representative of the County Superintendent of Schools and other Treasury Department support staff meets semi-annually to review the activities of the Treasurer and provide a report to the Board of Supervisors. Further information about the VCPIF is available on the Ventura County Treasurer-Tax Collector’s website: www.ventura.org/ttc/

The County’s Treasurer has indicated to the District that as of June 30, 2017 and 2016 that the value of the County’s portfolio was approximately \$2.1 billion and \$2.2 billion, respectively. As of June 30, 2017 and 2016, the District has investment in the VCPIF \$2,873 and \$2,852, respectively. The VCPIF fair value factor of 1.00026119 and 1.00155537 was used to calculate the fair value of the investments in VCPIF as of June 30, 2017 and 2016, respectively.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the table above.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2017 and 2016, the District’s investment in the LAIF was not rated as noted in the table above and the District’s investment in the VCPIF was rated AAAs/S-1+.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District’s investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Concentration of Credit Risk

The District’s investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were investments in one governmental or non-governmental issuer that represented 5% or more of the District’s total investments except for those in money market mutual funds, LAIF and VCPIF as follows:

Description	June 30, 2017		June 30, 2016	
	Percentage	Balance	Percentage	Balance
U.S. treasury obligations	10%	\$ 3,119,948	12%	\$ 3,187,930
Government sponsored agency securities	54%	17,576,579	63%	16,364,322

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 3 – Restricted Assets

Restricted assets as of June 30 were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Restricted – cash and cash equivalents	\$ 8,643,510	\$ -
Restricted – special assessments receivable	95,988	115,220
Total restricted assets	\$ 8,739,498	\$ 115,220

Restricted assets as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Proceeds from debt issuance – capital project funds	\$ 8,177,062	\$ -
Proceeds from debt issuance – debt reserve funds	466,448	-
Special assessments receivable for debt service	95,988	115,220
Total restricted assets	\$ 8,739,498	\$ 115,220

Note 4 – Accounts Receivable

Accounts receivable as of June 30 consisted of the following:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Accounts receivable – customers	\$ 3,178,189	\$ 1,605,628
Accounts receivable – others	145,379	849,634
Accounts receivable – property taxes	103,230	66,011
Accounts receivable – CFD 2013-1 assessment	2,607,172	477,451
Total accounts receivable	\$ 6,033,970	\$ 2,998,724

Note 5 – Water-in-Storage Inventory

The following schedule notes the change in the cost of the water held-in-storage in Casitas Lake. The increase or decrease in the water storage valuation balance denotes a way of accounting for water diversion expenses as explained in Note 1 in future years when the water in the lake is transmitted to the District’s customers.

Changes in water-in-storage inventory for the years ended June 30 were as follows:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Beginning balance – water-in-storage	\$ 4,969,768	\$ 6,163,728
Current year water-in-storage valuation	2,555,167	(1,193,960)
Ending balance – water-in-storage	\$ 7,524,935	\$ 4,969,768



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 6 – Capital Assets

Summary changes in capital asset balances for the year ended June 30, 2017 were as follows:

Description	Balance July 1, 2016	Additions	CFD 2013-1 Purchase	Deletions/ Transfers	Balance June 30, 2017
Non-depreciable assets:					
Land	\$ 6,047,935	\$ -	\$ 1,750,000	\$ -	\$ 7,797,935
Water rights	-	-	393,408	-	393,408
Construction-in-process	240,977	2,091,561	-	-	2,332,538
Total non-depreciable assets	6,288,912	2,091,561	2,143,408	-	10,523,881
Depreciable assets:					
State water project entitlement	2,951,000	54,581	-	-	3,005,581
Transmission and distribution system	42,296,326	6,860	13,920,251	-	56,223,437
Pumping plant	11,098,895	63,219	9,301,678	-	20,463,792
Water treatment plant	29,034,612	341,091	524,367	-	29,900,070
Buildings and structures	2,865,014	38,858	-	-	2,903,872
Equipment	4,412,401	301,156	1,037	-	4,714,594
Fish ladder	8,288,923	65,153	-	-	8,354,076
Recreation assets	9,055,100	43,180	-	-	9,098,280
Alternate swimming facility	1,935,905	-	-	-	1,935,905
Total depreciable assets	111,938,176	914,098	23,747,333	-	136,599,607
Accumulated depreciation:					
State water project entitlement	(1,886,866)	(67,164)	-	-	(1,954,030)
Transmission and distribution system	(19,357,848)	(738,871)	-	-	(20,096,719)
Pumping plant	(6,211,403)	(660,549)	-	-	(6,871,952)
Water treatment plant	(17,490,644)	(1,293,608)	-	-	(18,784,252)
Buildings and structures	(1,353,336)	(86,797)	-	-	(1,440,133)
Equipment	(2,487,150)	(209,263)	-	-	(2,696,413)
Fish ladder	(4,180,531)	(356,097)	-	-	(4,536,628)
Recreation assets	(5,951,468)	(226,923)	-	-	(6,178,391)
Alternate swimming facility	(1,064,746)	(96,795)	-	-	(1,161,541)
Total accumulated depreciation	(59,983,992)	(3,736,067)	-	-	(63,720,059)
Total depreciable assets, net	51,954,184	(2,821,969)	23,747,333	-	72,879,548
Total capital assets, net	\$ 58,243,096	\$ (730,408)	\$ 25,890,741	\$ -	\$ 83,403,429

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Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 4 – Capital Assets (Continued)

Summary changes in capital asset balances for the year ended June 30, 2016 were as follows:

Description	Balance July 1, 2015	Additions	Deletions/ Transfers	Balance June 30, 2016
Non-depreciable assets:				
Land	\$ 6,047,935	\$ -	\$ -	\$ 6,047,935
Construction-in-process	182,153	143,652	(84,828)	240,977
Total non-depreciable assets	6,230,088	143,652	(84,828)	6,288,912
Depreciable assets:				
State water project entitlement	2,951,000	-	-	2,951,000
Transmission and distribution system	42,122,969	168,164	5,193	42,296,326
Pumping plant	10,569,368	444,699	84,828	11,098,895
Water treatment plant	27,400,940	1,638,865	(5,193)	29,034,612
Buildings and structures	2,809,377	73,491	(17,854)	2,865,014
Equipment	4,273,467	224,165	(85,231)	4,412,401
Fish ladder	8,270,495	18,428	-	8,288,923
Recreation assets	8,853,508	201,592	-	9,055,100
Alternate swimming facility	1,935,905	-	-	1,935,905
Total depreciable assets	109,187,029	2,769,404	(18,257)	111,938,176
Accumulated depreciation:				
State water project entitlement	(1,865,977)	(20,889)	-	(1,886,866)
Transmission and distribution system	(18,883,070)	(474,778)	-	(19,357,848)
Pumping plant	(5,752,632)	(458,771)	-	(6,211,403)
Water treatment plant	(16,236,434)	(1,254,210)	-	(17,490,644)
Buildings and structures	(1,279,995)	(91,195)	17,854	(1,353,336)
Equipment	(2,391,419)	(180,962)	85,231	(2,487,150)
Fish ladder	(3,837,465)	(343,066)	-	(4,180,531)
Recreation assets	(5,697,453)	(254,015)	-	(5,951,468)
Alternate swimming facility	(967,951)	(96,795)	-	(1,064,746)
Total accumulated depreciation	(56,912,396)	(3,174,681)	103,085	(59,983,992)
Total depreciable assets, net	52,274,633	(405,277)	84,828	51,954,184
Total capital assets, net	\$ 58,504,721	\$ (261,625)	\$ -	\$ 58,243,096

State Water Project Entitlement

In 1963, the Ventura County Flood Control District contracted with the State of California (State) for 20,000 acre-feet per year of water from the State Water Project (SWP). The SWP conveys water from Northern California to Southern California through a system of reservoirs, canals, pumps stations and power generation facilities. In 1971, the administration of the State Water Contract with the State was assigned to the District. Of the 20,000 acre-feet per year contracted, the District is assigned 5,000 acre-feet per year, United Water Conservation District is assigned 5,000 acre-feet per year, and the City of Ventura is assigned 10,000 acre-feet per year. Currently, only United Water Conservation District is receiving water from the SWP.

The District is one of many participants contracting with the State of California for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the District is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The District and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 6 – Capital Assets

State Water Project Entitlement (Continued)

Management’s present intention is to exercise the District’s option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.

In addition to system on-aqueduct power facilities, the State has, either on its own or through joint venture, financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation purposes. Power generated in excess of system needs is marketed to various utilities and California’s power market. The District is entitled to a proportionate share of the revenues resulting from sales of excess power. The District and the other water contractors are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

The District capitalizes its share of system construction costs as participation rights in state water facilities when such costs are billed by the State. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The District’s share of system operations and maintenance costs is charged to expense.

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California.

Note 7 – Compensated Absences

Summary changes in compensated absences balances for the years ended June 30, 2017 was as follows:

<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$ 858,264	\$ 364,200	\$ (355,023)	\$ 867,441	\$ 346,976	\$ 520,465

Summary changes in compensated absences balances for the years ended June 30, 2016 was as follows:

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$ 882,613	\$ 384,471	\$ (408,820)	\$ 858,264	\$ 343,306	\$ 514,958



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 8 – Reimbursement Agreement

Casitas Dam Project – Seismic Safety of Casitas Dam

The United States Bureau of Reclamation (USBR) has undertaken and completed a project to strengthen Casitas Dam to better withstand seismic activity. Under Federal Law, the District is required to pay 15% of those costs. The District and the USBR have completed negotiations on the District's share of the cost of the project which is \$3,011,898. The District is to reimburse the USBR \$77,228 each February 1st until February 1, 2052 as follows:

Fiscal Year	Amount
2018	\$ 77,228
2019	77,229
2020	77,228
2021	77,228
2022	77,228
2023-2027	386,141
2028-2032	386,141
2033-2037	386,141
2038-2042	386,140
2043-2047	386,141
2048-2052	386,141
Total	2,702,986
Less current portion	(77,228)
Total non-current	\$ 2,625,758

Note 9 – Assessment Bonds Payable

Changes in assessment bonds payable amounts for the year ended June 30, 2017 were as follows:

Long-Term Debt	Balance July 1, 2016	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2017
Assessment bonds payable	\$ 89,500	\$ -	\$ (16,000)	\$ 73,500

Changes in assessment bonds payable amounts for the year ended June 30, 2016 were as follows:

Long-Term Debt	Balance July 1, 2015	Additions/ Adjustments	Payments/ Amortization	Balance June 30, 2016
Assessment bonds payable	\$ 105,500	\$ -	\$ (16,000)	\$ 89,500



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 9 – Assessment Bonds Payable (Continued)

Mira Monte Special Assessment Bonds Payable

The special assessment bonds payable were incurred to repay the District for upgrading the Mira Monte Water System in order to meet the District’s standards for water delivery systems. The bonds payable bear interest at an effective rate of 5% and is payable in annual installments of graduated amounts ranging from \$3,000 to \$19,500 through the year 2021. Debt service payments on the special assessment bonds are provided by assessments of property owners. Annual debt service requirements on the special assessment bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 17,000	\$ 4,075	\$ 21,075
2019	18,000	3,250	21,250
2020	19,000	2,375	21,375
2021	19,500	1,450	20,950
Total	73,500	<u>\$ 11,150</u>	<u>\$ 84,650</u>
Less current	<u>(17,000)</u>		
Total non-current	<u>\$ 56,500</u>		

Note 10 – Long-term Debt

Changes in long-term debt amounts for the year ended June 30, 2017 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2016</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2017</u>
Loans payable	\$ 1,652,804	\$ -	\$ (254,079)	\$ 1,398,725
Special tax bonds – Series A	-	100,000	-	100,000
Special tax bonds – Series B	-	39,810,000	-	39,810,000
Special tax bonds – Series B premium	-	4,227,303	(11,904)	4,215,399
Total long-term debt	1,652,804	<u>\$ 44,137,303</u>	<u>\$ (265,983)</u>	45,524,124
Less current portion	<u>(254,079)</u>			<u>(362,202)</u>
Non-current portion	<u>\$ 1,398,725</u>			<u>\$ 45,161,922</u>

Changes in long-term debt amounts for the year ended June 30, 2016 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions/ Adjustments</u>	<u>Payments/ Amortization</u>	<u>Balance June 30, 2016</u>
Loans payable	<u>\$ 1,898,692</u>	<u>\$ -</u>	<u>\$ (245,888)</u>	<u>\$ 1,652,804</u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 10 – Long-Term Debt (Continued)

Loans Payable:

1991 California Department of Water Resources Loan

In 1991 the District contracted with the California Department of Water Resources for a \$5,203,965 30-year loan to assist in financing the construction of the treatment plant. The loan is scheduled to mature in 2022. Interest and principle are payable annually on March 20th each year at a rate of 3.2136%. Annual debt service requirements on the 1991 California Department of Water Resources Loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 262,202	\$ 42,866	\$ 305,068
2019	270,694	34,374	305,068
2020	279,416	25,652	305,068
2021	288,552	16,516	305,068
2022	297,861	7,207	305,068
Total	1,398,725	<u>\$ 126,615</u>	<u>\$ 1,525,340</u>
Less current	<u>(262,202)</u>		
Total non-current	<u>\$ 1,136,523</u>		

Special Tax Bonds

In April 2017, the District issued \$39,910,000 in Special Tax Bonds – Series A and B for the purchase of the Ojai water facilities in Community Facilities District 2013-1 (CFD 2013-1) for \$34.4 million and capital improvements needed to upgrade the water facilities. The Special Tax Bonds are being issued by the District under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended. A special assessment will be levied annually on the property owners of the CFD 2013-1 service area to repay their portion of the annual debt service for the acquisition of the water facilities.

The acquisition of CFD 2013-1 water facilities for \$34.4 million included capital assets of \$25.9 million and various other assets, liabilities and expenses totaling \$4.4 million leaving \$4,117,427 as a deferred loss on the acquisition of CFD 2013-1 that is being amortized over 20 years.

The special tax bonds are scheduled to mature on September 1, 2047 with annual principal and interest payments due September 1st and March 1st. Annual interest rates range between 2.0% to 5.25%. The special tax bonds were issued with a \$4,227,203 bond premium and a prepaid Build America Mutual municipal bond insurance policy for \$472,314 both of which will be amortized over the remaining years of debt service life.. The cost of debt issuance was \$539,160 and was expensed as incurred. Annual debt service requirements on the special tax bonds are as follows:

Series A

Annual debt service requirements on the special tax bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 100,000</u>	<u>\$ 505</u>	<u>\$ 100,505</u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 10 – Long-Term Debt (Continued)

Special Tax Bonds (Continued)

Annual debt service requirements on the special tax bonds are as follows:

Series B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 1,389,091	\$ 1,389,091
2019	145,000	1,843,838	1,988,838
2020	190,000	1,839,537	2,029,537
2021	235,000	1,831,988	2,066,988
2022	285,000	1,821,587	2,106,587
2023-2027	2,295,000	8,874,538	11,169,538
2028-2032	4,130,000	8,157,906	12,287,906
2033-2037	6,380,000	7,186,751	13,566,751
2038-2042	9,255,000	5,623,637	14,878,637
2043-2047	13,570,000	2,756,756	16,326,756
2048	3,325,000	87,281	3,412,281
	<u>\$ 39,810,000</u>	<u>\$ 41,412,910</u>	<u>81,222,910</u>

Note 11 – Net Other Post-Employment Benefits

Plan Description

The District provides Other Post-Employment Benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Funding Policy

An actuary determines the District's Annual Required Contributions (ARC) at least once every three years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 11 – Net Other Post-Employment Benefits Asset (Continued)

Annual OPEB Cost and Net OPEB Asset

The following table shows the components of the District's Annual OPEB cost for the fiscal year ended June 30, 2017 and 2016, the amount actually contributed to the plan and the changes in the District's net OPEB obligation: Summary changes in net other post-employment benefits obligation as of June 30 were as follows:

Description	June 30, 2017	June 30, 2016
Annual OPEB cost:		
Annual required contribution (ARC)	\$ 1,229,163	\$ 1,196,266
Interest on net OPEB obligation	407,239	365,095
Adjustment to annual required contribution	(176,631)	(155,216)
Total annual OPEB cost	1,459,771	1,406,145
Contributions made:		
Contributions	(1,709,519)	(469,613)
Total contributions made	(1,709,519)	(469,613)
Total change in net OPEB obligation	(249,748)	936,532
Net OPEB obligation(asset):		
Beginning of year	9,049,748	8,113,216
End of year	<u>\$ 8,800,000</u>	<u>\$ 9,049,748</u>

The District's annual OPEB cost, the amounts contributed to the irrevocable trust, retiree benefit payments, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation payable/asset for the fiscal year ended June 30, 2017 and the two preceding years are shown in the following table.

<i>Three-Year History of Net OPEB Obligation(Asset)</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable(Asset)
June 30, 2017	\$ 1,459,771	\$ 1,709,519	117.11%	\$ 8,800,000
June 30, 2016	1,406,145	469,613	33.40%	9,049,748
June 30, 2015	1,342,755	510,988	38.06%	8,113,216

The most recent valuation (dated June 30, 2015) includes an Actuarial Accrued Liability of \$14,591,064. Plan assets amounted to \$0. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2015 was \$4,800,000. The funded ratio of the liability was 0.00%.

In fiscal year 2017, the District entered into an agreement with the CalPERS California Employees Retirement Benefit Trust (CERBT) to prefund its other post-employment benefits through the CERBT OPEB Trust program and contributed \$1,196,266. The plan is an agent multiple-employer plan. OPEB benefits are currently paid directly to the eligible retirees who request reimbursement. The total amount of these benefits paid may be deducted from the annual required contribution or be reimbursed directly from the trust.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 11 – Net Other Post-Employment Benefits Asset (Continued)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent, closed 30 years
Remaining amortization period	25 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increase	2.75%
Inflation - discount rate	2.75%
Health care trend rate	4.00%



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan

Changes in the net pension liability and the related deferred outflows and inflows of resources for the year ended June 30, 2017 were as follows:

<u>Type of Account</u>	<u>Balance as of July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2017</u>
Deferred Outflows of Resources:				
date:				
CalPERS – Miscellaneous Plan	\$ 465,843	\$ 555,952	\$ (465,843)	\$ 555,952
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	79,214	431,136	(159,759)	350,591
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	-	819,681	-	819,681
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	21,821	-	(8,990)	12,831
Total deferred outflows of resources	<u>\$ 566,878</u>	<u>\$ 1,806,769</u>	<u>\$ (634,592)</u>	<u>\$ 1,739,055</u>
Net Pension Liability:				
CalPERS – Miscellaneous Plan	<u>\$ 4,616,826</u>	<u>\$ 2,536,617</u>	<u>\$ (465,843)</u>	<u>\$ 6,687,600</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 103,494	\$ -	\$ (103,494)	\$ -
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	627,341	530,691	(402,949)	755,083
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	1,684,301	-	(600,418)	1,083,883
Changes in assumptions:				
CalPERS – Miscellaneous Plan	206,452	-	(48,963)	157,489
Total deferred inflows of resources	<u>\$ 2,621,588</u>	<u>\$ 530,691</u>	<u>\$ (1,155,824)</u>	<u>\$ 1,996,455</u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Changes in the net pension liability and the related deferred outflows and inflows of resources for the year ended June 30, 2016 were as follows:

<u>Type of Account</u>	<u>Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2016</u>
Deferred Outflows of Resources:				
date:				
CalPERS – Miscellaneous Plan	\$ 311,168	\$ 495,443	\$ (340,768)	\$ 465,843
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	123,222	-	(44,008)	79,214
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	29,615	(7,794)	21,821
Total deferred outflows of resources	<u>\$ 434,390</u>	<u>\$ 525,058</u>	<u>\$ (392,570)</u>	<u>\$ 566,878</u>
Net Pension Liability:				
CalPERS – Miscellaneous Plan	<u>\$ 5,352,928</u>	<u>\$ 28,481</u>	<u>\$ (764,583)</u>	<u>\$ 4,616,826</u>
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 1,798,832	\$ 8,996	\$ (1,704,334)	\$ 103,494
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	285,819	601,041	(259,519)	627,341
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	-	2,285,491	(601,190)	1,684,301
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	280,186	(73,734)	206,452
Total deferred inflows of resources	<u>\$ 2,084,651</u>	<u>\$ 3,175,714</u>	<u>\$ (2,638,777)</u>	<u>\$ 2,621,588</u>

General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.880%	6.308%
Required employer contribution rates – FY 2016	7.612%	6.555%
Required employer contribution rates – FY 2015	8.435%	6.250%



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2016 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Active members	37	13	50
Transferred and terminated members	22	3	25
Retired members and beneficiaries	72	-	72
Total plan members	131	16	147

At June 30, 2015 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Active members	40	10	50
Transferred and terminated members	20	1	21
Retired members and beneficiaries	74	-	74
Total plan members	134	11	145

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees’ Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ending June 30, 2016 and 2015 (Measurement Dates), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRM Miscellaneous Plan are based above in the Plans Description schedule.

Contributions for the year ended June 30, 2017 were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRM Tier 2	
Contributions – employer	\$ 479,501	\$ 76,451	\$ 555,952
Contributions – members	237,046	72,549	309,595
Total contributions	\$ 716,547	\$ 149,000	\$ 865,547

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

Contributions for the year ended June 30, 2016 were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Contributions – employer	\$ 425,254	\$ 40,589	\$ 465,843
Contributions – members	252,921	40,674	293,595
Total contributions	\$ 678,175	\$ 81,263	\$ 759,438

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement periods ending June 30, 2016 and 2015 (Measurement Dates), the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liabilities. The June 30, 2016, 2014 and 2013 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 and 2015 Valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major *asset class*.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

CalPERS Discount Rate

On December 16, 2016, the CalPERS Board of Administration (Board) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the District’s employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board is as follows:

<u>Valuation Date</u>	<u>Required Contribution</u>	<u>Discount Rate</u>
June 30, 2016	Fiscal Year 2018-19	7.375%
June 30, 2017	Fiscal Year 2019-20	7.250%
June 30, 2018	Fiscal Year 2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increases will result in higher required employer contributions.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2016 Valuation Date as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>6.65%</u>	<u>Current Discount</u> <u>Rate 7.650%</u>	<u>Discount Rate + 1%</u> <u>8.65%</u>
CalPERS – Miscellaneous Plan	<u>11,190,733</u>	<u>\$ 6,687,600</u>	<u>\$ 2,965,983</u>

The following presents the District’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate for the June 30, 2015 Valuation Date as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1%</u> <u>6.65%</u>	<u>Current Discount</u> <u>Rate 7.650%</u>	<u>Discount Rate + 1%</u> <u>8.65%</u>
CalPERS – Miscellaneous Plan	<u>8,984,057</u>	<u>\$ 4,616,826</u>	<u>\$ 1,011,170</u>

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2017:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2015 (Measurement Date)	\$ 32,067,972	\$ 27,451,146	\$ 4,616,826
Balance as of June 30, 2016 (Measurement Date)	\$ 33,447,932	\$ 26,760,332	\$ 6,687,600
Change in Plan Net Pension Liability	<u>\$ 1,379,960</u>	<u>\$ (690,814)</u>	<u>\$ 2,070,774</u>

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2016:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2014 (Measurement Date)	\$ 31,541,147	\$ 26,188,219	\$ 5,352,928
Balance as of June 30, 2015 (Measurement Date)	\$ 32,067,972	\$ 27,451,146	\$ 4,616,826
Change in Plan Net Pension Liability	<u>\$ 526,825</u>	<u>\$ 1,262,927</u>	<u>\$ (736,102)</u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2015 and 2014). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2016 and 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16 fiscal year and the 2014-15 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The District’s proportionate share of the net pension liability for the June 30, 2016 measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2017</u>	<u>Fiscal Year Ending June 30, 2016</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	
Measurement Date	June 30, 2016	June 30, 2015	
Percentage of Risk Pool Net Pension Liability	0.192511%	0.168284%	0.024227%
Percentage of Plan (PERF C) Net Pension Liability	0.077286%	0.067262%	0.010024%

The District’s proportionate share of the net pension liability for the June 30, 2015 measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2016</u>	<u>Fiscal Year Ending June 30, 2015</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.168284%	0.177276%	-0.008992%
Percentage of Plan (PERF C) Net Pension Liability	0.067262%	0.070412%	-0.003150%

For the years ended June 30, 2017 and 2016, the District recognized pension expense/(credit) in the amounts of \$829,416 and \$173,698, respectively, for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Amortization Period

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2016 is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service lifetimes of the active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 555,952	\$ -
Difference between actual and proportionate share of employer contributions	-	755,083
Adjustment due to differences in proportions	350,591	1,083,883
Differences between expected and actual experience	12,831	-
Differences between projected and actual earnings on pension plan investments	819,681	-
Changes in assumptions	-	157,489
Total Deferred Outflows/(Inflows) of Resources	\$ 1,739,055	\$ 1,996,455

The District will recognize \$465,843 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2018	\$ (793,359)
2019	(581,769)
2020	349,469
2021	212,307
Total	\$ (813,352)



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 12 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Amortization Period

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2015 is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 465,843	\$ -
Difference between actual and proportionate share of employer contributions	-	627,341
Adjustment due to differences in proportions	79,214	1,684,301
Differences between expected and actual experience	21,821	-
Differences between projected and actual earnings on pension plan investments	-	103,494
Changes in assumptions	-	206,452
Total Deferred Outflows/(Inflows) of Resources	\$ 566,878	\$ 2,621,588

The District will recognize \$311,168 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ (961,238)
2018	(950,372)
2019	(741,240)
2020	132,297
Total	\$ (2,520,553)



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 13 – Net Investment in Capital Assets

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Non-current portion of assets:		
Proceeds from debt issuance – capital project funds	\$ 8,177,062	\$ -
Capital assets – not being depreciated	10,523,881	6,288,912
Capital assets – being depreciated, net	72,879,548	51,954,184
Current portion of liabilities:		
Reimbursement agreement	(77,228)	(77,228)
Long-term debt	(362,202)	(254,079)
Non-current portion of liabilities:		
Reimbursement agreement	(2,625,758)	(2,702,986)
Long-term debt	(45,161,922)	(1,398,725)
Total net investment in capital assets	<u><u>\$ 43,353,381</u></u>	<u><u>\$ 53,810,078</u></u>

Note 14 – Restricted Net Position

Restricted net position consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Proceeds from debt issuance – debt reserve funds for September 1, 2018 payment	\$ 466,448	\$ -
Accrued interest payable – special tax bonds	(155,651)	-
Special assessments receivable for debt service	95,988	115,220
Assessment bonds payable – current portion	(17,000)	(16,000)
Assessment bonds payable – noncurrent portion	(56,500)	(73,500)
Total restricted net position	<u><u>\$ 333,285</u></u>	<u><u>\$ 25,720</u></u>



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 15 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors. Market value of the plan assets held in trust by Nationwide at June 30, 2017 and 2016 was \$1,897,204 and \$1,759,437, respectively, and ICMA as of June 30, 2017 and 2016 was \$1,640,788 and \$1,601,907, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not included in the accompanying financial statements.

Note 16 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is self-insured for the first \$25,000 of general and auto liabilities for each occurrence, and the excess (up to \$10,000,000 per occurrence and in the aggregate) is covered through the purchase of an insurance policy. Employment practices liability coverage is self-insured for the \$25,000, and the excess (up to \$5,000,000 per occurrence and in the aggregate) is covered through the insurance policy.

The District is a member CSAC Excess Insurance Authority (Authority) for its workers’ compensation coverage. The District is self-insured for the first \$125,000 of each occurrence, and the Authority finances \$5,000,000 per occurrence. The District purchased additional excess coverage layers of \$95 million which increases the limits set forth by the Authority.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2017, 2016 and 2015. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2017, 2016 and 2015.

Note 17 – Commitments and Contingencies

State Water Contract

Estimates of the District’s share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates and inflation.

During the next five years payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 1,046,535
2019	1,060,644
2020	1,102,781
2021	1,024,011
2022	945,241



Casitas Municipal Water District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June, 30, 2017 and 2016

Note 15 – Commitments and Contingencies (Continued)

State Water Contract, continued

As of June 30, 2017, the District has expended \$21,779,285 since the District started participating in the State Water Contract.

According to the State’s latest estimates, the District’s long-term obligations (25% share) under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

	State Water Contract Long-term Obligations
Transportation facilities	\$ 12,062,076
Conservation facilities	6,775,528
Off-aqueduct power facilities	8,515
Revenue bond surcharge	1,757,205
Total long-term SWP contract obligations	\$ 20,603,324

The amounts shown above do not contain any escalation for inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements.

Bay/Delta Regulatory and Planning Activities. The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to the District and other water users by means of public proceedings leading to regulations and decisions. In 1995, the State Board adopted a Water Quality Control Plan establishing water quality standards and flow improvements in the Bay/Delta watershed.

In August 2000, the California Federal (CALFED) Bay/Delta Program Record of Decision (Decision) was approved with mandates to improve water quality, enhance water supply reliability, augment ecosystem restoration, and assure long-term protection for Delta levees. During its first three years, CALFED has invested more than \$2.0 billion in hundreds of local and regional projects to meet these program goals.

In May 2004, a Delta Improvement Package was proposed to facilitate implementation of the Decision. Funding is expected to be provided by state and federal appropriations and contributions from local users, including the District. CALFED’s objective is to allocate project costs based on beneficiaries pay policy that is new costs would be commensurate with benefits received. At this time, the exact allocation of costs between the federal, state, and local users has not been determined, and therefore, the District cannot estimate the extent of timing of its contributions at this time.

There are other pending actions that may adversely impact the District’s ability to control the sale of water transported through the SWP into its service area. The impact on future revenues of such actions cannot be determined.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.



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REQUIRED SUPPLEMENTARY INFORMATION



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Casitas Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	<u>June 30, 2016¹</u>	<u>June 30, 2015¹</u>	<u>June 30, 2014¹</u>
District's Proportion of the Net Pension Liability	0.077286%	0.067262%	0.086026%
District's Proportionate Share of the Net Pension Liability	\$ 6,687,600	\$ 4,616,826	\$ 5,352,928
District's Covered-Employee Payroll	\$ 4,334,649	\$ 4,123,809	\$ 3,866,484
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>154.28%</u>	<u>111.96%</u>	<u>138.44%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>74.06%</u>	<u>78.40%</u>	<u>83.03%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.



Casitas Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2017

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	<u>2016-17¹</u>	<u>2015-16¹</u>	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially Determined Contribution ²	\$ 555,952	\$ 465,843	\$ 311,168	\$ 320,275
Contribution in Relation to the Actuarially Determined Contribution ²	<u>(555,952)</u>	<u>(465,843)</u>	<u>(311,168)</u>	<u>(320,275)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 4,602,594</u>	<u>\$ 4,334,649</u>	<u>\$ 4,123,809</u>	<u>\$ 3,866,484</u>
Contributions as a Percentage of Covered- Employee Payroll	<u>12.08%</u>	<u>10.75%</u>	<u>7.55%</u>	<u>8.28%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)



Casitas Municipal Water District
Required Supplementary Information (Unaudited)
Schedule of Funding Progress – Other Post-Employment Benefit Plan
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2015	\$ -	\$ 14,591,064	\$ 14,591,064	0.00%	\$ 4,800,000	303.98%
June 30, 2014	\$ -	\$ 33,059,340	\$ 33,059,340	0.00%	\$ 4,992,482	662.18%
June 30, 2013	\$ -	\$ 18,832,580	\$ 18,832,580	0.00%	\$ 5,079,639	370.75%
June 30, 2012	\$ -	\$ 18,832,580	\$ 18,832,580	0.00%	\$ 4,830,682	389.85%

Notes to the Schedule:

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2018, based on the year ending June 30, 2017.



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SUPPLEMENTARY INFORMATION



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Casitas Municipal Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:			
Retail water consumption	\$ 6,797,929	\$ 4,433,772	\$ (2,364,157)
Wholesale water consumption	1,646,946	957,315	(689,631)
Monthly water service charge	2,210,153	2,151,152	(59,001)
Recreation revenue	3,616,082	4,027,340	411,258
Other water charges and services	127,441	1,188,502	1,061,061
Total operating revenues	<u>14,398,551</u>	<u>12,758,081</u>	<u>(1,640,470)</u>
Operating expenses:			
Source of supply	1,470,865	1,706,783	(235,918)
Pumping	1,902,648	1,204,538	698,110
Water Treatment	1,167,576	1,168,090	(514)
Transmission and distribution	992,144	672,992	319,152
Telemetry	207,695	213,595	(5,900)
Customer accounts	533,164	548,117	(14,953)
Recreation expenses	4,247,049	4,250,101	(3,052)
General and administrative	8,380,842	5,543,278	2,837,564
Total operating expenses	<u>18,901,983</u>	<u>15,307,494</u>	<u>3,594,489</u>
Operating (loss) before depreciation	(4,503,432)	(2,549,413)	(5,234,959)
Depreciation – water department	-	(3,415,057)	(3,415,057)
Depreciation – recreation department	-	(321,010)	(321,010)
Operating (loss)	<u>(4,503,432)</u>	<u>(6,285,480)</u>	<u>(8,971,026)</u>
Non-operating revenue(expense)			
Property taxes – ad valorem	2,080,209	2,164,262	84,053
Pass-through property tax increment	62,500	94,267	31,767
Property tax assessment for State Water Project	-	151,501	151,501
State water project expense	-	(266,509)	(266,509)
Change in water-in-storage inventory	-	2,555,167	2,555,167
CFD 2013-1 assessment	150,000	601,938	451,938
Mira Monte assessment	19,351	19,280	(71)
Tax collection expense	(30,500)	(27,697)	2,803
Investment earnings	515,011	519,022	4,011
Change in fair-value of investments	-	(861,978)	(861,978)
Interest expense – long-term debt	(50,989)	(168,407)	(117,418)
Amortization of deferred loss and bond insurance on CFD 2013-1	-	(18,689)	(18,689)
Acquisition expense of CFD 2013-1	-	(3,975,600)	(3,975,600)
Cost of debt issuance	-	(539,160)	(539,160)
Other, net	35,000	71,382	36,382
Total non-operating revenues, net	<u>2,780,582</u>	<u>318,779</u>	<u>(2,461,803)</u>
Net loss before capital contributions	<u>(1,722,850)</u>	<u>(5,966,701)</u>	<u>(11,432,829)</u>
Capital contributions:			
Federal, state and local capital grants	153,784	230,644	76,860
Capital contributions	<u>153,784</u>	<u>230,644</u>	<u>76,860</u>
Change in net position	<u>\$ (1,569,066)</u>	<u>(5,736,057)</u>	<u>\$ (11,355,969)</u>
Net position:			
Beginning of year		<u>70,326,936</u>	
End of year		<u>\$ 64,590,879</u>	



Casitas Municipal Water District
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative)</u>
Operating revenues:			
Retail water consumption	\$ 4,319,435	\$ 5,484,383	\$ 1,164,948
Wholesale water consumption	1,938,870	1,380,262	(558,608)
Monthly water service charge	1,981,097	2,123,742	142,645
Recreation revenue	3,720,220	3,592,600	(127,620)
Other water charges and services	99,499	288,748	189,249
Total operating revenues	<u>12,059,121</u>	<u>12,869,735</u>	<u>810,614</u>
Operating expenses:			
Source of supply	1,648,659	1,432,140	216,519
Pumping	1,394,723	1,360,622	34,101
Water Treatment	1,186,949	1,372,695	(185,746)
Transmission and distribution	986,820	697,974	288,846
Telemetry	279,096	173,559	105,537
Customer accounts	424,879	367,204	57,675
Recreation expenses	4,392,180	4,228,876	163,304
General and administrative	6,309,615	4,298,061	2,011,554
Total operating expenses	<u>16,622,921</u>	<u>13,931,131</u>	<u>2,691,790</u>
Operating income(loss) before depreciation	(4,563,800)	(1,061,396)	(1,881,176)
Depreciation – water department	-	(2,826,579)	(2,826,579)
Depreciation – recreation department	-	(348,102)	(348,102)
Operating (loss)	<u>(4,563,800)</u>	<u>(4,236,077)</u>	<u>(5,055,857)</u>
Non-operating revenue(expense)			
Property taxes – ad valorem	2,091,855	2,199,074	107,219
Redevelopment agency property tax increment	-	93,403	93,403
Property tax assessment for State Water Project	-	730,400	730,400
State water project expense	-	(183,384)	(183,384)
Change in water-in-storage inventory	-	(1,193,960)	(1,193,960)
CFD 2013-1 assessment	-	454,543	454,543
Mira Monte assessment	-	19,049	19,049
Tax collection expense	(30,500)	(32,050)	(1,550)
Interest and investment earnings	441,320	515,352	74,032
Change in fair-value of investments	-	203,143	203,143
Interest expense – long-term debt	(66,781)	(62,438)	4,343
Other non-operating revenues/(expenses), net	50,000	41,386	(8,614)
Total non-operating revenues, net	<u>2,485,894</u>	<u>2,784,518</u>	<u>298,624</u>
Net loss before capital contributions	<u>(2,077,906)</u>	<u>(1,451,559)</u>	<u>(4,757,233)</u>
Capital contributions:			
Federal, state and local capital grants	278,784	844,524	565,740
Capital contributions	<u>278,784</u>	<u>844,524</u>	<u>565,740</u>
Change in net position	<u>\$ (1,799,122)</u>	<u>(607,035)</u>	<u>\$ (4,191,493)</u>
Net position:			
Beginning of year		<u>70,933,971</u>	
End of year		<u>\$ 70,326,936</u>	

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Casitas Municipal Water District
Combining Balance Sheets
June 30, 2017

<i>Assets and Deferred Outflows of Resources</i>	Operating Fund	Financing Fund	Improvement Assessment Fund
Current assets:			
Cash and cash equivalents	\$ 3,304,457	\$ -	\$ -
Investments	20,696,527	-	-
Accrued interest receivable	123,513	-	-
Accounts receivable – customers	6,033,970	-	-
Due from other funds	137,312	9,083,227	-
Materials and supplies inventory	82,132	-	-
Prepaid expenses	758,576	-	-
Total current assets	31,136,487	9,083,227	-
Non-current assets:			
Restricted – cash and cash equivalents	8,643,510	-	-
Restricted – special assessments receivable	-	-	95,988
Water-in-storage inventory	7,524,935	-	-
Capital assets – not being depreciated	10,521,881	-	-
Capital assets – being depreciated, net	72,879,548	-	-
Total non-current assets	99,569,874	-	95,988
Total assets	130,706,361	9,083,227	95,988
Deferred outflows of resources	5,839,055	-	-
Total assets and deferred outflows of resources	\$ 136,545,416	\$ 9,083,227	\$ 95,988
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 2,077,815	\$ -	\$ -
Deposits and unearned revenue	3,018,270	-	-
Accrued interest payable	166,920	-	-
Due to other funds	-	9,083,227	137,312
Long-term liabilities – due within one year:			
Compensated absences	346,976	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	17,000
Long-term debt	362,202	-	-
Total current liabilities	6,049,411	9,083,227	154,312
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	520,465	-	-
Reimbursement agreement	2,625,758	-	-
Assessment bonds payable	-	-	56,500
Long-term debt	45,161,922	-	-
Net other post-employment benefits obligation	8,800,102	-	-
Net pension liability	6,687,600	-	-
Total non-current liabilities	63,795,847	-	56,500
Total liabilities	69,845,258	9,083,227	210,812
Deferred inflows of resources	1,996,455	-	-
Net position:			
Net investment in capital assets	43,353,381	-	-
Restricted for debt service	310,797	-	22,488
Unrestricted	21,039,525	-	(137,312)
Total net position	64,703,703	-	(114,824)
Total liabilities, deferred inflows of resources and net position	\$ 136,545,416	\$ 9,083,227	\$ 95,988



Casitas Municipal Water District
Combining Balance Sheets (Continued)
June 30, 2017

<i>Assets and Deferred Outflows of Resources</i>	Eliminations for Financial Reporting	Total
Current assets:		
Cash and cash equivalents	\$ -	\$ 3,304,457
Investments	-	20,696,527
Accrued interest receivable	-	123,513
Accounts receivable – customers	-	6,033,970
Due from other funds	(9,220,539)	-
Materials and supplies inventory	-	82,132
Prepaid items	-	758,576
Total current assets	(9,220,539)	30,999,175
Non-current assets:		
Restricted – special assessments receivable	-	8,643,510
Water-in-storage inventory	-	95,988
Capital assets – not being depreciated	-	7,524,935
Capital assets – being depreciated, net	-	10,521,881
	-	72,879,548
Total non-current assets	-	99,665,862
Total assets	(9,220,539)	130,665,037
Deferred outflows of resources	-	5,839,055
Total assets and deferred outflows of resources	\$ (9,220,539)	\$ 136,504,092
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 2,077,815
Deposits and unearned revenue	-	3,018,270
Accrued interest payable	-	166,920
Due to other funds	(9,220,539)	-
Long-term liabilities – due within one year:		
Compensated absences	-	346,976
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	17,000
Special assessment bonds payable	-	362,202
Total current liabilities	(9,220,539)	6,066,411
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences	-	520,465
Reimbursement agreement	-	2,625,758
Loans payable	-	56,500
Special assessment bonds payable	-	45,161,922
Net other post-employment benefits obligation	-	8,800,102
Net pension liability	-	6,687,600
Total non-current liabilities	-	63,852,347
Total liabilities	(9,220,539)	69,918,758
Deferred inflows of resources	-	1,996,455
Net position:		
Net investment in capital assets	-	43,353,381
Restricted for debt service	-	333,285
Unrestricted	-	20,902,213
Total net position	-	64,588,879
Total liabilities, deferred inflows of resources and net position	\$ (9,220,539)	\$ 136,504,092

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Casitas Municipal Water District
Combining Balance Sheets
June 30, 2016

<i>Assets and Deferred Outflows of Resources</i>	Operating Fund	Financing Fund	Improvement Assessment Fund
Current assets:			
Cash and cash equivalents	\$ 6,280,341	\$ -	\$ -
Investments	19,552,252	-	-
Accrued interest receivable	101,996	-	-
Accounts receivable – customers	2,998,724	-	-
Due from other funds	119,364	8,932,664	-
Materials and supplies inventory	96,593	-	-
Prepaid expenses	243,638	-	-
Total current assets	29,392,908	8,932,664	-
Non-current assets:			
Restricted – special assessments receivable	-	-	115,220
Water-in-storage inventory	4,969,768	-	-
Capital assets – not being depreciated	6,288,912	-	-
Capital assets – being depreciated, net	51,954,184	-	-
Total non-current assets	63,212,864	-	115,220
Total assets	92,605,772	8,932,664	115,220
Deferred outflows of resources	566,878	-	-
Total assets and deferred outflows of resources	\$ 93,172,650	\$ 8,932,664	\$ 115,220
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 619,778	\$ -	\$ -
Deposits and unearned revenue	539,569	-	-
Accrued interest payable	13,279	-	-
Due to other funds	-	8,932,664	119,364
Long-term liabilities – due within one year:			
Compensated absences	343,306	-	-
Reimbursement agreement	77,228	-	-
Assessment bonds payable	-	-	16,000
Long-term debt	254,079	-	-
Total current liabilities	1,847,239	8,932,664	135,364
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	514,958	-	-
Reimbursement agreement	2,702,986	-	-
Assessment bonds payable	-	-	73,500
Long-term debt	1,398,725	-	-
Net other post-employment benefits obligation	9,049,748	-	-
Net pension liability	4,616,826	-	-
Total non-current liabilities	18,283,243	-	73,500
Total liabilities	20,130,482	8,932,664	208,864
Deferred inflows of resources	2,621,588	-	-
Net position:			
Net investment in capital assets	53,810,078	-	-
Restricted for debt service	-	-	25,720
Unrestricted	16,610,502	-	(119,364)
Total net position	70,420,580	-	(93,644)
Total liabilities, deferred inflows of resources and net position	\$ 93,172,650	\$ 8,932,664	\$ 115,220

LEGISLATIVE INTENT SERVICE (800) 666-1917



Casitas Municipal Water District
Combining Balance Sheets (Continued)
June 30, 2016

<i>Assets and Deferred Outflows of Resources</i>	Eliminations for Financial Reporting	Total
Current assets:		
Cash and cash equivalents	\$ -	\$ 6,280,341
Investments	-	19,552,252
Accrued interest receivable	-	101,996
Accounts receivable – customers	-	2,998,724
Due from other funds	(9,052,028)	-
Materials and supplies inventory	-	96,593
Prepaid items	-	243,638
Total current assets	(9,052,028)	29,273,544
Non-current assets:		
Restricted – special assessments receivable	-	115,220
Water-in-storage inventory	-	4,969,768
Capital assets – not being depreciated	-	6,288,912
Capital assets – being depreciated, net	-	51,954,184
Total non-current assets	-	63,328,084
Total assets	(9,052,028)	92,601,628
Deferred outflows of resources	-	566,878
Total assets and deferred outflows of resources	\$ (9,052,028)	\$ 93,168,506
<i>Liabilities, Deferred Outflows of Resources and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 619,778
Deposits and unearned revenue	-	539,569
Accrued interest payable	-	13,279
Due to other funds	(9,052,028)	-
Long-term liabilities – due within one year:		
Compensated absences	-	343,306
Reimbursement agreement	-	77,228
Special assessment bonds payable	-	16,000
Special assessment bonds payable	-	254,079
Total current liabilities	(9,052,028)	1,863,239
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences	-	514,958
Reimbursement agreement	-	2,702,986
Loans payable	-	73,500
Special assessment bonds payable	-	1,398,725
Net other post-employment benefits obligation	-	9,049,748
Net pension liability	-	4,616,826
Total non-current liabilities	-	18,356,743
Total liabilities	(9,052,028)	20,219,982
Deferred inflows of resources	-	2,621,588
Net position:		
Net investment in capital assets	-	53,810,078
Restricted for debt service	-	25,720
Unrestricted	-	16,491,138
Total net position	-	70,326,936
Total liabilities, deferred inflows of resources and net position	\$ (9,052,028)	\$ 93,168,506

LEGISLATIVE INTENT SERVICE (800) 666-1917



Casitas Municipal Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
Operating revenues:			
Retail water consumption	\$ 4,433,772	\$ -	\$ 4,433,772
Wholesale water consumption	957,315	-	957,315
Monthly water service charge	2,151,152	-	2,151,152
Recreation revenue	-	4,027,340	4,027,340
Other water charges and services	1,188,502	-	1,188,502
Total operating revenues	8,730,741	4,027,340	12,758,081
Operating expenses:			
Source of supply	1,706,783	-	1,706,783
Pumping	1,204,538	-	1,204,538
Water treatment	1,168,090	-	1,168,090
Transmission and distribution	672,992	-	672,992
Telemetry	213,595	-	213,595
Customer accounts	548,117	-	548,117
Recreation expenses	-	4,250,101	4,250,101
General and administrative	5,543,278	-	5,543,278
Total operating expenses	11,057,393	4,250,101	15,307,494
Operating (loss) before depreciation	(2,326,652)	(222,761)	(2,549,413)
Depreciation – water department	(3,415,057)	-	(3,415,057)
Depreciation – recreation department	-	(321,010)	(321,010)
Operating income(loss)	(5,741,709)	(543,771)	(6,285,480)
Non-operating revenue(expense)			
Property taxes – ad valorem	2,164,262	-	2,164,262
Pass-through property tax increment	94,267	-	94,267
Property tax assessment for State Water Project	151,501	-	151,501
State water project expense	(266,509)	-	(266,509)
Change in water-in-storage inventory	2,555,167	-	2,555,167
CFD 2013-1 assessment	601,938	-	601,938
Mira Monte assessment	19,280	-	19,280
Tax collection expense	(27,697)	-	(27,697)
Investment earnings	519,022	-	519,022
Change in fair-value of investments	(861,978)	-	(861,978)
Interest expense – long-term debt	(168,407)	-	(168,407)
Amortization of deferred loss and bond insurance on CFD 2013-1	(18,689)	-	(18,689)
Acquisition expense of CFD 2013-1	(3,975,600)	-	(3,975,600)
Cost of debt issuance	(539,160)	-	(539,160)
Other, net	71,382	-	71,382
Total non-operating revenue(expense), net	318,779	-	318,779
Net income(loss) before capital contributions	(5,422,930)	(543,771)	(5,966,701)
Capital contributions:			
Federal, state and local capital grants	109,540	121,104	230,644
Change in net position	\$ (5,313,390)	\$ (422,667)	\$ (5,736,057)

LEGISLATIVE INTENT SERVICE (800) 666-1917



Casitas Municipal Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
Operating revenues:			
Retail water consumption	\$ 5,484,383	\$ -	\$ 5,484,383
Wholesale water consumption	1,380,262	-	1,380,262
Monthly water service charge	2,123,742	-	2,123,742
Recreation revenue	-	3,592,600	3,592,600
Other water charges and services	288,748	-	288,748
Total operating revenues	<u>9,277,135</u>	<u>3,592,600</u>	<u>12,869,735</u>
Operating expenses:			
Source of supply	1,432,140	-	1,432,140
Pumping	1,360,622	-	1,360,622
Water treatment	1,372,695	-	1,372,695
Transmission and distribution	697,974	-	697,974
Telemetry	173,559	-	173,559
Customer accounts	367,204	-	367,204
Recreation expenses	-	4,228,876	4,228,876
General and administrative	4,298,061	-	4,298,061
Total operating expenses	<u>9,702,255</u>	<u>4,228,876</u>	<u>13,931,131</u>
Operating (loss) before depreciation	(425,120)	(636,276)	(1,061,396)
Depreciation – water department	(2,826,579)	-	(2,826,579)
Depreciation – recreation department	-	(348,102)	(348,102)
Operating income(loss)	<u>(3,251,699)</u>	<u>(984,378)</u>	<u>(4,236,077)</u>
Non-operating revenue(expense)			
Property taxes – ad valorem	2,199,074	-	2,199,074
Pass-through property tax increment	93,403	-	93,403
Property tax assessment for State Water Project	730,400	-	730,400
State water project expense	(183,384)	-	(183,384)
Change in water-in-storage inventory	(1,193,960)	-	(1,193,960)
CFD 2013-1 assessment	454,543	-	454,543
Mira Monte assessment	19,049	-	19,049
Tax collection expense	(32,050)	-	(32,050)
Investment earnings	515,352	-	515,352
Change in fair-value of investments	203,143	-	203,143
Interest expense – long-term debt	(62,438)	-	(62,438)
Other, net	41,386	-	41,386
Total non-operating revenue(expense), net	<u>2,784,518</u>	<u>-</u>	<u>2,784,518</u>
Net income(loss) before capital contributions	<u>(467,181)</u>	<u>(984,378)</u>	<u>(1,451,559)</u>
Capital contributions:			
Federal, state and local capital grants	805,852	38,672	844,524
Change in net position	<u>\$ 338,671</u>	<u>\$ (945,706)</u>	<u>\$ (607,035)</u>



Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Source of supply:		
Advertising and legal notices	\$ 7,318	\$ 5,004
Books and publications	73	165
Chlorine	2,195	-
Clothing and personal supplies	265	-
Communications	5,163	4,046
Computer upgrades – hardware and software	11,437	5,326
Costs applied	1,150	9,728
District equipment	8,142	6,123
Education and training	19,269	4,800
Insurance – Aflac service fee	242	235
Insurance – EAP	165	153
Licenses and permits	38,962	20,774
Memberships and dues	41,594	37,556
Office supplies	37	73
Other professional services	6,994	2,647
Outside contracts	152,759	209,876
Postage	15,405	11,837
Printing and binding	8,367	6,629
Public information program	225	-
Purchased water	1,645	1,356
Safety program	-	477
Salaries and benefits	1,289,920	1,042,527
Services and supplies	70,856	45,962
Small tools	4,723	3,420
Travel expense	15,253	9,812
Utilities	4,624	3,614
Total source of supply	<u>1,706,783</u>	<u>1,432,140</u>
Pumping:		
Communications	1,807	1,558
Outside contracts	31,364	41,943
Power purchased for pumping	1,121,709	1,196,901
Salaries and benefits	8,167	11,675
Service and supplies	38,872	106,196
Small tools	2,619	2,349
Total pumping	<u>1,204,538</u>	<u>1,360,622</u>
Water treatment:		
Ammonia	22,520	33,477
Caustics	62,144	62,001
Chlorine	56,925	86,690
Clothing and personal supplies	978	915
Communications	3,651	3,274
Computer upgrades – hardware and software	-	825
Education and training	615	1,016
Ferric	4,484	13,719
Licenses and permits	1,406	915
Liquid oxygen	131,921	85,340
Outside contracts	10,927	8,519
Polymer	30,102	29,898
Salaries and benefits	692,221	885,303
Service and supplies	72,997	50,543
Small tools	1,845	1,656
Travel	120	1,339
Utilities	75,234	107,265
Total water treatment	<u>\$ 1,168,090</u>	<u>\$ 1,372,695</u>



Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Transmission and distribution:		
Clothing and personal supplies	\$ 1,889	\$ 1,363
Communications	1,519	650
Computer upgrades – hardware and software	-	2,443
Education and training	3,531	2,278
Licenses and permits	9,628	10,609
Other operating expenses	19,232	21,371
Outside contracts	86,061	91,115
Salaries and benefits	377,239	410,194
Service and supplies	155,953	150,495
Small tools	17,265	6,088
Travel expense	675	1,368
	<u>672,992</u>	<u>697,974</u>
Total transmission and distribution		
Telemetering:		
Books and publications	-	598
Communications	1,091	836
Computer upgrades – hardware and software	-	85
Outside contracts	32,242	43,094
Salaries and benefits	159,016	89,257
Service and supplies	685	16,724
Utilities	20,561	22,965
	<u>213,595</u>	<u>173,559</u>
Total telemetering		
Customer accounts:		
Advertising and legal notices	400	200
Bad debt provision	4,803	3,702
Clothing and personal supplies	1,845	1,020
Communications	1,373	380
Computer upgrades – hardware and software	12,268	35,463
Education and training	3,881	2,116
Licenses and permits	230	220
Outside contracts	27,565	28,157
Postage	1,693	4,064
Printing and binding	507	-
Salaries and benefits	394,837	261,533
Service and supplies	98,630	28,878
Small tools	-	122
Travel expense	85	1,349
	<u>\$ 548,117</u>	<u>\$ 367,204</u>
Total customer accounts		



Casitas Municipal Water District
Detail Schedules of Operating Expenses - Water Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
General and administrative:		
Advertising and legal notices	\$ 383	\$ 737
Bank charges	29,873	24,733
Books and publications	5,719	5,790
Clothing and personal supplies	4,873	6,991
Communications	28,237	36,872
Computer upgrades – hardware and software	14,817	18,017
Directors election fees	7,168	-
District equipment	117,957	133,224
Education and training	14,591	19,805
Gains/losses on inventory	23,018	(167)
Insurance – Aflac	1,109	941
Insurance – EAP	1,037	954
Insurance – liability	60,866	60,984
Licenses and permits	10,323	9,385
Memberships and dues	47,756	47,051
Office equipment maintenance	5,423	3,051
Office supplies	12,120	10,675
Other professional services	699,660	425,839
Outside contracts	571,870	384,628
Petty cash (over)/short	(5)	49
Postage	3,175	1,356
Printing and binding	3,523	1,723
Private vehicle mileage	7,049	7,432
Safety program	6,304	2,385
Salaries and benefits	4,575,372	3,780,408
Service and supplies	159,565	130,040
Small tools	2,863	5,665
Travel expense	5,510	3,480
Utilities	37,421	38,366
Vehicle costs direct	74,549	100,601
Workers' compensation	146,963	136,555
Costs applied	(165,084)	(173,628)
Administrative overhead burden	(970,727)	(925,881)
	<u>5,543,278</u>	<u>4,298,061</u>
Total general and administrative		
Depreciation expense:		
Water department	<u>3,415,057</u>	<u>2,826,579</u>
Total depreciation expense	<u>3,415,057</u>	<u>2,826,579</u>
Total operating expenses – water department	<u>\$ 14,472,450</u>	<u>\$ 12,528,834</u>



Casitas Municipal Water District
Detail Schedule of Revenues and Expenses - Recreation Department
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Recreation revenue:		
Animal permit	\$ 8,629	\$ 7,181
Bad debt collection recovery	344	55
Boat fees - annual	33,057	33,813
Boat fees - daily	9,802	7,891
Boat fees - overnight	778	891
Boat inspection fees - Quagga	2,862	1,990
Boat lock revenue - Quagga	2,979	2,179
Boat rental - concession	63,549	54,562
Cafe - concession	27,774	27,015
Cafe pass fee	7,290	20,175
Cafe pass reimbursement	(8,830)	(17,729)
Camping fees	1,894,131	1,728,801
Commercials	5,650	800
Event reimbursement	2,159	750
Events	37,161	32,783
Gift cards and certificates	(196)	(303)
Guest pass	-	(100)
Impound fee	350	650
Kayak and canoes annual	3,167	3,261
Kayak and canoes daily	33	62
Miscellaneous revenue	2,234	2,880
Over / short - recreation	384	243
Over / short - water park	25	28
Park store	53,102	50,730
Rain checks	(268)	(446)
Reservations	144,635	134,368
Shower facility fees	20,928	18,397
Snow bird pumping	4,160	1,660
Trailer storage fees	195,302	188,708
Vehicle fees - daily	458,486	308,962
Violation ordinance fees	35	6,100
Visitor cards	142,378	131,756
Water park - group pass fee	(4,512)	(4,506)
Water park - guest pass	-	(48)
Water park - junior lifeguard	6,830	8,910
Water park - late day pass fee	102,691	78,226
Water park - lifeguard training	691	404
Water park - locker fee	1,128	1,158
Water park - next day pass fee	(1,217)	(1,359)
Water park - promotion	(556)	16
Water park - rain checks	(266)	(372)
Water park - reservation fee	45,224	36,687
Water park - season pass fee	24,622	29,045
Water park - shade rental fee	10,050	7,580
Water park - shower facility fee	17,000	16,618
Water park - single splash fee	694,938	656,816
Water park - special event fee	72	120
Water park - water fitness - fee	11,400	9,871
Water park snack bar	7,155	5,321
Total recreation revenue	\$ 4,027,340	\$ 3,592,600

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Casitas Municipal Water District
Detail Schedule of Revenues and Expenses - Recreation Department (Continued)
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Recreation expenses:		
Administrative overhead burden	\$ 970,727	\$ 925,881
Advertising and legal notices	4,291	4,452
Bad debt provision	-	11,622
Bank charges	-	14
Chemicals – water playground	4,198	4,171
Chlorine	22,882	26,000
Clothing and personal supplies	24,194	12,412
Communications	11,202	12,297
Computer upgrades – hardware and software	4,712	6,821
Credit card fees	90,274	72,310
District equipment	113,924	112,862
Education and training	3,890	9,279
Fish purchases	-	29,998
Insurance	26,533	-
Licenses and permits	6,277	5,313
Memberships and dues	1,304	1,675
Office supplies	2,667	3,393
Other operating expenses	-	108
Other professional services	27,188	35,394
Outside contracts	261,273	381,705
Postage	1,002	2,176
Pre-employment screening	10,435	5,942
Printing and binding	5,274	7,486
Private vehicle mileage	431	53
Public information program	4,529	6,956
Purchased water	43,454	43,030
Safety program	503	1,569
Salaries and benefits	2,259,230	2,165,172
Service and supplies	203,138	184,362
Small tools	4,596	8,237
Travel expense	482	1,680
Uninsured losses - injuries	569	3,000
Utilities	140,922	143,506
	<u>4,250,101</u>	<u>4,228,876</u>
Total recreation expenses		
Recreation operating (loss) before depreciation	(222,761)	(636,276)
Depreciation – recreation department	(321,010)	(348,102)
	<u>(543,771)</u>	<u>(984,378)</u>
Recreation operating (loss)		

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STATISTICAL SECTION



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**Casitas Municipal Water District
Statistical Section
For the Year Ended June 30, 2017**

This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

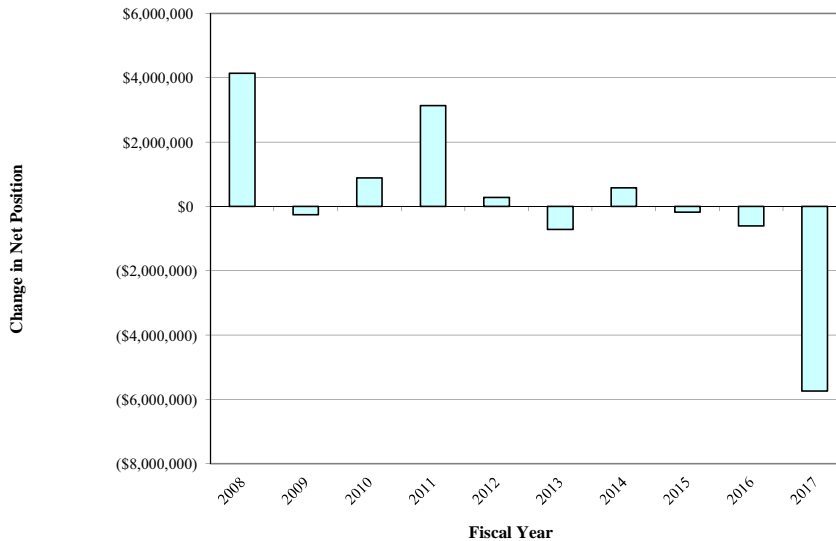
Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	84-87
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, water sales.	88-92
Debt Capacity These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	93-94
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	95
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	96-97



Casitas Municipal Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Changes in net position:					
Operating revenues (see Schedule 2)	13,805,964	12,129,996	12,194,917	10,956,600	\$ 11,645,576
Operating expenses (see Schedule 3)	(10,107,124)	(13,384,114)	(11,171,141)	(11,587,130)	(12,047,019)
Depreciation and amortization	(2,975,653)	(2,834,977)	(2,863,329)	(3,037,340)	(3,097,495)
Operating income(loss)	723,187	(4,089,095)	(1,839,553)	(3,667,870)	(3,498,938)
Non-operating revenues(expenses)					
Property taxes	1,831,087	1,982,172	1,959,850	2,012,458	2,025,655
Clean Water Act surcharge	1,071,637	1,685,062	1,290,042	1,682,991	1,554,698
CFD 2013-1 assessment	-	-	-	-	-
Mira Monte assessment	19,657	18,914	18,601	17,113	17,630
Oak View availability charge	7,862	6,992	7,709	7,657	293
Property tax collection expense	(28,261)	(29,433)	(30,416)	(31,158)	(30,158)
Investment income/(loss)	463,786	213,695	129,472	402,229	449,707
Water-in-storage valuation	-	-	-	3,318,094	-
State water project expense	-	-	(666,442)	(787,665)	(382,908)
Interest expense	(123,440)	(116,361)	(106,239)	(102,295)	(94,969)
Amortization of deferred loss and bond insurance	-	-	-	-	-
Acquisition expense of CFD 2013-1	-	-	-	-	-
Cost of debt issuance	-	-	-	-	-
Other revenue/(expense), net	31,307	14,460	(6,638)	213,445	12,454
Total non-operating revenues(expenses), net	3,273,635	3,775,501	2,595,939	6,732,869	3,552,402
Net income before capital contributions	3,996,822	(313,594)	756,386	3,064,999	53,464
Capital contributions	146,880	63,784	131,179	74,095	232,755
Change in net position	4,143,702	(249,810)	887,565	3,139,094	\$ 286,219
Net position by component:					
Invested in capital assets, net of related debt	54,636,436	55,408,560	55,277,544	55,261,613	\$ 55,501,696
Restricted	75,088	67,343	60,922	217,413	199,890
Unrestricted	23,145,743	22,131,554	23,156,556	26,155,090	26,218,749
Total net position	77,857,267	77,607,457	78,495,022	81,634,116	\$ 81,920,335



Notes:

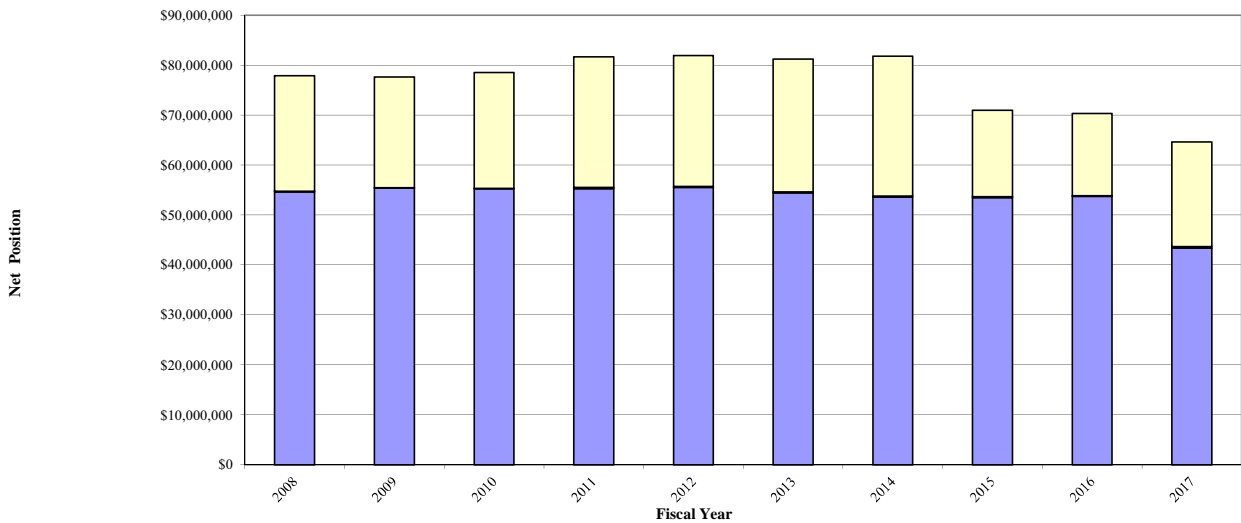
- (1) The District made a prior period adjustment of \$796,383.
- (2) The District made a prior period adjustment of \$(10,684,160).

Source: Casitas Municipal Water District Accounting Department



Casitas Municipal Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years (Continued)

	Fiscal Year				
	2013	2014	2015	2016	2017
Changes in net position:					
Operating revenues (see Schedule 2)	13,212,527	14,923,271	14,530,148	12,869,735	12,758,081
Operating expenses (see Schedule 3)	(13,639,029)	(14,238,444)	(13,277,286)	(13,931,131)	(15,307,494)
Depreciation and amortization	(3,084,521)	(3,152,038)	(3,164,097)	(3,174,681)	(3,736,067)
Operating income(loss)	<u>(3,511,023)</u>	<u>(2,467,211)</u>	<u>(1,911,235)</u>	<u>(4,236,077)</u>	<u>(6,285,480)</u>
Non-operating revenues(expenses)					
Property taxes	2,147,033	2,192,072	2,309,270	2,292,477	2,258,529
Clean Water Act surcharge	462,896	566,610	490,989	730,400	151,501
CFD 2013-1 assessment	-	-	-	454,543	601,938
Mira Monte assessment	19,783	31,797	19,434	19,049	19,280
Oak View availability charge	232	-	-	-	-
Property tax collection expense	(31,284)	(8,360)	(31,610)	(32,050)	(27,697)
Investment income/(loss)	(164,338)	281,851	227,483	718,495	(342,956)
Water-in-storage valuation	-	-	(1,171,790)	(1,193,960)	2,555,167
State water project expense	(517,749)	(451,590)	(696,576)	(183,384)	(266,509)
Interest expense	(87,015)	(79,124)	(70,887)	(62,438)	(168,407)
Amortization of deferred loss and bond insurance	-	-	-	-	(18,689)
Acquisition expense of CFD 2013-1	-	-	-	-	(3,975,600)
Cost of debt issuance	-	-	-	-	(539,160)
Other revenue/(expense), net	(20,137)	24,506	179,498	41,386	71,382
Total non-operating revenues(expenses), net	<u>1,809,421</u>	<u>2,557,762</u>	<u>1,255,811</u>	<u>2,784,518</u>	<u>318,779</u>
Net income before capital contributions	<u>(1,701,602)</u>	<u>90,551</u>	<u>(655,424)</u>	<u>(1,451,559)</u>	<u>(5,966,701)</u>
Capital contributions	990,526	489,071	484,674	844,524	230,644
Change in net position	<u>(711,076)</u>	<u>579,622</u>	<u>(170,750)</u>	<u>(607,035)</u>	<u>(5,736,057)</u>
Net position by component:					
Invested in capital assets, net of related debt	54,428,683	53,612,183	53,488,631	53,720,578	43,353,381
Restricted	180,151	153,708	134,267	115,220	333,285
Unrestricted	26,600,425	28,022,990	17,311,073	16,491,138	20,902,213
Total net position	<u>81,209,259</u> ⁽¹⁾	<u>81,788,881</u>	<u>70,933,971</u> ⁽²⁾	<u>70,326,936</u>	<u>64,588,879</u>



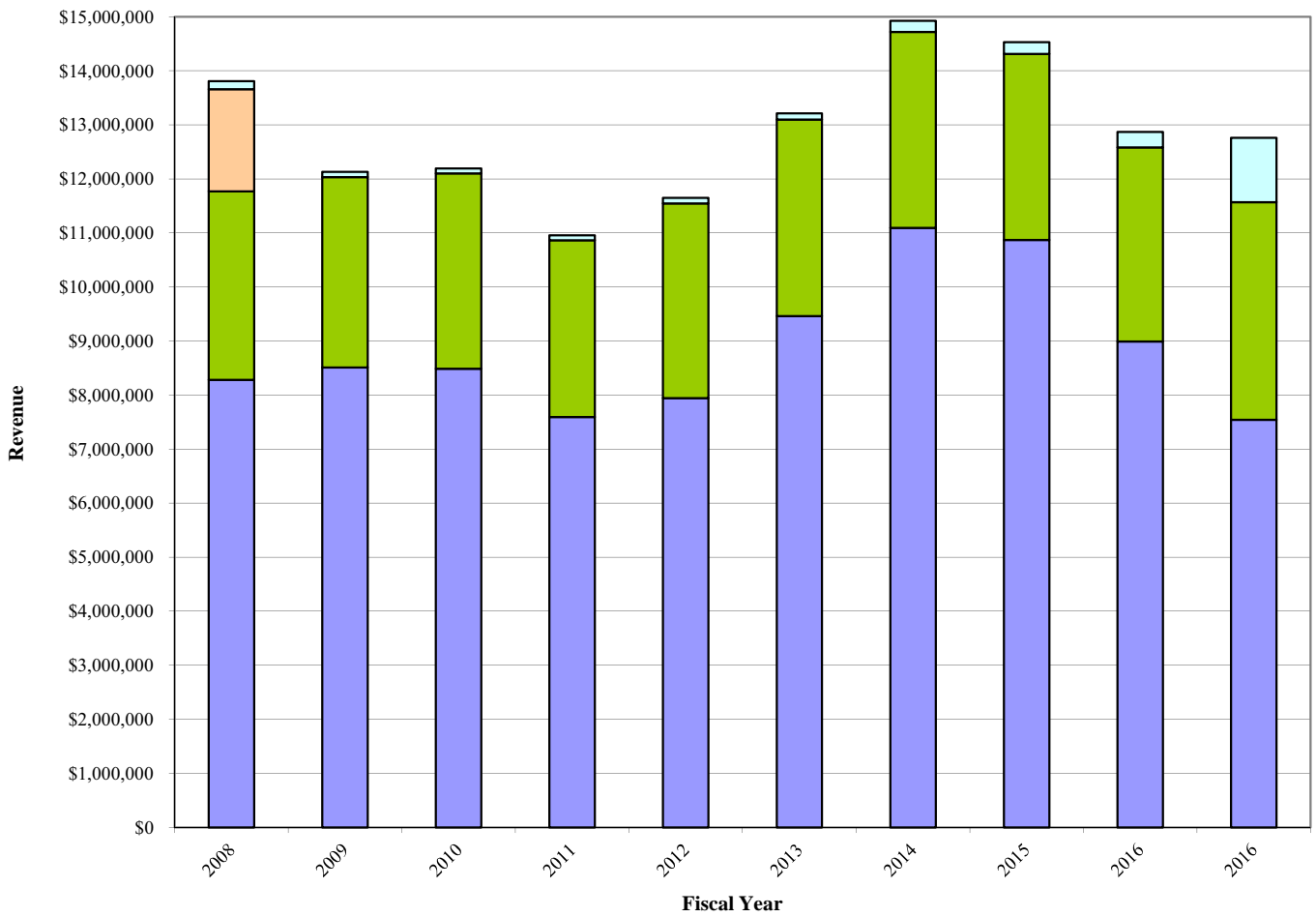
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LEGISLATIVE INTENT SERVICE



Casitas Municipal Water District
Operating Revenue By Source
Last Ten Fiscal Years

Fiscal Year	Water Sales and Service	Recreation Revenue	Local Runoff	Other Operating Revenue	Total Operating Revenue
2008	\$ 8,282,482	\$ 3,487,877	\$ 1,890,639	\$ 144,966	\$ 13,805,964
2009	8,507,054	3,526,264	-	96,678	12,129,996
2010	8,488,083	3,611,110	-	95,724	12,194,918
2011	7,592,767	3,269,377	-	94,456	10,956,600
2012	7,944,558	3,599,744	-	101,274	11,645,576
2013	9,461,356	3,637,050	-	114,121	13,212,527
2014	11,092,279	3,625,800	-	205,192	14,923,271
2015	10,868,054	3,443,089	-	219,005	14,530,148
2016	8,988,387	3,592,600	-	288,748	12,869,735
2016	7,542,239	4,027,340	-	1,188,502	12,758,081

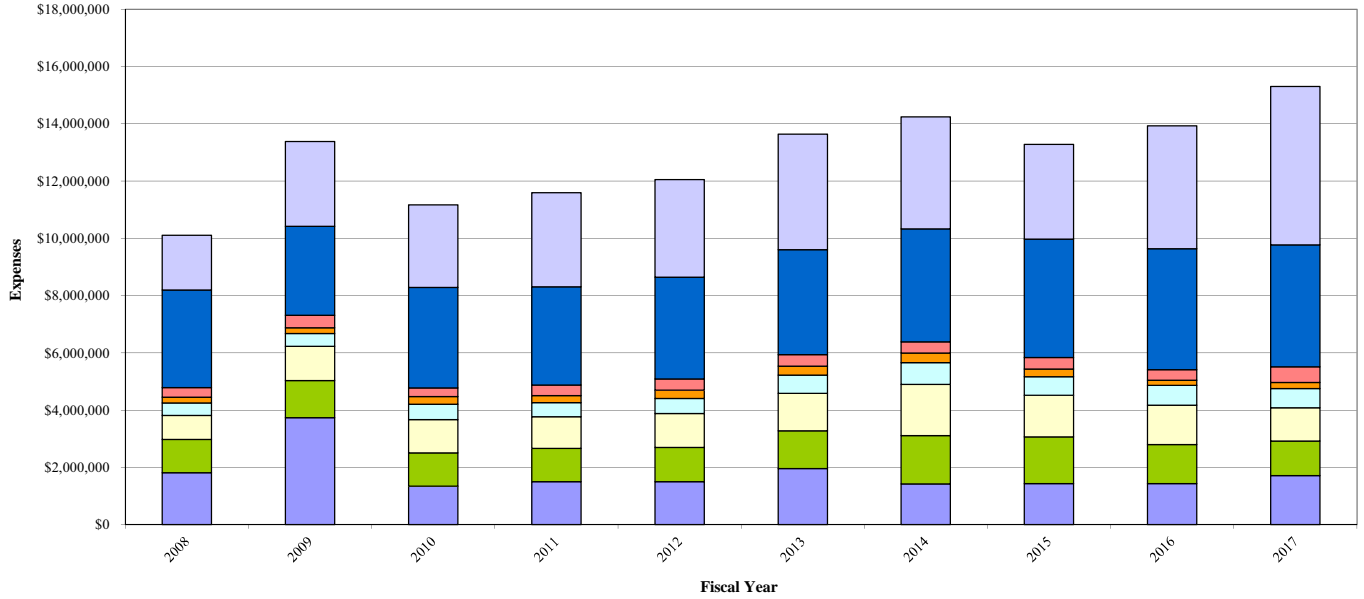


Note 1 - Beginning in FY 2010 the District classified the Water Storage Valuation as a Non-Operating Revenue

Source: Casitas Municipal Water District Accounting Department

**Casitas Municipal Water District
Operating Expenses by Activity
Last Ten Fiscal Years**

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Telemetry	Customer Accounts	Recreation Area	General and Administrative	Total Operating Expenses
2008	\$ 1,815,132	\$ 1,160,984	\$ 831,760	\$ 435,705	\$ 209,198	\$ 335,952	\$ 3,401,609	\$ 1,916,784	\$ 10,107,124
2009	3,735,269	1,292,700	1,197,050	448,678	197,119	436,851	3,113,058	2,963,389	13,384,114
2010	1,338,079	1,166,950	1,165,062	530,798	266,133	308,364	3,504,726	2,891,029	11,171,141
2011	1,493,036	1,168,939	1,107,391	488,434	251,534	362,054	3,436,849	3,278,893	11,587,130
2012	1,498,408	1,194,225	1,184,305	527,004	294,816	387,735	3,551,695	3,408,831	12,047,019
2013	1,958,838	1,313,549	1,305,364	640,781	309,327	412,021	3,662,878	4,036,271	13,639,029
2014	1,421,801	1,685,967	1,783,448	762,346	332,776	400,493	3,939,152	3,912,461	14,238,444
2015	1,430,475	1,634,202	1,451,902	646,868	272,594	399,383	4,140,358	3,301,504	13,277,286
2016	1,432,140	1,360,622	1,372,695	697,974	173,559	367,204	4,228,876	4,298,061	13,931,131
2017	1,706,783	1,204,538	1,168,090	672,992	213,595	548,117	4,250,101	5,543,278	15,307,494

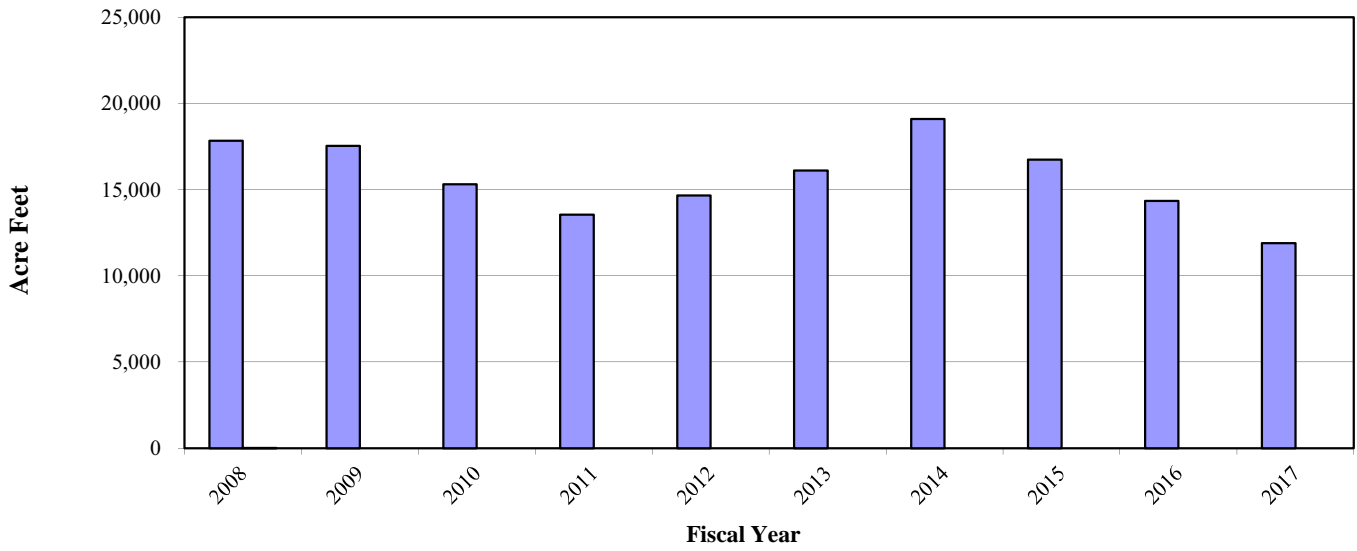


Source: Casitas Municipal Water District Accounting Department



Casitas Municipal Water District
Revenue Base
Last Ten Fiscal Years

Fiscal Year	Water Sales (Acre Feet)
2008	17,844
2009	17,533
2010	15,307
2011	13,549
2012	14,655
2013	16,106
2014	19,093
2015	16,746
2016	14,346
2017	11,891



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

Source: Casitas Municipal Water District Accounting Department



Casitas Municipal Water District
Revenue Rates(1)
Fiscal Years 1999 to 2008

Categories	Gravity Zone Water Consumption (per HCF)									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
0-10 HCF	\$ 0.621	0.640	0.659	0.699	0.720	0.742	0.835	0.835	0.868	0.888
11-17 HCF	0.992	1.022	1.053	1.118	1.152	1.187	1.322	1.322	1.369	1.389
18+ HCF	1.379	1.420	1.463	1.552	1.598	1.646	1.825	1.825	1.888	1.908
Business	0.646	0.665	0.685	0.727	0.749	0.771	0.832	0.832	0.897	0.958
Industrial	0.608	0.626	0.645	0.684	0.704	0.725	0.783	0.783	0.856	0.958
Resale	0.374	0.385	0.397	0.421	0.434	0.447	0.474	0.474	0.545	0.709
Other	0.627	0.646	0.665	0.706	0.727	0.749	0.808	0.808	0.883	0.958
Temporary	1.958	2.017	2.078	2.204	2.270	2.338	2.493	2.493	2.686	2.706
Recreation	N/A	0.900	0.927	0.984	1.014	1.044	1.121	1.121	1.121	0.958
Irrigation	0.298	0.307	0.316	0.335	0.345	0.355	0.398	0.398	0.448	0.717

Categories	Pumped Zone Water Consumption (per HCF) ⁽²⁾									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
0-10 HCF	\$ 0.846	0.871	0.898	1.053	1.069	1.001	1.094	1.094	1.127	1.127
11-17 HCF	1.216	1.254	1.292	1.472	1.472	1.446	1.581	1.581	1.628	1.628
18+ HCF	1.605	1.652	1.702	1.906	1.947	1.905	2.084	2.084	2.147	2.147
Business	0.871	0.897	0.924	1.081	1.098	1.030	1.091	1.091	1.156	1.197
Industrial	0.832	0.858	0.884	1.038	1.053	0.984	1.042	1.042	1.115	1.197
Resale	0.846	0.871	0.897	1.036	1.044	0.967	1.109	1.109	1.275	1.275
Other	0.852	0.878	0.904	1.060	1.076	1.008	1.067	1.067	1.142	1.197
Temporary	2.184	2.249	2.317	2.558	2.619	2.597	2.752	2.752	2.945	2.945
Recreation	0.874	0.900	0.927	1.338	1.363	1.303	1.380	1.380	1.380	1.197
Irrigation	0.298	0.307	0.316	0.450	0.455	0.375	0.418	0.418	0.468	0.717

Meter Size	Water Service Charges (monthly)									
	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Residential:										
5/8" - 1"	\$ 10.72	11.04	11.37	12.06	12.42	12.79	14.01	14.01	15.30	15.99
1 1/2" - 2"	32.91	33.90	34.92	37.05	38.16	39.30	43.03	43.03	46.99	49.1
2 1/2" - 3"	70.08	72.18	74.35	78.88	81.25	83.69	91.64	91.64	100.07	104.57
4"	148.75	153.21	157.81	167.42	172.44	177.61	194.48	194.48	212.37	221.93
6"	439.12	452.29	465.86	494.24	509.07	524.34	574.15	574.15	626.97	655.18
Businesses:										
5/8" - 1"	19.42	20.00	20.60	21.86	22.52	23.20	24.59	24.59	26.85	28.06
1 1/2" - 2"	59.56	61.35	63.19	67.04	69.05	71.12	75.39	75.39	82.33	86.03
2 1/2" - 3"	126.93	130.74	134.66	142.86	147.15	151.56	160.65	160.65	175.43	183.32
4"	269.39	277.47	285.79	303.19	312.29	321.66	340.96	340.96	372.33	389.08
6"	795.19	819.05	843.62	895.00	921.85	949.51	1,006.48	1,006.48	1,099.08	1,148.54
Industrial:										
5/8" - 1"	14.49	14.92	15.37	16.30	16.79	17.29	18.06	18.06	19.72	20.61
1 1/2" - 2"	44.45	45.78	47.15	50.02	51.52	53.07	55.43	55.43	60.53	63.25
2 1/2" - 3"	94.70	97.54	100.47	106.58	109.78	113.07	118.12	118.12	128.99	134.79
4"	200.99	207.02	213.23	226.22	233.01	240.00	250.70	250.70	273.76	286.08
6"	593.86	611.68	630.03	668.40	688.45	709.10	740.71	740.71	808.86	845.26
Irrigation:										
5/8" - 1"	23.88	24.60	25.34	26.88	27.69	28.52	31.94	31.94	34.88	36.45
1 1/2" - 2"	73.20	75.40	77.66	82.39	84.86	87.41	97.90	97.90	106.91	111.72
2 1/2" - 3"	155.96	160.64	165.46	175.53	180.80	186.22	208.57	208.57	227.76	238.01
4"	331.03	340.96	351.19	372.58	383.76	395.27	442.70	442.70	483.43	505.18
6"	977.17	1,006.49	1,036.68	1,099.81	1,132.80	1,166.78	1,306.79	1,306.79	1,427.01	1,491.23
Resale (Gravity):										
5/8" - 1"	40.61	41.83	43.09	45.71	47.08	48.49	51.40	51.40	56.13	58.66
1 1/2" - 2"	124.56	128.30	132.15	140.19	144.40	148.73	157.65	157.65	172.15	179.7
2 1/2" - 3"	265.38	273.34	281.54	298.69	307.65	316.88	335.89	335.89	388.63	406.12
4"	563.27	580.17	597.58	633.98	653.00	672.59	712.95	712.95	778.54	813.57
6"	1,662.70	1,712.58	1,763.96	1,871.39	1,927.53	1,985.36	2,104.48	2,104.48	2,298.09	2,401.5
Resale (Pumped):										
5/8" - 1"	15.71	16.18	16.67	17.69	18.22	18.77	21.59	21.59	23.58	24.64
1 1/2" - 2"	48.17	49.62	51.11	54.22	55.85	57.53	66.16	66.16	72.25	75.5
2 1/2" - 3"	102.59	105.67	108.84	115.47	118.93	122.50	140.88	140.88	153.84	160.76
4"	217.76	224.29	231.02	245.09	252.44	260.01	299.01	299.01	326.52	341.21
6"	642.81	662.09	681.95	723.48	745.18	767.54	882.67	882.67	963.88	1,007.25
Other:										
5/8" - 1"	16.21	16.70	17.20	18.25	18.80	19.36	20.52	20.52	22.41	23.42
1 1/2" - 2"	49.72	51.21	52.75	55.96	57.64	59.37	62.93	62.93	68.72	71.81
2 1/2" - 3"	105.90	109.08	112.35	119.19	122.77	126.51	143.12	143.12	154.45	160.5
4"	224.77	231.51	238.46	252.98	260.57	268.39	284.49	284.49	310.66	324.64
6"	663.47	683.37	703.87	746.74	769.14	792.21	839.74	839.74	914.00	958.27
Temporary:										
1 1/2" - 2"	45.11	46.46	47.85	50.77	52.29	53.86	57.09	57.09	62.34	65.15
2 1/2" - 3"	96.12	99.00	101.97	108.18	111.43	114.77	121.66	121.66	132.85	138.83
Recreation:										
5/8" - 1"	20.72	21.34	21.98	23.32	24.02	24.74	26.22	26.22	28.63	
1 1/2" - 2"	63.57	65.48	67.44	71.54	73.69	75.90	80.45	80.45	87.85	
2 1/2" - 3"	135.46	139.52	143.71	152.46	157.03	161.74	171.44	171.44	187.21	
4"	287.47	296.09	304.97	323.54	333.25	343.25	363.85	363.85	397.32	
6"	848.60	874.06	900.28	952.02	980.58	1,010.00	1,070.60	1,070.60	1,169.10	

Notes:
(1) Rates as of June 30 of each fiscal year.
(2) Rates are net of applicable energy surcharges.

Source: Casitas Municipal Water District Board of Directors approved rate ordinances and resolution



**Casitas Municipal Water District
Revenue Rates
Fiscal Years 2009 to 2011**

In fiscal year 2009, the District changed its rate structure as follows:

RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential:					
Bi-Monthly Lifeline	0-20 Units	\$ 0.567	\$ 0.831		
Bi-Monthly Lifeline	21-34 Units	\$ 1.003	\$ 1.267		
Bi-Monthly Lifeline	35-100 units	\$ 1.404	\$ 1.668		
Bi-Monthly Lifeline	101 units +	\$ 2.200	\$ 2.464		
Business		\$ 1.259	\$ 1.524		
Industrial		\$ 1.259	\$ 1.524		
Resale		\$ 0.780	\$ 1.403		
Other		\$ 1.259	\$ 1.524		
Temporary		\$ 1.419	\$ 1.683		
Recreation		\$ 1.259	\$ 1.524		

RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential:					
Monthly Lifeline	0-10 Units	\$ 0.567	\$ 0.831		
Monthly Usage	11-17 Units	\$ 1.003	\$ 1.267		
Monthly Usage	18 -50 Units	\$ 1.404	\$ 1.668		
Irrigation (AG)	51 units +	\$ 0.588	\$ 0.852		

**** One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.588 x 435.6 =	\$ 256.13	Gravity
		per AF = \$0.852 x 435.6 =	\$ 371.13	Pumped

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY	GPM	20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
RESIDENTIAL	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
BUSINESS	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
INDUSTRIAL	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
IRRIGATION/ AG	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
RESALE(G)	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
RESALE(P)	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
OTHER	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
TEMPORARY	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm
RECREATION	Monthly	\$ 22.02	\$ 32.89	\$ 60.06	\$ 92.66	\$ 141.56	\$ 195.90	\$ 348.04	\$ 766.43	\$ 2,667.46	per gpm
	Bi-Monthly	\$ 38.32	\$ 60.06	\$ 114.39	\$ 179.60	N/A	\$ 386.07	\$ 690.36	\$ 1,527.13	\$ 5,334.92	per gpm

Source: Casitas Municipal Water District Finance Department



**Casitas Municipal Water District
Revenue Rates
Fiscal Years 2012 to Present**

In fiscal year 2012, the District changed its rate structure as follows:

RATE SCHEDULE - CLASS 1 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Residential:					
Bi-Monthly Lifeline	0-20 Units	\$	0.584	\$	0.856
Bi-Monthly Lifeline	21-34 Units	\$	1.033	\$	1.305
Bi-Monthly Lifeline	35-100 units	\$	1.446	\$	1.718
Bi-Monthly Lifeline	101 units +	\$	2.266	\$	2.538
Business		\$	1.297	\$	1.570
Industrial		\$	1.297	\$	1.570
Resale		\$	0.803	\$	1.445
Other		\$	1.297	\$	1.570
Temporary		\$	1.462	\$	1.733
Recreation		\$	1.297	\$	1.570

RATE SCHEDULE - CLASS 3 SERVICE				Rate per Unit **	
				GRAVITY	PUMPED
Ag-Residential:					
Monthly Lifeline	0-10 Units	\$	0.584	\$	0.856
Monthly Usage	11-17 Units	\$	1.033	\$	1.305
Monthly Usage	18 -50 Units	\$	1.446	\$	1.718
Irrigation (AG)	51 units +	\$	0.606	\$	0.878

**** One unit equals 100 cubic feet (748 gallons)**

Cost per AF (example)	Irrigation	per AF = \$0.606 x 435.6 =	\$	263.97	Gravity
		per AF = \$0.878 x 435.6 =	\$	382.46	Pumped

9.3.4 COMBINATION (CLASS C) SERVICE. Where more than one class of water service or use is provided through a single connection, the General Manager shall make an equitable proration of rates and fees, such proration shall be conclusive unless appealed within 30 days by the customer to the Board, in which case the determination of the Board shall be conclusive.

METER SIZE		5/8"-3/4"	1"	1-1/2"	2"	2-1/2"	3"	4"	6"	Over 6"	
MAX CAPACITY		20-30	50	120	160	TEMP 300	320	1000	2000	over 2000	
RESIDENTIAL	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
BUSINESS	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
INDUSTRIAL	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
IRRIGATION/ AG	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RESALE(G)	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RESALE(P)	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
OTHER	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
TEMPORARY	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm
RECREATION	Monthly	\$ 23.34	\$ 34.86	\$ 63.66	\$ 98.22	\$ 150.05	\$ 207.65	\$ 368.92	\$ 812.42	\$ 2,827.51	per gpm
	Bi-Monthly	\$ 40.62	\$ 63.66	\$ 121.25	\$ 190.38	N/A	\$ 409.23	\$ 731.78	\$ 1,618.76	\$ 5,655.02	per gpm

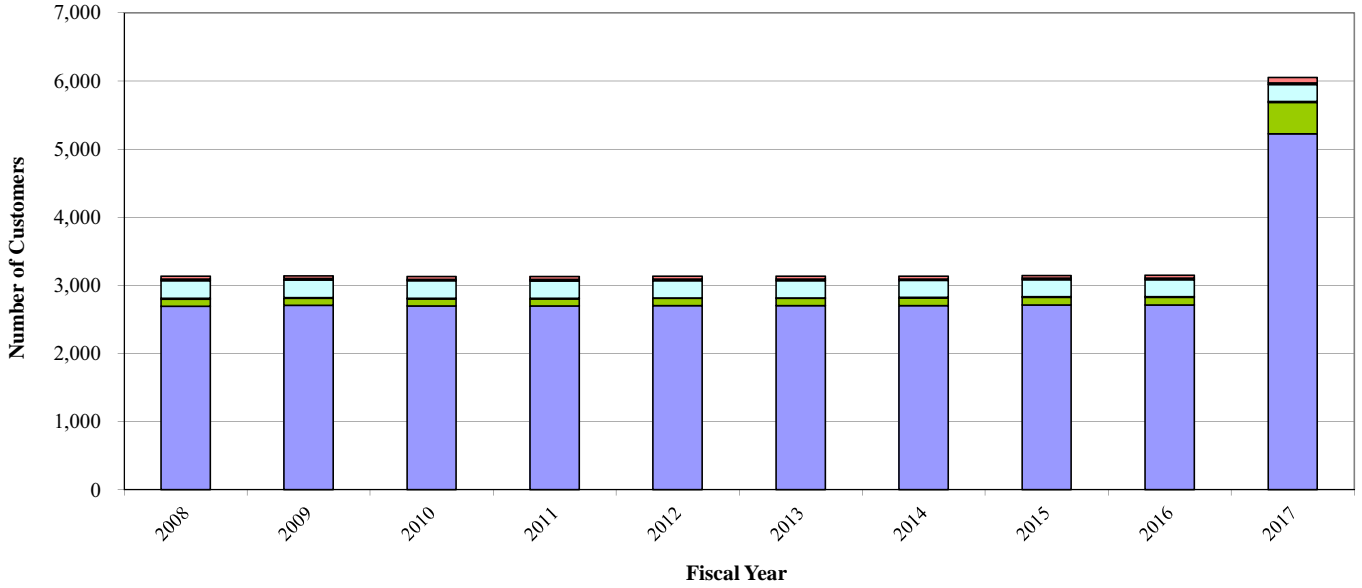
Source: Casitas Municipal Water District Finance Department

LEGISLATIVE INTENT SERVICE (800) 666-1917



**Casitas Municipal Water District
Customers by Type at Fiscal Year-End
Last Ten Fiscal Years**

Fiscal Year	Customer Type						Total
	Residential	Business	Industrial	Agricultural	Wholesale	Other	
2008	2,691	104	13	262	22	40	3,132
2009	2,707	105	9	257	22	41	3,141
2010	2,696	104	9	258	22	41	3,130
2011	2,695	104	9	257	22	41	3,128
2012	2,700	108	9	252	22	41	3,132
2013	2,700	108	9	251	23	41	3,132
2014	2,703	112	9	247	23	41	3,135
2015	2,711	112	9	249	23	41	3,145
2016	2,711	114	9	248	25	41	3,148
2017	5,224	460	13	249	22	81	6,049



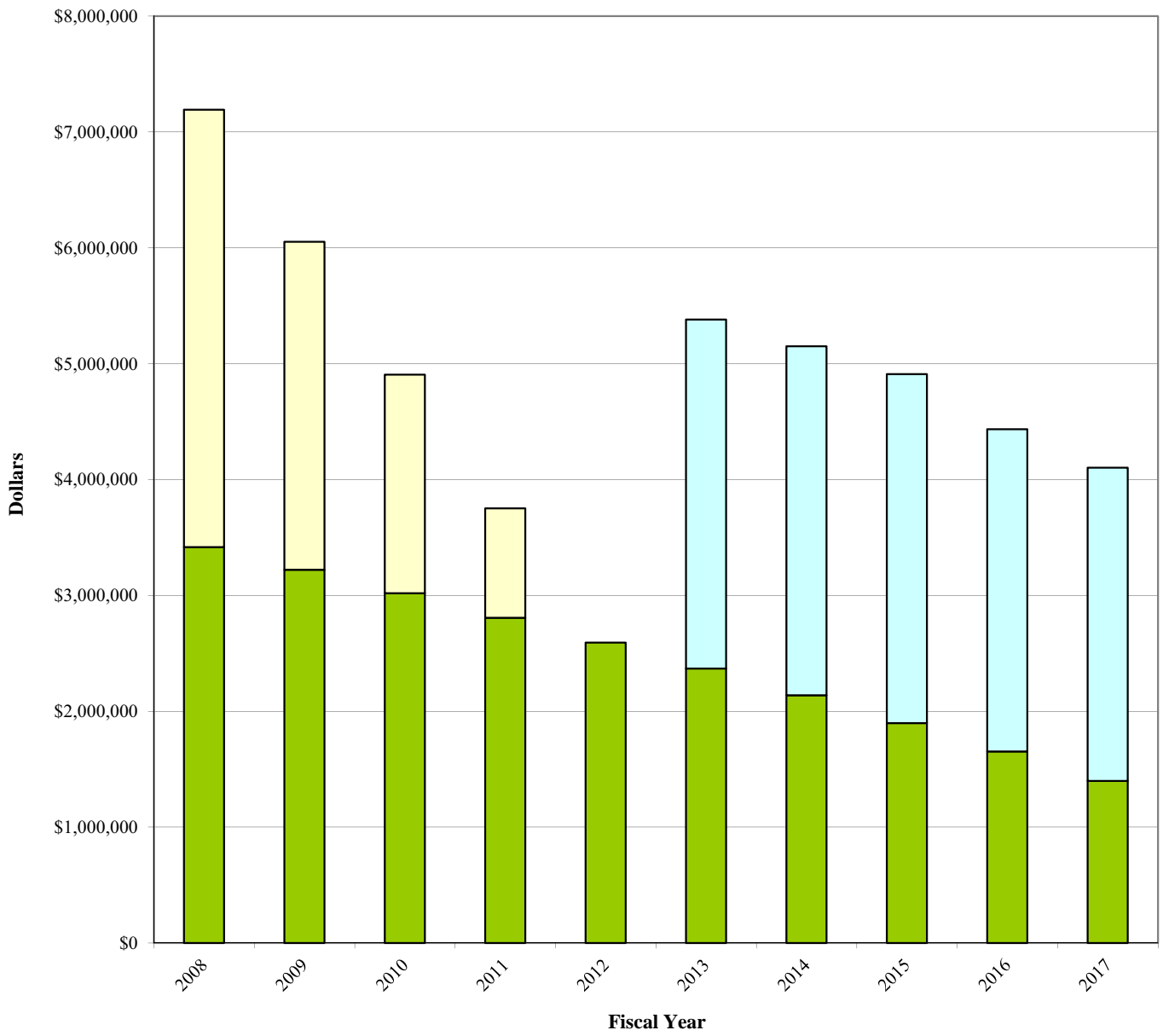
Note: Number of customers as of June 30 of fiscal year.

Source: Casitas Municipal Water District Accounting Department



Casitas Municipal Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Loans Payable	Notes Payable	Reimbursement Agreement	Total		
				Debt	Per Capita	As a Share of Personal Income
2008	\$ 3,417,845	\$ 3,774,584	\$ -	\$ 7,192,429	8.92	19.15%
2009	3,220,825	2,830,938	-	6,051,763	7.42	16.61%
2010	3,017,650	1,887,292	-	4,904,942	5.94	13.04%
2011	2,807,893	943,646	-	3,751,539	4.51	9.47%
2012	2,591,520	-	-	2,591,520	3.10	6.28%
2013	2,367,787	-	3,011,898	5,379,685	6.40	12.89%
2014	2,136,978	-	3,011,898	5,148,876	6.09	11.81%
2015	1,898,692	-	3,011,898	4,910,590	5.77	10.66%
2016	1,652,804	-	2,780,214	4,433,018	5.19	9.64%
2017	1,398,725	-	2,702,986	4,101,711	4.78	8.51%



Source: Casitas Municipal Water District Accounting Department

LEGISLATIVE INTENT SERVICE (800) 666-1917

**Casitas Municipal Water District
Debt Coverage
Last Ten Fiscal Years**

Fiscal Year	Net Revenues	Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2008	\$ 17,231,300	(10,107,124)	7,124,176	1,145,039	124,805	1,269,844	5.61
2009	17,172,474	(12,382,370)	4,790,104	1,151,666	118,147	1,269,813	3.77
2010	15,605,715	(10,169,397)	5,436,318	1,158,821	107,098	1,265,919	4.29
2011	15,304,255	(9,614,381)	5,689,874	1,165,403	96,491	1,261,894	4.51
2012	15,717,774	(10,948,207)	4,769,567	237,733	89,085	326,818	14.59
2013	15,752,090	(11,998,166)	3,753,924	244,809	81,334	326,143	11.51
2014	18,020,107	(12,234,997)	5,785,110	253,286	73,157	326,443	17.72
2015	17,937,802	(13,277,286)	4,660,516	261,888	64,830	326,718	14.26
2016	16,910,651	(13,931,131)	2,979,520	331,307	55,864	387,171	7.70
2017	15,758,515	(15,307,494)	451,021	339,430	42,866	382,296	1.18

Notes:

(1) Operating expenses exclude depreciation expense.

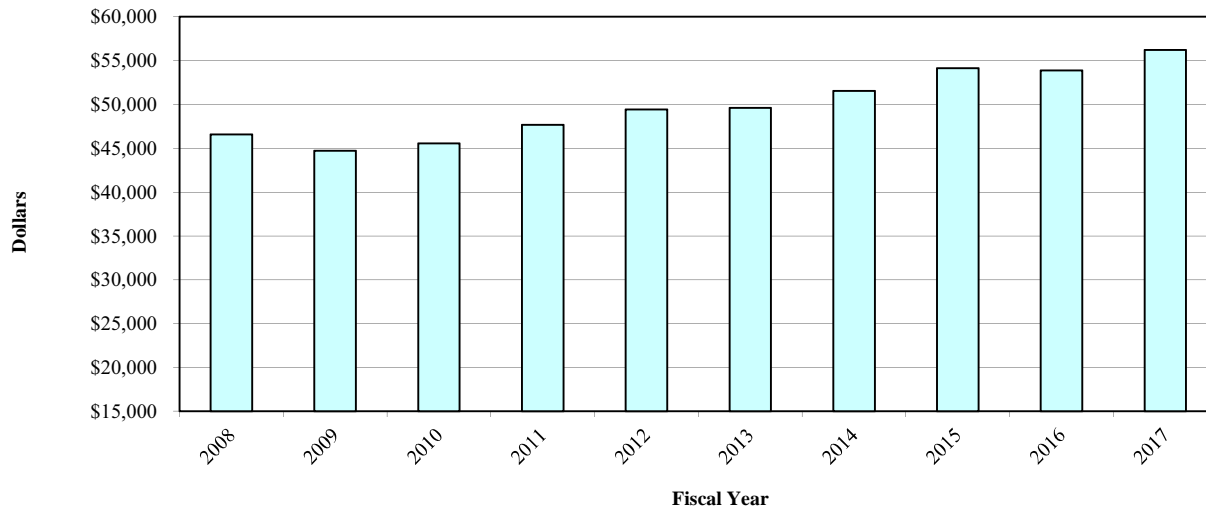
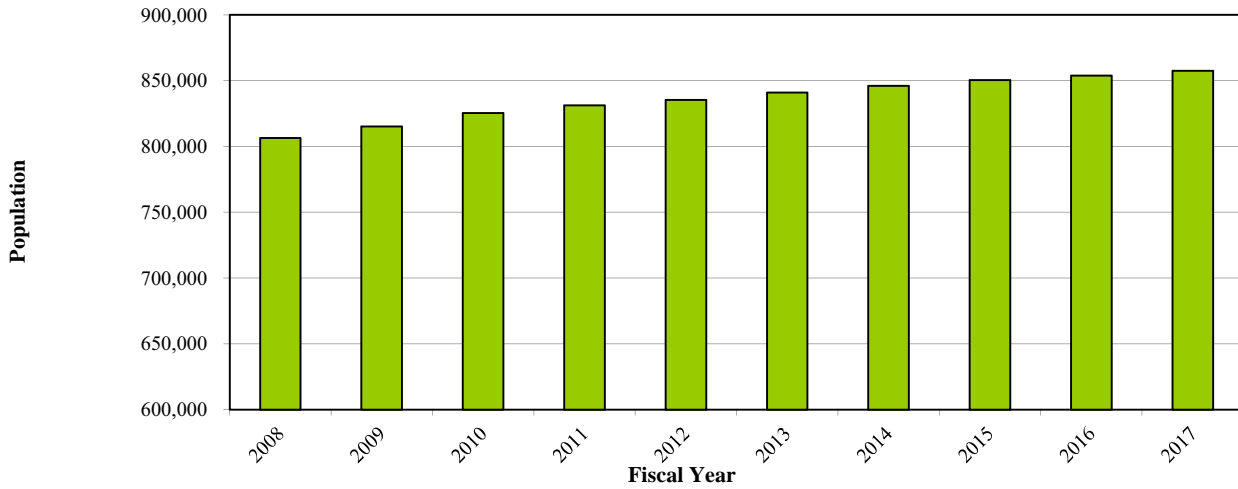
Assessment bonds and special tax bonds are not obligations of the District's operations - Mellos-Roos debt

Source: Casitas Municipal Water District Accounting Department



Casitas Municipal Water District
Demographics and Economic Statistics - County of Ventura
Last Ten Calendar Years

Year	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2008	6.3%	806,353	37,551,000	46,569
2009	9.6%	815,130	36,440,000	44,705
2010	10.8%	825,298	37,605,000	45,565
2011	10.2%	831,130	39,627,000	47,678
2012	9.1%	835,416	41,294,000	49,429
2013	7.9%	840,964	41,728,000	49,619
2014	6.6%	846,119	43,608,000	51,539
2015	5.6%	850,536	46,060,000	54,154
2016	5.2%	853,893	46,000,000	53,871
2017	4.5%	857,386	48,200,000	56,217



Sources: California Department of Finance and CaliforniaLaborMarketInfo

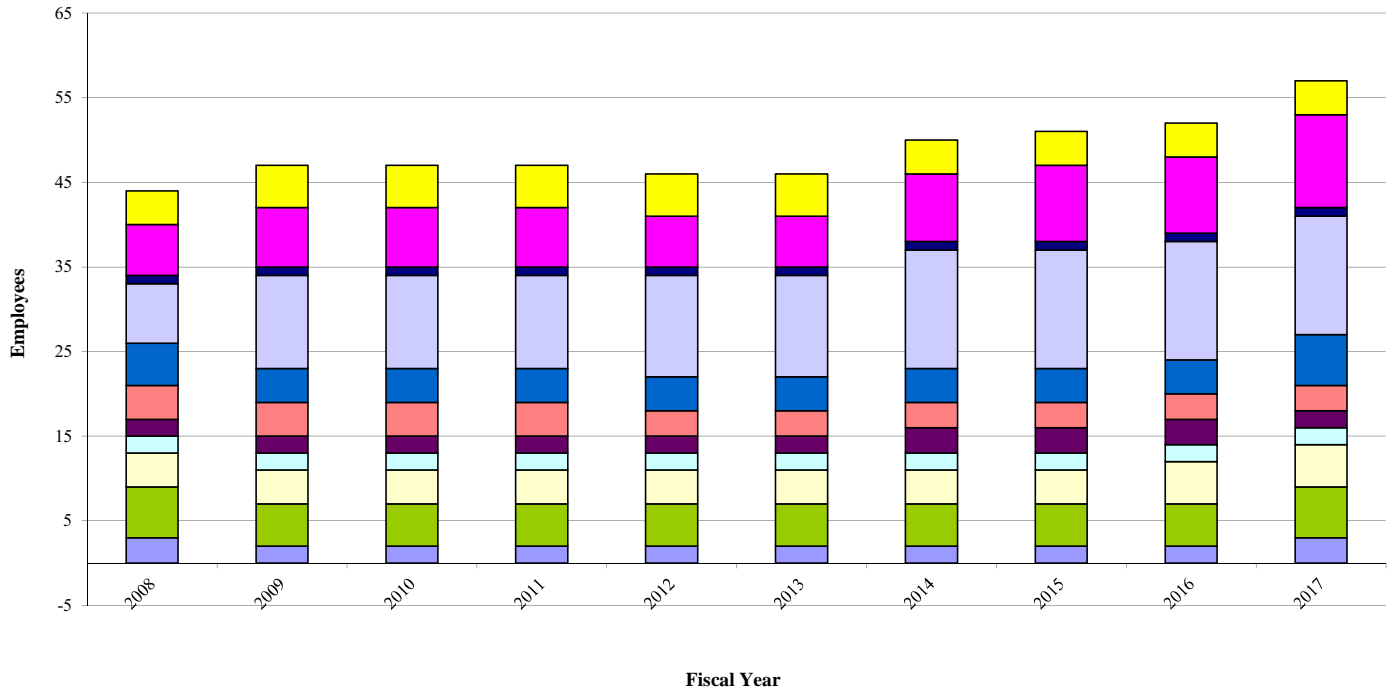
Notes:

(1) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.



**Casitas Municipal Water District
Operating and Capacity Indicators – Employees
Last Ten Fiscal Years**

Employees										
Department	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Management	3	2	2	2	2	2	2	2	2	3
Administration	6	5	5	5	5	5	5	5	5	6
Engineering	4	4	4	4	4	4	4	4	5	5
Water Quality Lab	2	2	2	2	2	2	2	2	2	2
Fisheries	2	2	2	2	2	2	3	3	3	2
Electrical and Mechanical	4	4	4	4	3	3	3	3	3	3
Distribution	5	4	4	4	4	4	4	4	4	6
Conservation and Treatment	7	11	11	11	12	12	14	14	14	14
Information Technology	1	1	1	1	1	1	1	1	1	1
Recreation Operations	6	7	7	7	6	6	8	9	9	11
Recreation Maintenance	4	5	5	5	5	5	4	4	4	4
Total	44	47	47	47	46	46	50	51	52	57



Sources: Casitas Municipal Water District Operations and Accounting Departments



**Casitas Municipal Water District
Operating and Capacity Indicators – Operations
Last Ten Fiscal Years**

Other Operating and Capacity Indicators					
Fiscal Year	Miles of Pipeline	Lake Storage Capacity (AF)	Lake Level at Year-End (AF)	Percentage of Lake Capacity	Daily System Capacity (MGD)
2008	105.7	254,000	222,528	87.6%	65
2009	105.7	254,000	199,851	78.7%	65
2010	105.7	254,000	194,405	76.5%	65
2011	105.7	254,000	218,328	86.0%	65
2012	105.7	254,000	197,199	77.6%	65
2013	105.7	254,000	171,748	67.6%	65
2014	105.7	254,000	145,253	57.2%	65
2015	105.7	254,000	122,050	48.1%	65
2016	105.7	254,000	100,696	39.6%	65
2017	125.7	254,000	136,850	53.9%	65

N/A - Data not available for these years

AF - Acre Feet

MGD - Millions of Gallons per Day

Sources: Casitas Municipal Water District Operations and Accounting Departments



INTEROFFICE MEMORANDUM

TO: STEVEN E. WICKSTRUM, GENERAL MANAGER
FROM: NEIL COLE, PRINCIPAL CIVIL ENGINEER
SUBJECT: APPLICATION FOR FEDERAL ASSISTANCE – THOMAS FIRE
2017
DATE: 1/19/2018

Recommendation:

It is recommended that the Board of Directors designate the President of the Board, the General Manager, and the Assistant General Manager as the District's agents to obtain federal financial assistance under the Robert T. Stafford Act, and file said designation with the Office of Emergency Services.

Background:

During the fire events between December 4, 2017 and TBD, the District experienced damages to critical infrastructure. The President has signed a federal major disaster declaration (FEMA-4353-DR-CA) to provide federal financial assistance to agencies that incurred damages during this California Wildfire event.

In order to pursue federal financial assistance, the agency must file a Designation of Applicant's Agent Resolution (OES Form 130) and other information with the State Office of Emergency. Attached is the Designation of Applicant's Agent Resolution for the Casitas Municipal Water District for consideration by the Board of Directors.

Please consider the completion of this Resolution at the next regular meeting of the Board of Directors.



**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE Board of Directors OF THE Casitas Municipal Water District
(Governing Body) (Name of Applicant)

THAT President of the Board of Directors, OR
(Title of Authorized Agent)

General Manager, OR
(Title of Authorized Agent)

Assistant General Manager
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the Casitas Municipal Water District, a public entity
(Name of Applicant)
established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the Casitas Municipal Water District, a public entity established under the laws of the State of California,
(Name of Applicant)
hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

- This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.
- This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this _____ day of _____, 2018

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, Rebekah Vieira, duly appointed and _____ of
(Name) (Title)

Casitas Municipal Water District, do hereby certify that the above is a true and correct copy of a
(Name of Applicant)

Resolution passed and approved by the Board of Directors of the Casitas Municipal Water District
(Governing Body) (Name of Applicant)

on the _____ day of _____, 2018.

(Signature)

(Title)



Cal OES Form 130 Instructions

A Designation of Applicant's Agent Resolution for Non-State Agencies is required of all Applicants to be eligible to receive funding. A new resolution must be submitted if a previously submitted Resolution is older than three (3) years from the last date of approval, is invalid or has not been submitted.

When completing the Cal OES Form 130, Applicants should fill in the blanks on page 1. The blanks are to be filled in as follows:

Resolution Section:

Governing Body: This is the group responsible for appointing and approving the Authorized Agents.
Examples include: Board of Directors, City Council, Board of Supervisors, Board of Education, etc.

Name of Applicant: The public entity established under the laws of the State of California. Examples include: School District, Office of Education, City, County or Non-profit agency that has applied for the grant, such as: City of San Diego, Sacramento County, Burbank Unified School District, Napa County Office of Education, University Southern California.

Authorized Agent: These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the Governor's Office of Emergency Services regarding grants applied for by the Applicant. There are two ways of completing this section:

1. **Titles Only:** If the Governing Body so chooses, the titles of the Authorized Agents would be entered here, not their names. This allows the document to remain valid (for 3 years) if an Authorized Agent leaves the position and is replaced by another individual in the same title. If "Titles Only" is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency and does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names **and** titles of the Authorized Agents would be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

Governing Body Representative: These are the names and titles of the approving Board Members.
Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles **cannot** be one of the designated Authorized Agents, and a minimum of two or more approving board members need to be listed.

Certification Section:

Name and Title: This is the individual that was in attendance and recorded the Resolution creation and approval.
Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person **cannot** be one of the designated Authorized Agents or Approving Board Member (if a person holds two positions such as City Manager and Secretary to the Board and the City Manager is to be listed as an Authorized Agent, then the same person holding the Secretary position would sign the document as Secretary to the Board (not City Manager) to eliminate "Self Certification.")



**CASITAS MUNICIPAL WATER DISTRICT
MEMORANDUM**

TO: STEVE WICKSTRUM, GENERAL MANAGER
FROM: RON MERCKLING, PUBLIC AFFAIRS/RESOURCE MANAGER
SUBJECT: WATER CONSERVATION DECEMBER 2017 UPDATE
DATE: JANUARY 11, 2017

During the month of December 2017, the following activities were completed by the Water Conservation Department:

- Facebook and Website updates
- UWMP development – ongoing – completion schedule moving from June to October due to difficulty in collecting data from the Ojai system.
- Media interviews:
 - Spoke with Stephanie O’Neil, NPR radio; Sarah Parvini, LA Times Reporter; Alex Wilson, KVTA Radio Reporter; Marisa Nall, Pacific Coast Times Business Reporter, Stephanie O’Neill, NPR reporter. Clarified that Casitas’ hydrants remained working during entire Thomas Fire. Did not speak directly to lawsuit. December 20.
 - Spoke with Perry Van Houten, OVN; Michael Sullivan, VCR on regular basis during fire emergency
 - Spoke with Brenda Gazzar, LA Daily News; Sid Garcia, Channel 7 ABC News; and Alex Wilson, KVTA radio, and Cherriann Carlson, VCS regarding fire emergency
 - Regular communication with Ventura County OES
 - Spoke with Sharon McNeary, Public Radio (KPPC) regarding Fire Hydrants working (before any lawsuit), also spoke about boil water notices December 7
 - Spoke with Alex Wilson, KVTA radio and Michael Sullivan,
- Managing Cross-connection control program, working on upgrades to program
 - 6 Emails
 - 5 surveys
 - 28 calls
- State Water Resources Control Board monthly report filed.
- Turf Removal program – 2 new applicants in November
- Continued meetings and phone calls with customers regarding allocation program
- 0 water surveys completed
- Demonstration garden work in front of main office - plantings and maintenance direction given.
- Responded to 5 water waste reports. Some of these reports required site visits, phone calls, coordinating with other agencies, and mailings



- Rebates
 - 1 Weather based controller rebate
 - 4 High Efficiency Toilets
 - 2 High Efficiency Washing Machine rebates
- Landscape sign program – 0 new signs distributed this month
- Water Conservation Advertising:
 - 3 ads in OVN paper and website ads
 - 1 automated phone message
 - Bill message
- Attended the following meetings:
 - AWA Symposium Committee meeting December 6
 - Aaron Cooke, Fred Pryor December 8
 - Gabrielle Pena, Incode multiple meetings on new customer report development



**CASITAS MUNICIPAL WATER DISTRICT
TREASURER'S MONTHLY REPORT OF INVESTMENTS
01/17/18**

Type of Invest	Institution	CUSIP	Date of Maturity	Adjusted Cost	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Farmer MAC	31315PYF0	5/2/2028	\$512,188	\$497,435	2.925%	11/20/2017	2.43%	3705
*TB	Federal Farm CR Bank	3133EGZW8	10/25/2024	\$833,918	\$798,898	2.014%	10/25/2016	3.90%	2438
*TB	Federal Farm CR Bank	31331VWN2	4/13/2026	\$904,878	\$851,894	1.901%	5/9/2016	4.16%	2966
*TB	Federal Farm CR Bank	3133EFK71	3/9/2026	\$852,460	\$814,472	2.790%	3/28/2016	3.97%	2932
*TB	Federal Farm CR Bank	3133EFYH4	2/8/2027	\$1,013,751	\$988,810	3.000%	3/24/2016	4.82%	3261
*TB	Federal Farm CR Bank	3133EGWD	9/29/2027	\$694,629	\$650,786	2.354%	11/17/2016	3.18%	3492
*TB	Farmer MAC	3133EEPH7	2/12/2029	\$480,223	\$464,726	2.710%	11/20/2017	2.27%	3985
*TB	Federal Home Loan Bank	3130A3DL	9/8/2023	\$1,571,896	\$1,489,410	1.486%	10/13/2016	7.27%	2031
*TB	Federal Home Loan Bank	313379EE5	6/14/2019	\$1,359,386	\$1,343,358	1.625%	10/3/2012	6.55%	507
*TB	Federal Home Loan Bank	3130A0EN	12/10/2021	\$533,602	\$509,875	1.107%	5/9/2016	2.49%	1403
*TB	Federal Home Loan Bank	3130A5R35	6/13/2025	\$762,567	\$725,589	2.875%	2/19/2016	3.54%	2666
*TB	Federal Home Loan Bank	313383YJ4	9/8/2023	\$463,999	\$434,484	1.203%	7/14/2016	2.12%	2031
*TB	Federal Home Loan Bank	3130A5VW6	7/10/2025	\$1,023,178	\$1,000,890	2.360%	5/10/2017	4.88%	2693
*TB	Federal Home Loan Bank	3130AIXJ2	6/14/2024	\$924,065	\$863,032	2.875%	8/2/2016	4.21%	2307
*TB	Federal Home Loan Bank	3133XFKF	6/11/2021	\$636,730	\$621,874	5.625%	1/16/2013	3.03%	1224
*TB	Federal Home Loan MTG Corp	3137EADB	1/13/2022	\$674,115	\$665,760	2.375%	9/8/2014	3.25%	1436
*TB	Federal National Assn	31315P2J7	5/1/2024	\$792,926	\$752,470	1.721%	5/1/2016	3.67%	2264
*TB	Federal National Assn	3135G0ZR	9/6/2024	\$1,470,612	\$1,400,231	2.625%	5/25/2016	6.83%	2389
*TB	Federal National Assn	3135G0K3	4/24/2026	\$2,527,907	\$2,401,150	2.125%	5/25/2016	11.72%	2977
*TB	US Treasury Inflation Index NTS	912828JE1	7/15/2018	\$1,146,243	\$1,158,602	1.375%	7/6/2010	5.65%	178
*TB	US Treasury Inflation Index NTS	912828MF	1/15/2020	\$1,147,368	\$1,170,464	1.375%	11/18/2015	5.71%	718
*TB	US Treasury Note	912828WE	11/15/2023	\$768,122	\$779,405	2.750%	12/13/2013	3.80%	2098
Accrued Interest					\$111,011				
Total in Gov't Sec. (11-00-1055-00&1065)				\$21,094,764	\$20,494,628			99.98%	
Total Certificates of Deposit: (11.13506)				\$0	\$0			0.00%	
**	LAIF as of: (11-00-1050-00)		N/A	\$452	\$452	1.07%	Estimated	0.00%	
***	COVI as of: (11-00-1060-00)		N/A	\$2,879	\$2,879	0.93%	Estimated	0.01%	
TOTAL FUNDS INVESTED				\$21,098,095	\$20,497,959			100.00%	
Total Funds Invested last report				\$21,105,481	\$20,603,147				
Total Funds Invested 1 Yr. Ago				\$20,204,313	\$19,806,971				
****	CASH IN BANK (11-00-1000-00) EST.			\$2,423,571	\$2,423,571				
	CASH IN Western Asset Money Market			\$128	\$128	0.19%			
TOTAL CASH & INVESTMENTS				\$23,521,794	\$22,921,658				
TOTAL CASH & INVESTMENTS 1 YR AGO				\$25,458,117	\$25,060,775				

- *CD CD - Certificate of Deposit
- *TB TB - Federal Treasury Bonds or Bills
- ** Local Agency Investment Fund
- *** County of Ventura Investment Fund
- Estimated interest rate, actual not due at present time.
- **** Cash in bank

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.
All investments were made in accordance with the Treasurer's annual statement of investment policy.



As a matter of proper business decorum, the Board of Directors respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside of the meeting room.

**AGENDA
REGULAR BOARD MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 E. MIRAMAR AVENUE, CLAREMONT, CA 91711
Wednesday, March 21, 2018 at 8:00 AM**

The mission of Three Valleys Municipal Water District is to supplement and enhance local water supplies to meet our region's needs in a reliable and cost-effective manner.

Item 1 – Call to Order

Kuhn

Item 2 – Pledge of Allegiance

Kuhn

Item 3 – Roll Call

**Executive
Assistant**

- Bob Kuhn, President, Division IV
- David De Jesus, Vice President, Division II
- Brian Bowcock, Secretary, Division III
- Joe Ruzicka, Treasurer, Division V
- Dan Horan, Director, Division VII
- Carlos Goytia, Director, Division I
- John Mendoza, Director, Division VI

Item 4 – Additions to Agenda *(Government Code Section 54954.2(b)(2))*

Additions to the agenda may be considered when two-thirds of the Board members present determine a need for immediate action, and the need to act came to the attention of TVMWD after the agenda was posted; this exception requires a degree of urgency. If fewer than two-thirds of the Board members are present, all must affirm the action to add an item to the agenda. *The Board shall call for public comment prior to voting to add any item to the agenda after posting.*

Kuhn

Item 5 – Reorder Agenda

Kuhn

Item 6 – Public Comment *(Government Code Section 54954.3)*

Kuhn

Opportunity for members of the public to directly address the Board on items of public interest that is within the subject matter jurisdiction of TVMWD. The public may also address the Board on items being considered on this agenda. TVMWD requests that all public speakers complete a speaker's card and provide it to the Executive Assistant.

We request that remarks be limited to five minutes or less.



Item 7 – Consent Calendar

Kuhn

The Board is being asked to consider the consent calendar items 7.A–7.E listed below. Consent calendar items are routine in nature and may be considered and approved by a single motion. Any member of the Board may request that a specific item be pulled from the consent calendar for further discussion.

7.A – Receive, Approve and File Minutes – February 2018 [enc]

- February 21, 2018 – Regular Board Meeting

7.B – Approve Financial Reports and Investment Update – February 2018 [enc]

- Change in Cash and Cash Equivalents Reports
- Consolidated Listing of Investment Portfolio and Investment Report
- YTD District Budget Monthly Status Reports
- Warrant Summary Disbursements

7.C – FY 2018-19 Annual Purchase Orders [enc]

The Board will consider approval of the recommended FY 18-19 annual purchase orders reviewed during their March 7, 2018 meeting.

7.D – Calendar Year Imported Water Sales – February 2018 [enc]

The Board will review a summary of the calendar year imported water sales for February 2018.

7.E – Miramar Operations Report – February 2018 [enc]

The Board will review the monthly Miramar Operations Report that includes a summary of the following reports: water quality, monthly production, monthly and year-to-date sales, hydro-generation production and operations / maintenance review.

Items 7.A – 7.E: Board Action Required – Motion No. 18-03-5168

Staff Recommendation: Approve as presented

Item 8 – General Manager’s Report

Hansen

The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.

**Howie
Linthicum
Garcia**

8.A – Legislative Update, March 2018 [enc]

The Board will be provided a legislative update of current activities that will include the first legislative status report for legislative year 2018.

8.B – Approve Resolution No. 18-03-819 In Support of 2018 Water Bonds [enc]

The Board will consider approval Resolution No. 18-03-819 in support of 2018 Water Bonds: Proposition 68 and the State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protection and Restoration, Drinking Water Protection Act of 2018.



Item 8.B: Board Action Required – Motion No. 18-03-5169

Staff Recommendation: Approve as presented.

8.C – Approve Director Expense Reports, February 2018 [enc]

The Board will consider approval of the February 2018 Director Expense reports that include disclosure of per diem requests for meeting attendance, and an itemization of any expenses incurred by TVMWD.

Item 8.C: Board Action Required – Motion No. 18-03-5170

Staff Recommendation: None

8.D – Employee Bonus [enc]

The Board will consider authorizing a one-time discretionary bonus to all staff members for their constant diligence in maintaining low loss claims on liability, workers compensation and property in a total sum not to exceed the amount of the recent award distribution from ACWA-JPIA for preserving such low loss claims. As a result, this discretionary bonus will not impact the current budget.

Item 8.D: Board Action Required – Motion No. 18-03-5171

Staff Recommendation: Approve as presented.

Item 9 – Directors’ / General Manager Oral Reports

The following reports are provided by Directors as it concerns activities at meetings of which they are assigned to serve as the representative or alternate of the District.

9.A – Local Agency Formation Commission <i>(March 14, 2018)</i>	Ruzicka
9.B – Main San Gabriel Basin Watermaster <i>(March 7, 2018)</i>	Bowcock
9.C – Six Basins Watermaster <i>(February 28, 2018)</i>	Bowcock
9.D – San Gabriel Valley Water Quality Authority <i>(February 21, 2018)</i>	Kuhn
9.E – Chino Basin Watermaster <i>(February 22, 2018)</i>	Kuhn
9.F – Pomona City Council <i>(March 5 & 19, 2018)</i>	Mendoza
9.G – San Gabriel Valley Council of Governments <i>(March 15, 2018)</i>	Goytia
9.H – Metropolitan Water District <i>(March 13, 2018)</i>	De Jesus
9.I – Additional Board Member or Staff Reports / Comments	All



Item 10 – Closed Session

10.A – Conference with Real Property Negotiators [pursuant to Government Code Section 54956.8]

- Property: 675 E. Miramar Avenue, Claremont, CA 91711
- District Negotiator: Richard Hansen, General Manager
- Negotiating Parties: Mr. & Mrs. Wu
- Under Negotiation: Pricing and terms

Item 11 – Report Out Of Closed Session

Item 12 – Future Agenda Items

Kuhn

Item 13 – Adjournment

Kuhn

The Board will adjourn to a Regular Board Meeting on April 4, 2018.

American Disabilities Act Compliance Statement
Government Code Section 54954.2(a)



Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the TVMWD’s Executive Assistant at (909) 621-5568 at least 24 hours prior to meeting.

Agenda items received after posting
Government Code Section 54957.5

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the TVMWD office located at, 1021 East Miramar Avenue, Claremont, CA, 91711. The materials will also be posted on the TVMWD website at www.threevalleys.com.

Three Valleys MWD Board Meeting packets and agendas are available for review on its website at www.threevalleys.com. The website is updated on Sunday preceding any regularly scheduled board meeting.



**MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, February 21, 2018
8:00 a.m.**

1. Call to Order

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 am at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was President Bob Kuhn.

2. Pledge of Allegiance

The flag salute was led by President Bob Kuhn.

3. Roll Call

Roll call was taken with the full board present.

Directors Present

Bob Kuhn, President
David De Jesus, Vice President
Brian Bowcock, Secretary
Joe Ruzicka, Treasurer
Dan Horan, Director
Carlos Goytia, Director
John Mendoza, Director

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Dominique Aguiar, Water Operations Supervisor
Liz Cohn, Senior Financial Analyst
Ray Evangelista, Engineer
Mario Garcia, Chief Engineer/Operations Officer
Vicki Hahn, District Clerk/Executive Assistant
Kirk Howie, Chief Administrative Officer
Steve Lang, Water Operations Manager
James Linthicum, Chief Finance Officer
Ben Peralta, Project Engineer

Directors Absent

None

Guests and others present: Bob Bowcock, Integrated Resource Management; Steve Corrington, MIH Water; Tom Coleman, Rowland Water District; Paul DiMaggio, Suburban Water Systems; Director Ted Ebenkamp, Walnut Valley Water District; Director Ed Hilden, Walnut Valley Water District; Erik Hitchman, Walnut Valley Water District; Michael Hurley; Brad Jensen, San Gabriel Valley Economic Partnership; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Dean McHenry, League of Women Voters; Steve Patton, City of Glendora; Darron Poulsen, City of Pomona; Miguel Santana, Fairplex Association; Ludd Trozpek, Claremont resident; Dave Warren, Rowland Water District

4. Additions to Agenda

President Kuhn inquired if there was a need to add items to the agenda. Staff did not have a need to add items to the published agenda.

Unapproved Minutes

[Regular Board Meeting Minutes 20180221](#)

9336



5. Reorder Agenda

President Kuhn inquired if there was a need to reorder the agenda. Staff did not have a need to reorder the published agenda.

6. Public Comment

President Kuhn called for any public comment. There were two public comment requests as follows:

Brad Jensen, Director of Public Policy, San Gabriel Valley Economic Partnership addressed the Board to thank them for their support, and to share the new 2018 Legislative Guide that has been produced in part by the District's Membership. The Board was also provided a copy of the Partnership's Annual Report, that provided a summary of activities during the past year.

Ludd Trozpek, Claremont resident, Via Padova Avenue. Mr. Trozpek addressed the Board to inquire about the cause of the recent water outage in north Claremont on February 6. Board President, Bob Kuhn, requested the General Manager provide a response. Mr. Hansen advised the outage occurred during TVMWD's planned annual maintenance, that had been coordinated with the member agencies during the preceding four months. It was discovered that Golden State Water Company, the retail provider, did not have adequate supplies in its reservoirs to meet its customer's demands. It was also shared that imported water delivered by Three Valleys is a supplemental source, and that all member agencies, by agreement, are required to have a minimum of seven days supplies available at its delivery sources to meet customer needs.

7. Consent Calendar

The Board was asked to consider the consent calendar items (7A-7F) for the February 21, 2018 Board meeting that included: (7A) receive, approve and file, January 2018 Minutes for January 3, 2018 and January 17, 2018; (7B) receive, approve and file financial reports and investment update January 2018; (7C) receive FY 2017-18 second quarter reserve update; (7D) approve Resolution No. 18-02-818 Tax Sharing Exchange with County Lighting Maintenance District 1687, Annexation L-007-2009; (7E) receive and file updates to the TVMWD Purchasing Policy; (7F) receive calendar year imported water purchases report, January 2018.

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

**Moved: Ruzicka; Second: Horan
Motion No. 18-02-5164 – Approving Consent Calendar Items 7A
– 7F for February 21, 2018. The motion passed by a 7-0
unanimous vote.**



8. General Manager's Report

8.A – Administration

8.A.1 Legislative Update, February 2018

The Board was provided a legislative update for February 2018 that addressed some bills TVMWD may act on, as well as updates on the state draft budget, California WaterFix and legislative vacancies. The Board will be provided its first legislative status report during the second meeting in March.

February 16, 2018 was the last day to introduce new legislation. TVMWD is presently working with its lobbyist to prioritize those bills for action. TVMWD is monitoring two carryover bills from the prior year, and one new bill as follows:

SB 778-Hertzberg: granting the State Water Resources Control Board greater authority in consolidations, and bypassing California Local Area Formation Commission is being monitored. It is anticipated that TVMWD will act to oppose this legislation.

SB 623-Monning: granting the State Water Resources Control Board to establish a public goods charge to assist low performing agencies in their effort to provide safe and affordable drinking water. TVMWD has acted to oppose this legislation.

SB 998-Dodd: requiring retailers to extend service for customer non-payment for at least 60 days. TVMWD has taken a watch position on this legislation.

There are several leadership changes pending at the state level. A special election is scheduled for April 2018 to fill three vacant seats. There will also be a recall election for Senator Josh Newman, District 29. Two legislators, Assembly Member Christina Garcia, and Senator Tony Mendoza, District 32 are on leave of absence, pending outcomes of harassment claims. Senators Mendoza and Newman serve the Three Valleys service area. These vacancies have resulted in the elimination of a super majority for the Democrat party.

Notable items to be included on the June 2018 Primary Election include, passage of Proposition 68, authorizing \$4.1 billion in general obligation bonds to finance water and park projects, climate change preparedness, coastal protection and outdoor access. TVMWD will bring a resolution of support on this item to the March 21, 2018 meeting for Board consideration.

Notable items planned for the November 2018 General Election include, all Assembly seats and half of the Senate seats are up for election. It is expected that changes will result due to term limits and challengers. A second water bond, in the amount of \$8.9 billion to fund a wide range of projects from safe drinking water to Sustainable Groundwater Management Act (SGMA) implementation, and watershed improvements. Proponents are collecting signatures to qualify the measure.

Unapproved Minutes

Regular Board Meeting Minutes 20180221

9338



The initial budget has been introduced by Governor Brown with a planned \$6.1 billion surplus. This may change during the May revision. The FY 2018-19 budget is expected to be adopted on time.

8.A.2 Approve Director Expense Reports, January 2018

The Board was asked to approve the January 2018 expense reports. Upon motion and second the floor was opened for discussion. There being no discussion President Kuhn called for the vote.

Moved: Goytia; Second: Horan
Motion No. 18-02-5165 – Approve payment of January 2018 director expense reports. The motion passed by a 7-0 unanimous vote.

8.B – Engineering and Operations

8.B.1 Award TVMWD Grand Avenue Well (Phase 1 – Drilling / Development) Construction Project No. 58446

The Board was advised that CEQA has been completed on the referenced project, and the notice inviting bids was advertised during December 2017. A total of three bids were received ranging from \$785,000-\$1,200,000. Staff is recommending the award be made to the lowest probable bidder, South West Pump and Drilling in the amount of up to \$900,000. The additional funding is being recommended to cover the anticipated slow drilling conditions that have been identified. Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

Moved: Bowcock; Second: De Jesus
Motion No. 18-02-5166 – Approve award of Project No. 58446, TVMWD Grand Avenue Well (Phase 1 – Drilling / Development), to South West Pump and Drilling in the amount of up to \$900,000. The motion passed by a 7-0 unanimous vote.

8.B.2 Project Summary Update

The Board was provided with an update of ongoing projects at the District including a photographic presentation of progress. The full report was included as part of the agenda packet and is available upon request.

8.B.3 Miramar Operations Report January 2018

Water Operations Manager, Steve Lang provided the January 2018 report. Water quality continues to meet all state requirements with no violations during the month. Total Trihalomethanes were at historic lows of 34.5-43.2 µg/l compared to the maximum contaminant level of 80 µg/l.

Total plant production for the month was 1,112.3/AF, approximately 60% of capacity. For the fifth consecutive month groundwater wells 1 and 2 delivered greater than the prior year for a total of 119.6/AF compared to 49.0/AF in the prior year. Year-to-date sales were a combined total of 8,854.6/AF, approximately 121% of budget. Hydrogeneration sales were under budget at most sites. Miramar #1 will be returned to service by end of the month. Miramar #3 has continued to produce as expected during low pressure in the lines.

Unapproved Minutes

[Regular Board Meeting Minutes 20180221](#)

9339



Mr. Lang reviewed special activities/outages and outreach which included:

- Maintenance of the north/south sedimentation basins.
- MWD maintenance on PM-21 pressure transmitter.
- Coordination meeting with member agencies for planned annual maintenance shutdown.
- There was one scheduled outage, at the Live Oak spreading grounds to allow SCE to complete planned maintenance.
- Student field trips for several Glendora elementary schools and Western Christian Academy high school were facilitated by staff.

The complete report is available upon request.

Following his report, Mr. Lang provided a photographic summary of the CY 2018 annual maintenance of TVMWD's Miramar Water Treatment Plant. Staff responded to questions regarding specific projects referenced.

8.C – Finance and Personnel

8.C.1 Strategic Plan FY 2018-19 Draft

The Board was provided a review of the proposed FY 2018-19 Strategic Plan. The purpose of the Strategic Plan is to provide guidance on planned activities in support of TVMWD Mission and Vision Statements. Notable additions to the FY 2018-19 Strategic Plan included an updated organizational chart to add the Assistant General Manager position, an update to the five-year capital plan projects to enhance groundwater production. Once approved, staff will include the Strategic Plan on the District website to keep all stakeholders informed of TMVWD's strategic priorities. Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

Moved: Bowcock; Second: Goytia
Motion No. 18-02-5167 – Approve draft FY 2018-19 Strategic Plan. The motion passed by a 7-0 unanimous vote.

8.C.2 FY 2018-19 Budget Review Schedule

The Board was provided with the planned FY 2018-19 budget review schedule. The budget workshop is scheduled to be held during our next meeting on March 7, 2018. Following review by the Board, staff will be sharing the budget with the member agencies and return with any adjustments during the first meeting in April. It is anticipated the Board will approve the budget during its April 18, 2018 meeting. It was noted that MWD is scheduled to adopt their CY 2019 water rates and charges during their April 10, 2018 meeting.

9. Directors' /General Manager Oral Reports

The Directors reported on activities at various meetings they attend on behalf of TVMWD.

9.A Local Agency Formation Commission – Director Ruzicka reported on discussion surrounding the status of the Santa Clarita Water Agency merger of Castaic Lake Water Agency and Newhall Ranch Water Agency. While the decision

Unapproved Minutes

[Regular Board Meeting Minutes 20180221](#)

9340



Item 7.A

regarding the actual merger lies with the Governor because of the passage of SB 634, the law does permit LAFCO to retain authority to set certain conditions. This is presently being evaluated.

9.B PWR-JWL Commission – Director Horan reported on the meeting held on February 15, 2018. During this meeting the annual rotation of officers was conducted. Tony Lima, Rowland Water District will be the chair for 2018. The next meeting is scheduled for June 21, 2018.

9.C Main San Gabriel Basin Watermaster – Director Bowcock reported on the most recent meeting. The key well is presently at 182.8' and will continue to increase slightly as precipitation occurs.

9.D Six Basins Watermaster- Director Bowcock reported there have not been any updates since the last meeting. The next meeting is scheduled for February 28, 2018.

9.E San Gabriel Valley Water Quality Authority – Director Kuhn reported on the most recent meeting. During this meeting the election of officers for FY 2018-19 took place. The same officers will serve for FY 2018-19 with Director Kuhn serving as Vice Chair. Director Kuhn reported there is consideration under review by Congress to introduce legislation to reinstate earmarks. Should this legislation move forward, WQA could be eligible for up to \$10 million for water quality remediation in the San Gabriel Valley.

9.F Chino Basin Watermaster – Director Kuhn reported that at its last meeting this board considered election of officers for CY 2018. Bob DiPrimio was elected as chairman and Jeff Pierson was elected as vice chairman. Jeff VandenHeuvel stepped down after many years of service as he is moving out of the area.

9.G Pomona City Council – Director Mendoza reported on the recent city council meeting. Water related actions taken included the extension of a first amendment to the agreement between the City and RMC to develop a Sewer and Recycled Water Strategic Plan. The Council was also provided information regarding a proposed agreement for water meter replacements throughout the city. Discussions occurred following closed session regarding evaluation of City Attorney, City Manager and City Clerk, prior to a proposed RFP being issued for new legal services. Finally, during the February 26th meeting Director Goytia will be presented with the Pomona Goddess Award for his past service on the Park and Recreation Commission.

9.H San Gabriel Valley Council of Governments – No report provided.

9.I Metropolitan Water District – Director De Jesus reported on information from the most recent board and committee meetings.

- The first budget workshop was held. The outcome of this session projected a 4% overall increase for CY 2019, with increase in projections of 3% for each of the outlying ten years. These



projections are based upon an assumption that MWD delivers 1.8 million acre-feet of water by 2021.

- A summary of the costs and benefits were reviewed based upon the current proposal for the California WaterFix of moving to a single tunnel.
- An update on MWD OPEB pension funding was provided. The board is evaluating formation of a 115 trust to buy-down future pension debt.

9.J Additional Board Member or Staff Reports / Comments

- Director Mendoza informed that Scott Slater presented at last week's American Groundwater Trust Conference. It was commented from the lectern that it would be ideal if the Cadiz project could be brought to fruition prior to the next election.
- Mr. Miguel Santana, CEO of Fairplex was in the audience, and invited to provide the Board with an update of programs underway and planned for the Fairplex community.
- Director Bowcock reminded everyone to save the date for the next San Gabriel Valley Water Forum that will be held at the Fairplex Convention Center on September 18, 2018.

10. Future Agenda Items

There were no requests for future agenda items.

11. Adjournment

The Board adjourned at 9:36 am to its next regular meeting scheduled for Wednesday, March 7, 2018 at 8:00 am.

/s/ Bob Kuhn
President, Board of Directors
Three Valleys Municipal Water District

Recorded by: Victoria A. Hahn,
District Clerk/Executive Assistant



Staff Report/Memorandum



To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager [REDACTED]
Date: March 21, 2018
Subject: Change in Cash and Cash Equivalents Position Report

For Action **Fiscal Impact** **Funds Budgeted**
 Information Only **Cost Estimate:** \$

Discussion:

Attached for your review is the Change in Cash and Cash Equivalents Report for the period ending February 28, 2018.





CHANGE IN CASH AND CASH EQUIVALENTS REPORT

February 1 through February 28, 2018

		<u>CASH</u>	<u>CASH EQUIVALENTS</u>
SUMMARY 02/28/2018			
	Petty Cash	6,000.00	
	Local Agency Investment Fund		920,184.50
	General Checking	1,600,000.00	
	Sweep Account	2,936,733.57	
	U.S. Bank	5,000.00	
	TOTAL CASH IN BANKS & ON HAND	\$ 4,547,733.57	\$ 920,184.50
	TOTAL CASH IN BANKS & ON HAND 02/28/18	\$ 4,547,733.57	\$ 920,184.50
	TOTAL CASH IN BANKS & ON HAND 01/31/18	\$ 5,184,658.27	\$ 920,184.50
	PERIOD INCREASE (DECREASE)	\$ (636,924.70)	\$ -
CHANGE IN CASH POSITION DUE TO:			
	Water Sales/Charges Revenue	4,840,008.06	
	Interest Revenue	690.29	
	Subvention/RTS Standby Charge Revenue	614,174.02	
	Hydroelectric Revenue	362.28	
	Other Revenue	5,569.94	
	Investment Xfer From Chandler Asset Mgt		
	LAIF Quarterly Interest		
	Transfer To LAIF		
	Transfer From LAIF		
	INFLOWS	5,460,804.59	-
	Expenditures	(6,076,588.29)	
	Current Month Outstanding Payables	6,463.94	
	Prior Month Cleared Payables	(27,397.44)	
	Bank/FSA Svc Fees	(207.50)	
	HRA/HSA Payment		
	Xfer to PARS - Fund OPEB & Pension Trusts	-	
	Investment Xfer to Chandler Asset Mgmt		
	Transfer to LAIF		
	Transfer From LAIF		
	OUTFLOWS	(6,097,729.29)	-
	PERIOD INCREASE (DECREASE)	(636,924.70)	-





Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT CONSOLIDATED LISTING OF INVESTMENT PORTFOLIO February 28, 2018

ITEM	BOOK YIELD	BOOK VALUE	PAR VALUE	MARKET VALUE
Chandler Asset Management				
ABS - Asset Backed Securities	1.81%	412,567.22	412,589.26	411,001.69
Bonds - Agency	1.67%	3,970,235.15	3,975,000.00	3,883,648.72
CMO - Collateralized Mortgage Obligation	0.00%	0.00	0.00	0.00
Commercial Paper	1.48%	204,900.92	205,000.00	204,900.92
Money Market Fund	0.97%	284,273.94	284,273.94	284,273.94
Negotiable CD	1.80%	199,794.62	200,000.00	199,794.62
Supranational	2.13%	423,596.30	425,000.00	413,154.66
US Corporate	1.99%	2,115,773.79	2,115,000.00	2,091,442.35
US Treasury	1.65%	2,632,397.07	2,650,000.00	2,578,298.83
	1.74%	10,243,539.01	10,266,863.20	10,066,515.73
Local Agency Invest Fund TVMWD	1.35%	920,184.50	920,184.50	920,184.50
Reserve Fund		\$ 11,163,723.51	\$ 11,187,047.70	\$ 10,986,700.23
<hr/>				
Checking (Citizens)	0.55%	1,600,000.00	1,600,000.00	1,600,000.00
Sweep Account (Citizens)	0.20%	2,936,733.57	2,936,733.57	2,936,733.57
Emergency Checking (U.S. Bank)	0.00%	5,000.00	5,000.00	5,000.00
Petty Cash Fund	0.00%	6,000.00	6,000.00	6,000.00
Working Cash		\$ 4,547,733.57	\$ 4,547,733.57	\$ 4,547,733.57
<hr/>				
GSWC-Baseline Pipeline, San Dimas	3.35%	11,898.44	11,898.44	11,898.44
Local Resource Loans		\$ 11,898.44	\$ 11,898.44	\$ 11,898.44
<hr/>				
TOTAL PORTFOLIO	1.30%	\$ 15,723,355.52	\$ 15,746,679.71	\$ 15,546,332.24

I certify that this report accurately reflects all investments of Three Valleys Municipal Water District and that all investments and this report are in conformity with Sections 53600 et seq of the California Government Code and the District's annual statement of investment policy (Resolution 17-09-807). The District's investment program herein shown provides sufficient cash flow and liquidity to meet all budgeted expenditures for the next six months.

RICHARD W. HANSEN, General Manager/Assistant Treasurer





Monthly Account Statement

Three Valleys Municipal Water District

February 1, 2018 through February 28, 2018

Chandler Team
For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian
US Bank
Christopher Isles
(503)-464-3685

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.



PORTFOLIO CHARACTERISTICS

Average Duration	2.37
Average Coupon	1.66 %
Average Purchase YTM	1.74 %
Average Market YTM	2.40 %
Average S&P/Moody Rating	AA+/Aa1
Average Final Maturity	2.54 yrs
Average Life	2.46 yrs

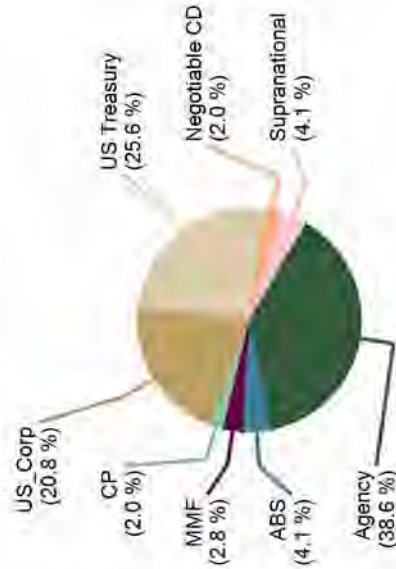
ACCOUNT SUMMARY

Market Value	Beg. Values as of 1/31/18	End Values as of 2/28/18
Accrued Interest	10,082,708	10,066,516
Total Market Value	40,714	39,568
	10,123,422	10,106,084
Income Earned	14,733	14,399
Cont/WWD		-1,119
Par	10,253,262	10,266,863
Book Value	10,229,114	10,243,539
Cost Value	10,216,080	10,231,323

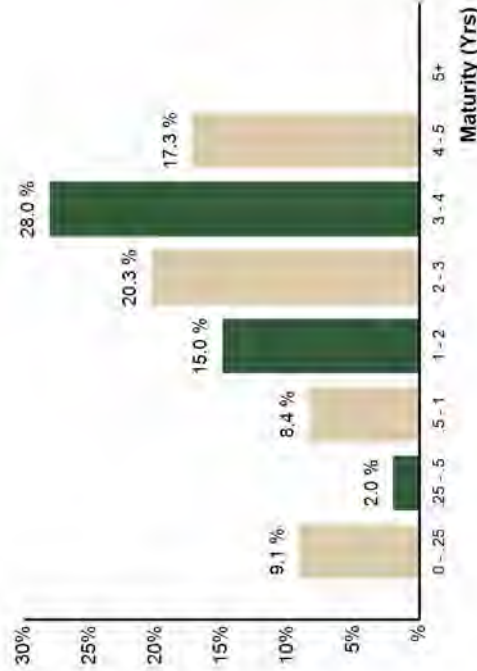
TOP ISSUERS

Issuer	% Portfolio
Government of United States	25.6 %
Federal National Mortgage Assoc	15.5 %
Federal Home Loan Bank	8.1 %
Federal Home Loan Mortgage Corp	8.0 %
Federal Farm Credit Bank	4.1 %
Tennessee Valley Authority	2.9 %
First American Govt Oblig Fund	2.8 %
Toyota ABS	2.8 %
	<u>69.8 %</u>

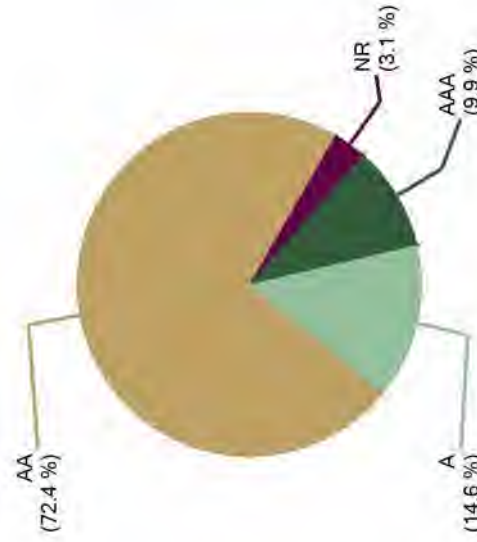
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2018	Current Month	Latest 3 Months	Year To Date	1 Yr	3 Yrs	5 Yrs	10 Yrs	Annualized	Since 4/30/2009
Three Valleys Municipal Water District	-0.16 %	-0.63 %	-0.65 %	0.01 %	0.75 %	0.83 %	N/A	1.63 %	15.40 %
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.12 %	-0.69 %	-0.68 %	-0.34 %	0.51 %	0.60 %	N/A	1.32 %	12.31 %

Three Valleys Municipal Water District
February 28, 2018

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
Treasury Issues	No Limitation	Complies
Agency Issues	No Limitation	Complies
Municipal Securities/ Local Agency Bonds	Bonds issued by TVMWD; Issued by local agency within the state of California, including pooled investment accounts sponsored by the state of California, County Treasurers, or Joint Power Agencies	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% max per issuer	Complies
Banker's Acceptances	"A" rated or higher by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	"A-1" rated or equivalent by a NRSRO; "A" rated issuer or equivalent by a NRSRO; 25% maximum; 5% max per issuer; 270 days max maturity; Issuer must be organized and operating within the US, have AUM >\$500 mil	Complies
Corporate Medium Term Notes	"A" rated or better by a NRSRO; 30% maximum; 5% max per issuer; Issued by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S.	Complies
Negotiable Certificates of Deposit	30% maximum; 5% max per issuer	Complies
Certificates of Deposits/Time Deposit	Collateralized/ FDIC insured	Complies
Money Market Mutual Funds	"AAA" rated by 2 NRSROs; 20% maximum; 10% per fund	Complies
Mortgage Pass-throughs, CMOs and Asset Backed Securities	"AA" rated or higher by a NRSRO; "A" rated issuer or higher by a NRSRO; 20% maximum; 5% max per issuer	Complies
Local Agency Investment Fund - LAIF	Max program limitation	Complies
Repurchase Agreements	102% Collateralized; 1year max maturity	Complies
Reverse Repurchase Agreements	20% maximum; 92 days max maturity	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Max Per Issuer	5% of portfolio per issuer (except U.S. Government, Agencies/GSEs, Supranationals, Money Market Mutual Funds, LAIF, LGIP)	Complies
Maximum maturity	5 years	Complies



BOOK VALUE RECONCILIATION		\$10,229,113.79
Beginning Book Value		
<u>Acquisition</u>		
+ Security Purchases	\$34,997.48	
+ Money Market Fund Purchases	\$299,922.34	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions	\$334,919.82	
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$34,997.48	
- MMF Withdrawals	\$1,119.06	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$265,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$20,204.22	
Total Dispositions	\$321,320.76	
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$826.16	\$826.16
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	\$0.00
Ending Book Value		\$10,243,539.01

CASH TRANSACTION SUMMARY		\$20,468.14
BEGINNING BALANCE		
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$14,565.58	
Dividend Received	\$152.54	
Principal on Maturities	\$265,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$20,204.22	
Total Acquisitions	\$299,922.34	
<u>Disposition</u>		
Withdrawals	\$1,119.06	
Security Purchase	\$34,997.48	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$36,116.54	
Ending Book Value		\$284,273.94



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
ABS									
892336WAC2	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	6,701.76	02/24/2015 1.13 %	6,700.75 6,701.76	99.97 3.03 %	6,699.61 3.34	0.07 % (2.15)	Aaa / AAA NR	0.96 0.06
43813NAC0	Honda Auto Receivables 2015-2 A3 1.04% Due 2/21/2019	9,798.41	05/13/2015 1.05 %	9,796.90 9,798.02	99.93 2.32 %	9,792.03 2.83	0.10 % (5.99)	NR / AAA AAA	0.98 0.09
892338MAB4	Toyota Auto Receivables Owner 2017-A 1.42% Due 9/16/2019	42,604.11	03/07/2017 1.43 %	42,600.00 42,601.58	99.75 2.22 %	42,497.09 26.89	0.42 % (104.49)	Aaa / AAA NR	1.55 0.30
47787XAB3	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	33,484.98	02/22/2017 1.50 %	33,484.84 33,484.89	99.78 2.17 %	33,410.58 22.32	0.33 % (74.31)	Aaa / NR AAA	1.63 0.32
47788BAB0	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	30,000.00	07/11/2017 1.60 %	29,997.39 29,997.98	99.59 2.64 %	29,876.16 21.20	0.30 % (121.82)	Aaa / NR AAA	2.13 0.42
89237RAB4	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	110,000.00	07/25/2017 1.59 %	109,998.96 109,999.16	99.47 2.43 %	109,419.64 77.24	1.08 % (579.52)	Aaa / AAA NR	2.38 0.60
892338BAB8	Toyota Auto Receivables Owner 2018-A AZA 2.1% Due 10/15/2020	125,000.00	01/23/2018 2.12 %	124,987.23 124,987.60	99.67 2.41 %	124,592.00 226.04	1.24 % (395.60)	Aaa / AAA NR	2.63 0.93
47788BAD6	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	20,000.00	07/11/2017 1.83 %	19,998.54 19,998.75	98.59 2.80 %	19,717.10 16.18	0.20 % (281.65)	Aaa / NR AAA	3.63 1.46
47788CAC6	John Deere Owener Trust 2016-B A4 2.66% Due 4/18/2022	35,000.00	02/21/2018 2.68 %	34,997.48 34,997.48	99.99 2.68 %	34,997.48 2.59	0.35 % 0.00	Aaa / NR AAA	4.14 2.09
Total ABS		412,589.26	1.81 %	412,562.09 412,567.22	2.44 %	411,001.69 398.63	4.07 % (1,565.53)	Aaa / AAA AAA	2.44 0.78
AGENCY									
3130A4GJ5	FHLB Note 1.125% Due 4/25/2018	110,000.00	03/20/2015 1.02 %	110,360.91 110,017.58	99.93 1.59 %	109,917.50 433.13	1.09 % (100.08)	Aaa / AA+ AAA	0.15 0.16
3135G0YM9	FNMA Note 1.875% Due 9/18/2018	200,000.00	10/07/2013 1.59 %	202,654.00 200,295.38	99.95 1.97 %	199,892.60 1,697.92	1.99 % (402.78)	Aaa / AA+ AAA	0.55 0.55
880591EQ1	Tennessee Valley Authority Note 1.75% Due 10/15/2018	290,000.00	Various 1.58 %	292,357.15 290,296.79	99.85 1.99 %	289,561.52 1,917.22	2.88 % (735.27)	Aaa / AA+ AAA	0.63 0.62
3135G0ZA4	FNMA Note 1.875% Due 2/19/2019	75,000.00	03/31/2014 1.81 %	75,230.48 75,045.84	99.77 2.12 %	74,825.25 46.88	0.74 % (220.59)	Aaa / AA+ AAA	0.98 0.96
3137EADK2	FHLMC Note 1.25% Due 8/1/2019	240,000.00	09/04/2014 1.83 %	233,452.80 238,103.22	98.70 2.18 %	236,876.40 250.00	2.35 % (1,226.82)	Aaa / AA+ AAA	1.42 1.40
3133EHEZ2	FFCB Note 1.6% Due 4/6/2020	200,000.00	09/28/2017 1.60 %	200,012.00 200,010.00	98.47 2.35 %	196,934.20 1,288.89	1.96 % (3,075.80)	Aaa / AA+ NR	2.10 2.04
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	200,000.00	12/28/2017 2.05 %	199,016.00 199,074.76	98.47 2.46 %	196,938.40 1,104.17	1.96 % (2,136.36)	Aaa / AA+ AAA	2.72 2.62
3135G0F73	FNMA Note 1.5% Due 11/30/2020	200,000.00	12/16/2015 1.90 %	196,220.00 197,901.16	97.57 2.42 %	195,134.80 758.33	1.94 % (2,766.36)	Aaa / AA+ AAA	2.76 2.67
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	140,000.00	04/28/2016 1.42 %	139,727.00 139,831.41	96.91 2.46 %	135,672.04 69.51	1.34 % (4,159.37)	Aaa / AA+ AAA	2.98 2.88



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3135G0J20	FNMA Note 1.375% Due 2/26/2021	200,000.00	Various 1.41 %	199,699.04 199,825.70	96.78 2.50 %	193,557.20 38.20	1.92 % (6,268.50)	Aaa / AA+ AAA	3.00 2.91
3135G0K69	FNMA Note 1.25% Due 5/6/2021	180,000.00	06/29/2016 1.18 %	180,612.00 180,401.55	96.17 2.51 %	173,111.94 718.75	1.72 % (7,289.61)	Aaa / AA+ AAA	3.19 3.08
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	185,000.00	10/04/2016 1.33 %	183,290.60 183,792.04	95.58 2.50 %	176,828.92 271.72	1.75 % (6,963.12)	Aaa / AA+ AAA	3.38 3.28
3137EAEC9	FHLMC Note 1.125% Due 8/12/2021	185,000.00	08/30/2016 1.33 %	183,185.15 183,734.53	95.34 2.54 %	176,373.64 109.84	1.75 % (7,360.89)	Aaa / AA+ AAA	3.45 3.35
3135G0N82	FNMA Note 1.25% Due 8/17/2021	185,000.00	09/28/2016 1.28 %	184,715.10 184,797.87	95.77 2.53 %	177,170.43 89.93	1.75 % (7,627.44)	Aaa / AA+ AAA	3.47 3.36
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	160,000.00	10/27/2016 1.50 %	159,025.60 159,289.58	95.95 2.56 %	153,518.08 880.00	1.53 % (5,771.50)	Aaa / AA+ AAA	3.61 3.47
3130AABG2	FHLB Note 1.875% Due 11/29/2021	200,000.00	12/28/2016 2.10 %	197,940.00 198,429.77	97.60 2.55 %	195,194.80 958.33	1.94 % (3,234.97)	Aaa / AA+ AAA	3.75 3.58
3135G0S38	FNMA Note 2% Due 1/5/2022	200,000.00	01/11/2017 2.02 %	199,845.00 199,880.19	97.73 2.62 %	195,469.20 622.22	1.94 % (4,410.99)	Aaa / AA+ AAA	3.85 3.67
3137EADB2	FHLMC Note 2.375% Due 1/13/2022	200,000.00	01/27/2017 2.03 %	203,193.40 202,496.11	99.14 2.61 %	198,274.40 633.33	1.97 % (4,221.71)	Aaa / AA+ AAA	3.88 3.67
3135G0T45	FNMA Note 1.875% Due 4/5/2022	200,000.00	Various 1.86 %	200,108.00 200,092.75	97.07 2.63 %	194,134.80 1,520.84	1.94 % (5,957.95)	Aaa / AA+ AAA	4.10 3.88
313379Q69	FHLB Note 2.125% Due 6/10/2022	200,000.00	09/28/2017 1.92 %	201,806.00 201,644.88	98.13 2.59 %	196,266.40 956.25	1.95 % (5,378.48)	Aaa / AA+ AAA	4.28 4.04
3133EAYP7	FFCB Note 1.95% Due 7/19/2022	225,000.00	07/28/2017 1.92 %	225,310.50 225,274.04	96.89 2.71 %	217,996.20 511.88	2.16 % (7,277.84)	Aaa / AA+ AAA	4.39 4.16
Total Agency		3,975,000.00	1.67 %	3,967,760.73 3,970,235.15	2.41 %	3,883,648.72 14,877.34	38.58 % (86,586.43)	Aaa / AA+ AAA	2.82 2.71
COMMERCIAL PAPER									
06538CCD1	Bank of Tokyo Mitsubishi NY Discount CP 1.45% Due 3/13/2018	205,000.00	11/07/2017 1.48 %	203,967.88 204,900.92	99.95 1.48 %	204,900.92 0.00	2.03 % 0.00	P-1 / A-1 NR	0.04 0.04
Total Commercial Paper		205,000.00	1.48 %	203,967.88 204,900.92	1.48 %	204,900.92 0.00	2.03 % 0.00	P-1 / A-1 NR	0.04 0.04
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund	284,273.94	Various 0.97 %	284,273.94 284,273.94	1.00 0.97 %	284,273.94 0.00	2.81 % 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		284,273.94	0.97 %	284,273.94 284,273.94	0.97 %	284,273.94 0.00	2.81 % 0.00	Aaa / AAA AAA	0.00 0.00



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
NEGOTIABLE CD									
89113W6Q4	Toronto Dominion NY Yankee CD 1.6% Due 8/24/2018	200,000.00	12/28/2017 1.80 %	199,721.10 199,794.62	99.90 1.80 %	199,794.62 1,955.56	2.00 % 0.00	P-1 / A-1+ F-1+	0.48 0.48
Total Negotiable CD		200,000.00	1.80 %	199,721.10 199,794.62	1.80 %	199,794.62 1,955.56	2.00 % 0.00	P-1 / A-1+ F-1+	0.48 0.48
SUPRANATIONAL									
4581X0CW6	Inter-American Dev Bank Note 2.125% Due 1/18/2022	200,000.00	10/26/2017 2.10 %	200,158.00 200,145.49	97.94 2.69 %	195,876.20 507.64	1.94 % (4,269.29)	Aaa / NR AAA	3.89 3.69
45950VLH7	International Finance Corp Note 2% Due 10/24/2022	225,000.00	10/26/2017 2.16 %	223,339.50 223,450.81	96.57 2.79 %	217,278.45 1,587.50	2.17 % (6,172.36)	Aaa / AAA NR	4.65 4.37
Total Supranational		425,000.00	2.13 %	423,497.50 423,596.30	2.74 %	413,154.65 2,095.14	4.11 % (10,441.65)	Aaa / AAA AAA	4.29 4.05
US CORPORATE									
931142DF7	Wal-Mart Stores Note 1.125% Due 4/11/2018	115,000.00	04/04/2013 1.14 %	114,894.20 114,997.62	99.90 1.96 %	114,884.08 503.13	1.14 % (113.54)	Aa2 / AA AA	0.12 0.12
7113448CR7	PepsiCo Inc Note 1.25% Due 4/30/2018	105,000.00	Various 1.26 %	104,957.40 104,997.66	99.87 2.00 %	104,863.50 441.14	1.04 % (134.16)	A1 / A+ A	0.17 0.17
037833AJ9	Apple Inc Note 1% Due 5/3/2018	100,000.00	05/20/2013 1.20 %	99,066.00 99,967.42	99.82 1.98 %	99,822.00 327.78	0.99 % (145.42)	Aa1 / AA+ NR	0.18 0.18
02665WAC5	American Honda Finance Note 2.125% Due 10/10/2018	65,000.00	04/14/2014 1.83 %	65,820.95 65,111.83	99.81 2.43 %	64,878.84 540.99	0.65 % (232.99)	A2 / A+ NR	0.61 0.60
74005PBH6	Praxair Note 1.25% Due 11/7/2018	135,000.00	01/08/2015 1.68 %	132,876.45 134,617.64	99.27 2.32 %	134,011.40 534.38	1.33 % (606.24)	A2 / A NR	0.69 0.68
24422ESF7	John Deere Capital Corp Note 1.95% Due 12/13/2018	60,000.00	12/10/2013 1.99 %	59,872.20 59,979.91	99.79 2.21 %	59,875.50 253.50	0.59 % (104.41)	A2 / A A	0.79 0.78
17275RAR3	Cisco Systems Note 2.125% Due 3/1/2019	180,000.00	Various 2.02 %	180,856.20 180,171.60	99.70 2.43 %	179,454.60 1,912.50	1.79 % (717.00)	A1 / AA- NR	1.00 0.98
91159HHH6	US Bancorp Callable Note Cont 3/25/2019 2.2% Due 4/25/2019	140,000.00	Various 2.15 %	140,322.10 140,071.80	99.59 2.56 %	139,419.43 1,078.00	1.39 % (652.37)	A1 / A+ AA-	1.15 1.13
06406HCW7	Bank of New York Callable Note Cont 8/11/2019 2.3% Due 9/11/2019	145,000.00	Various 2.29 %	145,058.95 145,017.12	99.35 2.77 %	144,059.10 1,574.87	1.44 % (958.02)	A1 / A AA-	1.53 1.40
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	100,000.00	01/26/2015 2.18 %	99,864.00 99,947.78	98.58 2.91 %	98,583.70 185.14	0.98 % (1,364.08)	A2 / A- A+	1.92 1.86
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	80,000.00	02/05/2015 1.77 %	79,916.00 79,967.03	98.52 2.53 %	78,812.08 62.22	0.78 % (1,154.95)	A1 / A+ A+	1.96 1.91



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	120,000.00	06/11/2015 2.49 %	118,671.00 119,401.21	98.29 3.05 %	117,943.92 757.50	1.17 % (1,457.29)	A1 / A NR	2.22 2.14
857477AS2	Siate Sireet Bank Note 2.55% Due 8/18/2020	100,000.00	06/28/2017 1.86 %	102,098.00 101,649.47	99.36 2.82 %	99,362.20 92.08	0.98 % (2,287.27)	A1 / A AA-	2.47 2.38
00440EAT4	ACE INA Holdings Inc Callable Note Cont 10/3/2020 2.3% Due 11/3/2020	125,000.00	02/06/2017 2.16 %	125,588.75 125,418.58	98.86 2.76 %	123,577.63 942.36	1.23 % (1,840.95)	A3 / A A	2.68 2.48
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	120,000.00	05/16/2016 1.84 %	122,103.60 121,319.72	98.28 2.82 %	117,931.20 1,333.20	1.18 % (3,388.52)	Aaa / AA+ NR	3.01 2.85
68389XBK0	Oracle Corp Callable Note Cont 8/01/21 1.9% Due 9/15/2021	115,000.00	11/29/2016 2.40 %	112,425.15 113,093.90	96.66 2.90 %	111,159.58 1,007.53	1.11 % (1,934.32)	A1 / AA- A+	3.55 3.37
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	125,000.00	07/27/2017 2.15 %	127,605.00 127,262.49	98.78 2.99 %	123,474.38 506.08	1.23 % (3,788.11)	A2 / A A	3.86 3.62
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	60,000.00	01/19/2017 2.66 %	59,896.80 59,919.46	98.48 3.04 %	59,085.96 161.88	0.59 % (833.50)	A1 / A+ AA-	3.91 3.67
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	125,000.00	12/28/2017 2.60 %	122,780.00 122,861.55	96.19 3.11 %	120,243.25 1,321.53	1.20 % (2,618.30)	A1 / A+ A+	4.53 4.22
	Total US Corporate	2,115,000.00	1.99 %	2,114,672.75 2,115,773.79	2.62 %	2,091,442.35 13,535.81	20.83 % (24,331.44)	A1 / A+ A+	1.90 1.80
US TREASURY									
912828ST8	US Treasury Note 1.25% Due 4/30/2019	200,000.00	01/23/2015 1.22 %	200,242.86 200,066.38	98.98 2.14 %	197,953.20 835.64	1.97 % (2,113.18)	Aaa / AA+ AAA	1.17 1.15
912828R85	US Treasury Note 0.875% Due 6/15/2019	160,000.00	07/28/2016 0.82 %	160,250.54 160,112.28	98.38 2.15 %	157,400.00 292.31	1.56 % (2,712.28)	Aaa / AA+ AAA	1.29 1.27
912828TH3	US Treasury Note 0.875% Due 7/31/2019	200,000.00	03/30/2015 1.30 %	196,414.73 198,829.07	98.18 2.18 %	196,359.40 140.19	1.94 % (2,469.67)	Aaa / AA+ AAA	1.42 1.40
912828VF4	US Treasury Note 1.375% Due 5/31/2020	200,000.00	07/10/2015 1.62 %	197,742.86 198,959.99	97.90 2.34 %	195,796.80 687.50	1.94 % (3,163.19)	Aaa / AA+ AAA	2.25 2.19
912828L99	US Treasury Note 1.375% Due 10/31/2020	180,000.00	11/23/2015 1.71 %	177,181.07 178,475.62	97.40 2.39 %	175,324.14 827.28	1.74 % (3,151.48)	Aaa / AA+ AAA	2.67 2.59
912828N89	US Treasury Note 1.375% Due 1/31/2021	155,000.00	03/09/2016 1.40 %	154,849.15 154,909.93	97.04 2.43 %	150,410.61 170.74	1.49 % (4,499.32)	Aaa / AA+ AAA	2.93 2.84
912828B90	US Treasury Note 2% Due 2/28/2021	180,000.00	04/26/2016 1.40 %	185,056.07 183,133.22	98.74 2.44 %	177,728.94 9.78	1.76 % (5,404.28)	Aaa / AA+ AAA	3.00 2.89
912828P87	US Treasury Note 1.125% Due 2/28/2021	200,000.00	12/29/2016 1.86 %	194,125.67 195,773.72	96.20 2.45 %	192,406.20 6.11	1.90 % (3,367.52)	Aaa / AA+ AAA	3.00 2.92
912828Q37	US Treasury Note 1.25% Due 3/31/2021	210,000.00	12/13/2016 1.81 %	205,136.25 206,507.28	96.43 2.46 %	202,510.56 1,096.15	2.01 % (3,996.72)	Aaa / AA+ AAA	3.09 2.98



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828T34	US Treasury Note 1.125% Due 9/30/2021	185,000.00	11/09/2016 1.48 %	181,871.52 182,705.78	95.21 2.53 %	176,147.38 869.09	1.75 % (6,558.40)	Aaa / AA+ AAA	3.59 3.46
912828J43	US Treasury Note 1.75% Due 2/28/2022	215,000.00	03/13/2017 2.14 %	211,112.24 211,865.75	96.88 2.58 %	208,281.25 10.22	2.06 % (3,584.50)	Aaa / AA+ AAA	4.00 3.83
912828XR6	US Treasury Note 1.75% Due 5/31/2022	205,000.00	07/27/2017 1.84 %	204,103.81 204,211.96	96.58 2.60 %	197,985.11 896.88	1.97 % (6,226.85)	Aaa / AA+ AAA	4.25 4.04
912828P4	US Treasury Note 1.875% Due 7/31/2022	200,000.00	09/28/2017 1.90 %	199,805.36 199,822.22	96.89 2.62 %	193,789.00 300.41	1.92 % (6,033.22)	Aaa / AA+ AAA	4.42 4.20
912828N30	US Treasury Note 2.125% Due 12/31/2022	160,000.00	01/31/2018 2.54 %	156,975.00 157,023.87	97.63 2.65 %	156,206.24 563.54	1.55 % (817.63)	Aaa / AA+ AAA	4.84 4.54
Total US Treasury		2,650,000.00	1.65 %	2,624,867.13 2,632,397.07	2.43 %	2,578,298.83 6,705.84	25.58 % (54,098.24)	Aaa / AA+ AAA	2.99 2.88
TOTAL PORTFOLIO		10,266,863.20	1.74 %	10,231,323.12 10,243,539.01	2.40 %	10,066,515.72 39,568.32	100.00 % (177,023.29)	Aa1 / AA+ AAA	2.54 2.37
TOTAL MARKET VALUE PLUS ACCRUED		10,106,084.04							





Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	02/01/2018	31846V203	1,500.00	First American Govt Obligation Fund	1.000	0.93 %	1,500.00	0.00	1,500.00	0.00
Purchase	02/01/2018	31846V203	152.54	First American Govt Obligation Fund	1.000	0.93 %	152.54	0.00	152.54	0.00
Purchase	02/02/2018	31846V203	140,000.00	First American Govt Obligation Fund	1.000	0.93 %	140,000.00	0.00	140,000.00	0.00
Purchase	02/06/2018	31846V203	125,000.00	First American Govt Obligation Fund	1.000	0.93 %	125,000.00	0.00	125,000.00	0.00
Purchase	02/06/2018	31846V203	703.13	First American Govt Obligation Fund	1.000	0.93 %	703.13	0.00	703.13	0.00
Purchase	02/12/2018	31846V203	1,040.63	First American Govt Obligation Fund	1.000	0.93 %	1,040.63	0.00	1,040.63	0.00
Purchase	02/15/2018	31846V203	700.00	First American Govt Obligation Fund	1.000	0.93 %	700.00	0.00	700.00	0.00
Purchase	02/15/2018	31846V203	5,662.95	First American Govt Obligation Fund	1.000	0.93 %	5,662.95	0.00	5,662.95	0.00
Purchase	02/15/2018	31846V203	39.75	First American Govt Obligation Fund	1.000	0.93 %	39.75	0.00	39.75	0.00
Purchase	02/15/2018	31846V203	30.33	First American Govt Obligation Fund	1.000	0.93 %	30.33	0.00	30.33	0.00
Purchase	02/15/2018	31846V203	3,714.14	First American Govt Obligation Fund	1.000	0.93 %	3,714.14	0.00	3,714.14	0.00
Purchase	02/15/2018	31846V203	144.83	First American Govt Obligation Fund	1.000	0.93 %	144.83	0.00	144.83	0.00
Purchase	02/15/2018	31846V203	5,907.91	First American Govt Obligation Fund	1.000	0.93 %	5,907.91	0.00	5,907.91	0.00
Purchase	02/17/2018	31846V203	1,156.25	First American Govt Obligation Fund	1.000	0.93 %	1,156.25	0.00	1,156.25	0.00
Purchase	02/18/2018	31846V203	2,237.50	First American Govt Obligation Fund	1.000	0.93 %	2,237.50	0.00	2,237.50	0.00
Purchase	02/19/2018	31846V203	703.13	First American Govt Obligation Fund	1.000	0.93 %	703.13	0.00	703.13	0.00
Purchase	02/21/2018	31846V203	5,048.00	First American Govt Obligation Fund	1.000	0.93 %	5,048.00	0.00	5,048.00	0.00
Purchase	02/26/2018	31846V203	1,375.00	First American Govt Obligation Fund	1.000	0.93 %	1,375.00	0.00	1,375.00	0.00
Purchase	02/28/2018	31846V203	4,806.25	First American Govt Obligation Fund	1.000	0.97 %	4,806.25	0.00	4,806.25	0.00
Purchase	02/28/2018	47788CAC6	35,000.00	John Deere Owner Trust 2016-B A4 2.66% Due 4/18/2022	99.993	2.68 %	34,997.48	0.00	34,997.48	0.00
			Subtotal				334,919.82	0.00	334,919.82	0.00
TOTAL ACQUISITIONS										0.00
DISPOSITIONS										
Sale	02/28/2018	31846V203	34,997.48	First American Govt Obligation Fund	1.000	0.97 %	34,997.48	0.00	34,997.48	0.00
			Subtotal				34,997.48	0.00	34,997.48	0.00
Paydown	02/15/2018	47787XAB3	5,614.08	John Deere Owner Trust 2017-A A2 1.5% Due 10/15/2019	100.000		5,614.08	48.87	5,662.95	0.00
Paydown	02/15/2018	47788BAB0	0.00	John Deere Owner Trust 2017-B A2A 1.59% Due 4/15/2020	100.000		0.00	39.75	39.75	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Paydown	02/15/2018	47788BAD6	0.00	John Deere Owner Trust 2017-B A3 1.82% Due 10/15/2021	100.000		0.00	30.33	30.33	0.00
Paydown	02/15/2018	892336WAC2	3,704.43	Toyota Auto Receivables Owner 2015-A 1.12% Due 2/15/2019	100.000		3,704.43	9.71	3,714.14	0.00
Paydown	02/15/2018	89237RAB4	0.00	Toyota Auto Receivable 2017-C A2A 1.58% Due 7/15/2020	100.000		0.00	144.83	144.83	0.00
Paydown	02/15/2018	89238MAB4	5,850.57	Toyota Auto Receivables Owner 2017-A 1.42% Due 9/16/2019	100.000		5,850.57	57.34	5,907.91	0.00
Paydown	02/21/2018	43813NAC0	5,035.14	Honda Auto Receivables 2015-2 A3 1.04% Due 2/21/2019	100.000		5,035.14	12.86	5,048.00	0.00
			<u>20,204.22</u>				<u>20,204.22</u>	<u>343.69</u>	<u>20,547.91</u>	<u>0.00</u>
Maturity	02/02/2018	89233HB29	140,000.00	Toyota Motor Credit Discount CP 1.32% Due 2/2/2018	99.999		140,000.00	0.00	140,000.00	0.00
Maturity	02/06/2018	459200HZ7	125,000.00	IBM Corp Note 1.125% Due 2/6/2018	100.000		125,000.00	0.00	125,000.00	0.00
			<u>265,000.00</u>				<u>265,000.00</u>	<u>0.00</u>	<u>265,000.00</u>	<u>0.00</u>
Security Withdrawal	02/05/2018	31846V203	1,014.89	First American Govt Obligation Fund	1.000		1,014.89	0.00	1,014.89	0.00
Security Withdrawal	02/26/2018	31846V203	104.17	First American Govt Obligation Fund	1.000		104.17	0.00	104.17	0.00
			<u>1,119.06</u>				<u>1,119.06</u>	<u>0.00</u>	<u>1,119.06</u>	<u>0.00</u>
TOTAL DISPOSITIONS			321,320.76				321,320.76	343.69	321,664.45	0.00
OTHER TRANSACTIONS										
Interest	02/01/2018	3137EADK2	240,000.00	FHLMC Note 1.25% Due 8/1/2019	0.000		1,500.00	0.00	1,500.00	0.00
Interest	02/06/2018	459200HZ7	125,000.00	IBM Corp Note 1.125% Due 2/6/2018	0.000		703.13	0.00	703.13	0.00
Interest	02/12/2018	3137EAEC9	185,000.00	FHLMC Note 1.125% Due 8/12/2021	0.000		1,040.63	0.00	1,040.63	0.00
Interest	02/15/2018	22160KAG0	80,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.000		700.00	0.00	700.00	0.00
Interest	02/17/2018	3135G0N82	185,000.00	FNMA Note 1.25% Due 8/17/2021	0.000		1,156.25	0.00	1,156.25	0.00
Interest	02/18/2018	3130A7CV5	140,000.00	FHLB Note 1.375% Due 2/18/2021	0.000		962.50	0.00	962.50	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	02/18/2018	857477AS2	100,000.00	State Street Bank Note 2.55% Due 8/18/2020	0.000		1,275.00	0.00	1,275.00	0.00
Interest	02/19/2018	3135G0ZA4	75,000.00	FNMA Note 1.875% Due 2/19/2019	0.000		703.13	0.00	703.13	0.00
Interest	02/26/2018	3135G0J20	200,000.00	FNMA Note 1.375% Due 2/26/2021	0.000		1,375.00	0.00	1,375.00	0.00
Interest	02/28/2018	912828B90	180,000.00	US Treasury Note 2% Due 2/28/2021	0.000		1,800.00	0.00	1,800.00	0.00
Interest	02/28/2018	912828J43	215,000.00	US Treasury Note 1.75% Due 2/28/2022	0.000		1,881.25	0.00	1,881.25	0.00
Interest	02/28/2018	912828P87	200,000.00	US Treasury Note 1.125% Due 2/28/2021	0.000		1,125.00	0.00	1,125.00	0.00
			<u>1,925,000.00</u>				<u>14,221.89</u>	<u>0.00</u>	<u>14,221.89</u>	<u>0.00</u>
Dividend	02/01/2018	31846V203	21,968.14	First American Govt Obligation Fund	0.000		152.54	0.00	152.54	0.00
			<u>21,968.14</u>				<u>152.54</u>	<u>0.00</u>	<u>152.54</u>	<u>0.00</u>
TOTAL OTHER TRANSACTIONS			<u>1,946,968.14</u>				<u>14,374.43</u>	<u>0.00</u>	<u>14,374.43</u>	<u>0.00</u>





Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager [REDACTED]
Date: March 21, 2018
Subject: YTD District Budget Monthly Status Report

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Discussion:

Attached for your review is the YTD District Budget Status Report for period ending February 28, 2018.

Due to the payment schedule for **Membership Dues & Fees**, the YTD actuals are higher than expected. This line item is not expected to exceed budget.

The **Hydroelectric Facilities** line item is over budget due to the overhaul of the Miramar hydro turbine and repair of the bearing housing at the Fulton hydro.



THREE VALLEYS MUNICIPAL WATER DISTRICT				
DISTRICT BUDGET - FISCAL YEAR 2017-2018				
Month Ending February 28, 2018				
	2017-2018 YTD Actual	Annual Budget All Funds	2017-2018 Percent of Budget	2017-2018 Balance Remaining
REVENUES				
OPERATING REVENUES				
Water Sales	40,501,320	51,974,442	77.9%	11,473,122
MWD RTS Standby Charge	2,107,430	3,426,015	61.5%	1,318,585
MWD Capacity Charge Assessment	979,460	1,379,080	71.0%	399,620
TVMWD Fixed Charges	414,960	631,788	65.7%	216,828
Hydroelectric Revenue	7,185	84,324	8.5%	77,139
NON-OPERATING REVENUES				
Property Taxes	1,412,920	2,041,850	69.2%	628,930
Interest Income	126,317	130,929	96.5%	4,612
Notes Receivable - Principal	23,797	35,700	66.7%	11,903
Pumpback O&M/Reservoir #2 Reimbursement	9,741	20,000	48.7%	10,259
Grants and Other Revenue	7,010	21,918	32.0%	14,908
TOTAL REVENUES	45,590,140	59,746,046	76.3%	14,155,906
EXPENSES				
OPERATING EXPENSES				
MWD Water Purchases	36,042,636	45,418,246	79.4%	9,375,610
MWD RTS Standby Charge	1,683,157	3,426,015	49.1%	1,742,858
Staff Compensation	2,666,097	3,868,356	68.9%	1,202,259
MWD Capacity Charge	757,900	1,379,080	55.0%	621,180
Operations and Maintenance	737,976	1,230,637	60.0%	492,661
Professional Services	298,847	413,482	72.3%	114,635
Directors Compensation	174,992	301,330	58.1%	126,338
Communication and Conservation Programs	105,442	201,571	52.3%	96,129
Planning & Resources	31,464	145,047	21.7%	113,583
Membership Dues and Fees	118,826	120,804	98.4%	1,978
Hydroelectric Facilities	114,117	45,296	251.9%	(68,821)
Board Elections	-	-	0.0%	-
NON OPERATING EXPENSES				
Pumpback O&M/Reservoir #2 Expenses	2,504	20,000	12.5%	17,496
RESERVE EXPENSES				
Reserve Replenishment	-	766,272	0.0%	766,272
CAPITAL INVESTMENT				
Capital Repair & Replacement	606,083	1,652,046	36.7%	1,045,963
Capital Investment Program	160,123	3,001,249	5.3%	2,841,126
TOTAL EXPENSES	43,500,164	61,989,431	70.2%	18,489,267
NET INCOME (LOSS) BEFORE TRANSFERS	2,089,976	(2,243,385)		(4,333,361)
TRANSFER IN FROM DEBT RESERVES				-
TRANSFER FROM/(TO) CAPITAL RESERVES		(68,348)		(68,348)
TRANSFER IN FROM CAPITAL RESERVES		94,000		94,000
TRANSFER IN FROM OPPORTUNITY RESERVE				-
TRANSFER IN FROM ENCUMBERED RESERVES	630,283	2,685,793		2,055,510
NET INCOME (LOSS) AFTER TRANSFERS	\$ 2,720,259	\$ 468,060		\$ (2,252,199)

***This budget is prepared on a modified cash-basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP).*





Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager
Date: March 21, 2018
Subject: Warrant Summary Disbursements

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input checked="" type="checkbox"/> Funds Budgeted
<input type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$ 6,076,588.29

Requested Action:

Receive and file the Warrant Summary (Disbursements) for the period ending February 28, 2018 as presented.

Discussion:

The monthly disbursements list is provided for your information.

General checks 47816 through 47917 totaling \$288,008.62 are listed on pages 1 to 5.

MWD December water invoice totaling \$5,555,022.30 is listed on page 5.

Wire transfers for taxing agencies and PERS totaling \$79,067.97 are listed on pages 5 to 6.

Total payroll checks 11639 through 11693 totaling \$154,489.40 are listed on page 6.

Chase Card Services invoice detail is listed on page 7.

Bank of the West invoice detail is listed on page 8.



Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
47816	DOWNSTREAM SERVICES, INC.	CCTV EDISON BRINE LINE EAST & WEST INSPECTION	1,741.00
47817	EDISON	MIRAMAR - JAN	66.88
47818	ENVIRONMENTAL RESOURCE ASSOC.	ORGANIC CARBON/POTABLEWATR	217.04
47819	FAULK, GEORGE	RETIREE HEALTH BENEFITS - FEB	355.00
47820	GOLDEN STATE WATER COMPANY	WATER PURCHASE PLANT SHUT DOWN	385.03
47821	GRISWOLD INDUSTRIES	WILLIAMS HYDRO - MAIN VALVE DISC RETAINER REPLACED/BYPASS VALVE MAINT	7,084.38
47822	HACH COMPANY	CELL SAMPLE	363.26
47823	IDEAL COMFORT INC	HEAT & AIR CONDITIONING MAINTENANCE - TRANSFORMER/COMPRESSOR	525.00
47824	SOUTH COAST MEDIA SVC	OUTREACH AD	564.00
47825	KEMIRA WATER SOLUTIONS, INC.	PAX-XL19	12,187.80
47826	KRIEZEL, BETTY	RETIREE HEALTH BENEFITS - FEB	112.00
47827	LAREZ, MARY PAT	RETIREE HEALTH BENEFITS - FEB	114.00
47828	LARRY BURKE ENTERPRISES DBA	BATTERY	120.52
47829	LINCOLN FINANCIAL GROUP	401A DEFRD: JANUARY 26 PAYMENT	200.00
47830	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: JANUARY 26 PAYROLL	9,620.83
47831	NATIONAL RAM BUSINESS SYSTEMS	COLOR/LASERJET PRINTERS MAINTENANCE AGREEMENT 1/11/18 - 1/10/19	626.00
47832	SWRCB-DWOCB	T4 CERTIFICATION RENEWAL - AGUIAR	105.00
47833	SWRCB-DWOCB	D4 CERTIFICATION RENEWAL - AGUIAR	105.00
47834	TUNQUE, DOMINGO	RETIREE HEALTH BENEFITS - FEB	134.00
47835	ALFA LAVAL	CHICANE BLADE/ROLL PIN/SPRAY SHOWER COVER/POLY WEAR STRIP	1,739.31
47836	EDISON	MIRAMAR/WILLIAMS/FULTON/PM-26/SCADA/PUMPBACK - JAN	1,016.95
47837	HACH COMPANY	TOTAL CHLORINE/FREE CHLORINE REAGENT SETS/STABLCAL STD/CALVER POWDER	842.26
47838	JAN-PRO CLEANING SYS OF SO CA	JANITORIAL SERVICE - FEB	545.00
47839	LINCOLN CLUBS	2/16/18 SGV CHAPTER MEETING - RUZICKA	35.00



Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
47840	OFFICE DEPOT	INK TONERS/PENS	253.68
47841	SCWC	2017-2018 MEMBERSHIP DUES	500.00
47842	ULINE	IBC SPILL CONTAINMENT PALLET W/DRAIN	1,478.37
47843	CARBOLINE COMPANY	PAINT/THINNER	487.06
47844	CLAREMONT PRINT & COPY	BUSINESS CARDS - GARCIA, HOWIE, HARBERSON	243.09
47845	CLS LANDSCAPE MANAGEMENT	LANDSCAPE MAINT - PLASTIC HEADER BOARD REMOVED/BLACK STEEL EDGING INSTALL	8,569.15
47846	DE LAGE LANDEN FIN SVCS, INC.	POSTAGE METER LEASING CHARGES 1/15/18 - 2/14/18	98.07
47847	DELOACH & ASSOCIATES, INC.	PROFESSIONAL SERVICES - ASSISTANT GM RECRUITMENT	3,160.00
47848	DOWNSTREAM SERVICES, INC.	CCTV MIRAMAR TRANSMISSION MAIN INSPECTION - BASELINE RD	36,567.08
47849	GOVINVEST INC.	ACTUARIAL SVCS-SOFTWARE CALCULATOR/GASB68 REPORTS-PENSION BAL DUE	6,457.00
47850	GRAINGER	REMOTE SAMPLE PUMP	356.29
47851	HARBOR FREIGHT TOOLS	CLEANING CLOTHS/CLOTH TOWELS/HANG STRAPS/SPRING CLAMPS/TARP/BREAK PARTS	272.97
47852	HARRINGTON IND PLASTICS, LLC	TUBINGS/GRAB RINGS/ELBOWS/CONNECTOR TUBES/O-RINGS	1,016.84
47853	IDEAL COMFORT INC	HEAT & AIR CONDITIONING MAINTENANCE - COMPRESSOR REPLACED	503.00
47854	LINCOLN CLUBS	2/16/18 SGV CHAPTER MEETING - DE JESUS	35.00
47855	MATTHEW BENDER & CO., INC	2018 CA DEER WATER 10 VOLUMES/GOVT 21 VOLUMES	1,085.16
47856	MC CALL'S METER SALES & SVC	WELL #1 METER TESTED	300.00
47857	OFFICE DEPOT	MAILING SEALS/CORRECTION TAPE	72.74
47858	PERALTA, BEN	2/1/18 L.A. DWP MEETING EXPENSE - PERALTA, LANG, EVANGELISTA	37.34
47859	TIME WARNER CABLE	BROADBAND SERVICES - WILLIAMS/PLANT 2/FULTON 1/9/18 - 2/20/18	239.97
47860	VERIZON WIRELESS	CELLULAR & IPAD SERVICES/MOBILE BROADBAND 1/26/18 - 2/25/18	337.66
47861	CHASE CARD SERVICES	CHASE CARD SERVICES INVOICE DETAIL - PAGE 7	12,948.31
47862	CITY OF GLENDORA	RAIN BARREL DISTRIBUTION PROGRAM (REIMBURSED BY MWD)	4,480.00
47863	DEPARTMENT OF CONSUMER AFFAIRS	CPA RENEWAL - LINTHICUM	120.00

Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
47864	EDISON	MIRAMAR/WILLIAMS - JAN	13,304.97
47865	LINCOLN FINANCIAL GROUP	401A DEFRD: FEBRUARY 9 PAYROLL	200.00
47866	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: FEBRUARY 9 PAYROLL	10,045.83
47867	LOWE'S	SHOWER HEAD/LADDER/VALVE PUSH FITTING/ASPHALT PATCH/PAPER TOWELS/CEILING	2,163.36
47868	BANK OF THE WEST	BANK OF THE WEST INVOICE DETAIL - PAGE 8	17,202.86
47869	BRUCE ALLYN PLUMBING, INC.	TEST/CERTIFICATION OF BACKFLOW DEVICE	79.00
47870	BRUNICK, MCELHANEY & KENNEDY	LEGAL FEES - JAN	7,610.00
47871	CITY OF CLAREMONT	2/5-7/18 PIPELINE VIDEO INSPECTION PERMITS	300.00
47872	CITY OF CLAREMONT	REFUSE PICKUP/STREET SWEEPING - JAN	144.17
47873	EDISON	MIRAMAR/FULTON - JAN	397.89
47874	GAS COMPANY	FULTON SERVICE 1/05/18 - 2//02/18	16.32
47875	GORDON HALL & ASSOCIATES	POTENTIAL WELL SITE STANDARD LOT APPRAISAL FEE	400.00
47876	GUTIERREZ, JOSEPH	ALIGNMENT STUDY FOR PIPELINE TO POMONA WELL P20 NOV 16, 2017 TO FEB 4, 2018	11,348.99
47877	HARRINGTON IND PLASTICS, LLC	CONNECTORS/ADAPTER/BUSHING/GASKETS	155.64
47878	OFFICE DEPOT	WASTE CAN LINERS/MULTIFOLD PAPER TOWELS	124.75
47879	POLYDYNE, INC	CLARIFLOC	9,361.00
47880	R & B AUTOMATION, INC.	AUMA HEATER REPLACED	1,700.45
47881	SAM'S CLUB	OFFICE/JANITORIAL SUPPLIES	297.55
47882	SAN GABRIEL VALLEY MWD	9/18/18 2018 SAN GABRIEL VALLEY WATER FORUM	6,000.00
47883	SCWUA	2/22/18 CALIF WATER SUPPLY UPDATE -GOTYIA,BOWCOCK,RUZICKA,MENDOZA,HORAN	150.00
47884	THOMAS HARDER & CO.	GRAND AVE WELL-ENGR DESIGN/ANALYSIS/CONSTRUCTION MGMT/INSPECTION	2,814.35
47885	WALNUT VALLEY UNIFIED SCHOOL	10/17/17 PROJECT WET WORKSHOP - SUBSTITUTE TEACHER	105.00
47886	WEX BANK	FUEL 2/1/18 - 2/28/18	1,003.58
47887	ACWA/JPIA	ACWA EMPLOYEE BENEFITS - MARCH 2018	49,333.74



Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
47888	AFLAC	AFLAC SUPP. INS: FEBRUARY 2018 (EMPLOYEE REIMBURSED)	806.50
47889	CANON FINANCIAL SERVICES, INC.	COPY MACHINE LEASE - FEB	1,450.87
47890	CLS LANDSCAPE MANAGEMENT	LANDSCAPE MAINTENANCE - FEBRUARY	2,965.00
47891	DENALI WATER SOLUTIONS, LLC	SLUDGE REMOVAL - JAN	3,770.33
47892	FRAUD HOTLINE, LLC	ANONYMOUS & CONFIDENTIAL THIRD PARTY REPORTING SERVICE	250.00
47893	FRONTIER	DSL FOR SCADA 2/10/18 - 3/9/18	91.98
47894	FUERTEZ TRACTOR SERVICE, INC.	SCRAPING BASIN BOTTOMS	1,480.00
47895	HACH COMPANY	AMMONIA SALICYLATE/HYDROCHLORIC ACID/SULFURIC ACID/CHEMKEY ASSY PACK	474.23
47896	HARBOR FREIGHT TOOLS	125 PSI AIR FLOW W/GAUGE/17 PC AIR TOOL ACCY KIT	16.18
47897	HOSE-MAN, INC	FLAT HOSE/POLYFLO/AIR BRAKE TUE/HOSE REPAIR/NOZZLES	380.19
47898	INTERFACE SECURITY SYSTEMS LLC	EOC WIRELESS BROADBAND SERVICE 3/1/18 - 3/31/18	134.88
47899	LA VERNE CHAMBER OF COMMERCE	ANNUAL MEMBERSHIP DUES - BOWCOCK	190.00
47900	LIEBERT CASSIDY WHITMORE	LEGAL FEES - JANUARY	1,902.00
47901	MICHAEL J ARNOLD & ASSOC, INC.	LEGISLATIVE CONSULTANT FEB/JAN EXPENSES	6,084.49
47902	POMONA VALLEY PROTECTIVE ASSOC	SASG BASIN O&M	1,760.00
47903	RELIANCE STANDARD LIFE INS.	LT DISAB: FEBRUARY 2018	1,029.56
47904	SCWUA	2/22/18 CALIFORNIA WATER SUPPLY UPDATE - HOWIE	30.00
47905	UNDERGROUND SERVICE ALERT	DIGALERT TICKETS - JAN	51.25
47906	UNIVAR USA INC	LIQUID CHLORINE	1,984.98
47907	CANNON CORPORATION	HYDROPNUEMATIC TANK SYSTEM DESIGN/CONSTRUCTION DOCS THROUGH 01/31/18	650.00
47908	HARRINGTON IND PLASTICS, LLC	ADAPTERS/TUBINGS/CONNECTORS	179.99
47909	JOHN ROBINSON CONSULTING, INC	CONSULTING SERVICES - SIX BASINS GRANT FUNDING SUPPORT	600.00
47910	LINCOLN LIFE, EMPL SVCS(5H-26)	457 DEFRD: BOARD-FEBRUARY 2018	4,026.53
47911	LOS ANGELES TIMES	NEWSPAPER SUBSCRIPTION	123.00

Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
47912	OFFICE DEPOT	NAME BADGE LABELS/PENS/BINDERS	220.43
47913	R & B AUTOMATION, INC.	ACTUATORS INSTALL AT WILLIAMS AND FULTON HYDROS	1,877.78
47914	SCWC	4/20/18 QUARTERLY LUNCH SPONSORSHIP	2,000.00
47915	SYNCB/AMAZON	GATE/GARAGE DOOR CLICKERS/FRIDGE WATER FILTER/SECCHI DISK/DISC/WIRE KIT	649.87
47916	THOMPSON PLUMBING SUPPLY	BATHROOM DRAIN	54.75
47917	THOMSON REUTERS/BARCLAYS	CA WATER CODE 2018	90.34
TOTAL AMOUNT OF CHECKS LISTED			\$ 288,008.62
12773	METROPOLITAN WATER DISTRICT	DECEMBER 2017 MWD WATER INVOICE	5,555,022.30
TOTAL AMOUNT OF WIRE TRANSFERS			\$ 5,555,022.30
2471	FEDERAL TAX PAYMENT	FED TAX: JANUARY 26 PAYROLL	12,480.63
2472	WAGEWORKS	HEALTH SAVINGS ACCT: JANUARY 26 PAYROLL	1,603.15
2473	PUBLIC EMPLOYEES RETIREMENT SY	PERS CONTR: JANUARY 26 PAYROLL	15,780.61
2474	STATE TAX PAYMENT	STATE TAX: JANUARY 26 PAYROLL	5,179.00
2475	CALPERS-457 PLAN	PERS-457 DEFERRED COM/EMPL LOAN: JANUARY 26 PAYROLL	2,821.39
2476	FEDERAL TAX PAYMENT	FED TAX: FEBRUARY 9 PAYROLL	13,358.45
2477	WAGEWORKS	HEALTH SAVINGS ACCT: FEBRUARY 9 PAYROLL	1,603.15
2478	PUBLIC EMPLOYEES RETIREMENT SY	PERS CONTR: FEBRUARY 9 PAYROLL	15,799.58
2479	STATE TAX PAYMENT	STATE TAX: FEBRUARY 9 PAYROLL	5,549.11
2480	CALPERS-457 PLAN	PERS-457 DEFERRED COMP: FEBRUARY 9 PAYROLL	2,260.00
2481	FEDERAL TAX PAYMENT	FED TAX: BOARD-FEBRUARY 2018	1,317.58
2482	WAGEWORKS	HEALTH SAVINGS ACCT: BOARD-FEBRUARY 2018	508.33

Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
February 2018
Payroll Wire Transfer 2471 through 2484
General Checks 47816 through 47917
Payroll Checks 11639 through 11693

Check Number	Vendor	Description	Paid Amount
2483	STATE TAX PAYMENT	STATE TAX: BOARD-FEBRUARY 2018	371.99
2484	CALPERS-457 PLAN	PERS-457 DEFRD COMP: BOARD-FEBRUARY 2018	435.00
TOTAL AMOUNT OF PAYROLL WIRE TRANSFERS LIS			\$ 79,067.97
PAYROLL SUMMARY			
Check# 11639 - 11693			
TOTAL AMOUNT OF PAYROLL CHECKS			\$ 154,489.40
TOTAL FEBRUARY 2018 CASH DISBURSEMENTS			\$ 6,076,588.29



THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
 FEBRUARY 2018
 Chase Card Services Invoice Detail Check 47861
 Bank of the West Invoice Detail Check 47868

Item 7.B

Check Number	Vendor	Description	Paid Amount
47861	ACWA	3/14/18 LEGISLATIVE SYMPOSIUM - HOWE	245.00
47861	ACWA/JPIA	3/7-8/18 TRAINING CONFERENCE - ENSIGN,LARSON,HARBERSON	480.00
47861	AMERICAN GROUND WATER TRUST	2/12-13/18 ANNUAL CONFERENCE - MENDOZA	430.00
47861	CA-NV SECTION AWWA	3/5/18 CROSS CONNECTION WORKSHOP - HARBERSON	195.00
47861	CCAC	3/29/18 WORKSHOP / 4/16-20/18 ANNUAL CONFERENCE - HAHN	645.00
47861	CLAREMONT CHAMBER OF COMMERCE	1/23/18 & 2/13/18 CHAMBER BUSINESS OVER BREAKFAST - BOWCOCK	40.00
47861	CSDA	6/24 -26/18 GM LEADERSHIP SUMMIT - LINTHICUM	625.00
47861	DIAMOND ENVIRONMENTAL SVCS, LP	PORTABLE RESTROOM RENTAL	117.46
47861	FUN EXPRESS	REGAL ENTERTAINMENT MOVIE TICKETS (REIMBURSED)	466.50
47861	LOWE'S	FRAUDULENT CHARGES - CREDIT	(211.86)
47861	GARDENER'S SUPPLY COMPANY	GALVANIZED ELEVATED BEDS - (REIMBURSED)	1,495.00
47861	LA VERNE CHAMBER OF COMMERCE	2/8/18 STATE OF THE CITY - BOWCOCK	25.00
47861	MISCELLANEOUS VENDORS	EVENTS REGISTRATIONS & EXPENSES - JAN	3,155.41
47861	MY PARKING SIGN	SAFETY SIGN	61.95
47861	NEWEGG	WELL #1 COOLING FANS	900.07
47861	PLUG-IT PRODUCTS	FLOW DIVERTER PLUG	682.98
47861	PREMIERE GLOBAL SERVICES	GRAND AVE WELL PROJECT TELECONFERENCE	14.72
47861	SALSBUURY INDUSTRIES	RESTROOMS LOCKERS FOR OPERATIONS	3,350.92
47861	SHERATON FAIRPLEX	1/31/18 LEADERSHIP BREAKFAST GUEST SPEAKER LODGING	208.27
47861	STAPLES	USB DRIVE	21.89
TOTAL AMOUNT OF CHASE CARD SERVICES INVOICE			\$12,948.31



Item 7.B

THREE VALLEYS MUNICIPAL WATER DISTRICT
 Warrant List
 FEBRUARY 2018
 Chase Card Services Invoice Detail Check 47861
 Bank of the West Invoice Detail Check 47868



Check Number	Vendor	Description	Paid Amount
47868	ACCENT COMPUTER SOLUTIONS, INC.	IT SERVICES-JAN/PROTECH BACKUP/MS OFFICE 365 BUSINESS ESSENTIALS	4,097.85
47868	AIRGAS SPECIALTY PRODUCTS	AMMONIUM HYDROXIDE/AMMONIA	2,723.75
47868	ALPINE TECHNICAL SERVICES, LLC	EARTHTEC	1,655.85
47868	CLINICAL LABORATORY OF SB, INC.	LABORATORY TESTING - DEC	50.00
47868	FRANCOTYP-POSTALIA, INC.	POSTAGE METER RENTAL	111.69
47868	GROUND CONTROL SYSTEMS, INC.	IDIRECT EMERGENCY RESPONDER SERVICES FEE - DEC	279.00
47868	R & S OVERHEAD DOORS OF INLAND	GATE MAINTENANCE - NEW EXIT LOOP/DETECTOR INSTALL	2,250.00
47868	TRUESDAIL LABORATORIES, INC.	LABORATORY TESTING FOR THMS	200.00
47868	VWR INTERNATIONAL INC.	ALKALINE REAGENT/POLYSTYREN JARS/TUBES/HIGH PURITY CARTRIDGE/TRYPYTON GLUCOSE	3,412.37
47868	WECK LABORATORIES, INC.	LABORATORY TESTING FOR ALKALINITY	185.00
47868	WESTERN WATER WORKS SUPPORT	BUTTERFLY VALVES/BLIND FLANGES/RING GASKETS/HOSE ADAPTERS/NIPPLES/ELBOWS/COUPLING	2,237.35
TOTAL AMOUNT OF BANK OF THE WEST INVOICE			\$17,202.86





Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager [REDACTED]
Date: March 21, 2018
Subject: FY 2018-19 Annual Purchase Orders

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Recommendation:

Board approval of open purchase orders for the following vendors for FY 2018-19.

Discussion:

In February of 2018 the Board adopted an updated purchasing policy for TVMWD. General purchases exceeding \$50,000 and public projects exceeding \$175,000 are to be approved by the Board. Staff has listed below all vendors used on an ongoing basis. Staff felt it appropriate to bring these vendors before the Board for consideration for FY 2018-19.

- ACWA Joint Powers Insurance Authority (JPIA) - \$665,000 for medical, dental, vision, life, liability, property and workers’ compensation insurance. This activity is categorized as section E professional services of the purchasing policy. Staff feels JPIA qualifies as a sole source.
- Brunick, McElhaney and Kennedy Professional Law Corporation - \$125,000 for legal services. This activity is categorized as section E professional services of the purchasing policy; however staff feels that Mr. Kennedy’s qualifications and history with TVMWD at a very reasonable fee justifies qualifying as a single source vendor.
- Chemicals - Chemicals are categorized as section B general supplies of the purchasing policy, normally requiring competitive bids. However chemicals meet the exception to competitive offer requirements as a good with significant market fluctuation. Requiring a guaranteed price for a year would cost TVMWD more than simply paying the ebbs and flows of the current market price.
 - JCI Jones Chemicals - \$70,000 for chlorine.
 - Kemira Water Solutions - \$150,000 for aluminum chlorohydrate.
 - Univar USA, Inc. and Brenntag Pacific, Inc. - \$115,000 for sodium hydroxide and sulfuric acid.

Senior staff frequently compares pricing to obtain the lowest cost for each order.



- Michael J. Arnold and Associates - \$80,000 to serve as state legislative lobbyist. Staff feels it would be in the best interest of TVMWD to continue their services. Staff feels Mr. Arnold's qualifications and history with TVMWD justifies qualifying as a single source vendor.
- CLS Landscape Management - \$70,000 for landscape maintenance for the Miramar, Williams, Fulton and Plant 2 sites. In addition to the monthly landscape maintenance service, CLS Landscape Management performs additional landscape services for TVMWD, including trimming and removing trees, replacing and repairing sprinklers and mulch replacement.
- Prime Systems - \$55,000 for SCADA system maintenance. Prime System is TVMWD's exclusive system integrator for the Miramar SCADA system performing all programming, maintenance, troubleshooting and installing system expansions. This type of work is very product-client specific and TVMWD staff does not feel comfortable with any other service provider working on this critical component of operations. Prime Systems' level of service over the years has been excellent. Staff feels that Prime Systems qualifies as a single source vendor.
- Accent Computer Solutions, Inc - \$50,000 to serve as the IT (information technology) consultant for TVMWD. Accent performs a wide range of IT services for TVMWD, including troubleshooting, systems backup, repairs, hardware/software purchases, desktop and server installations. Response time and follow-up to issues is prompt and their support staff has been professional. Accent is headquartered locally in Rancho Cucamonga.

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions



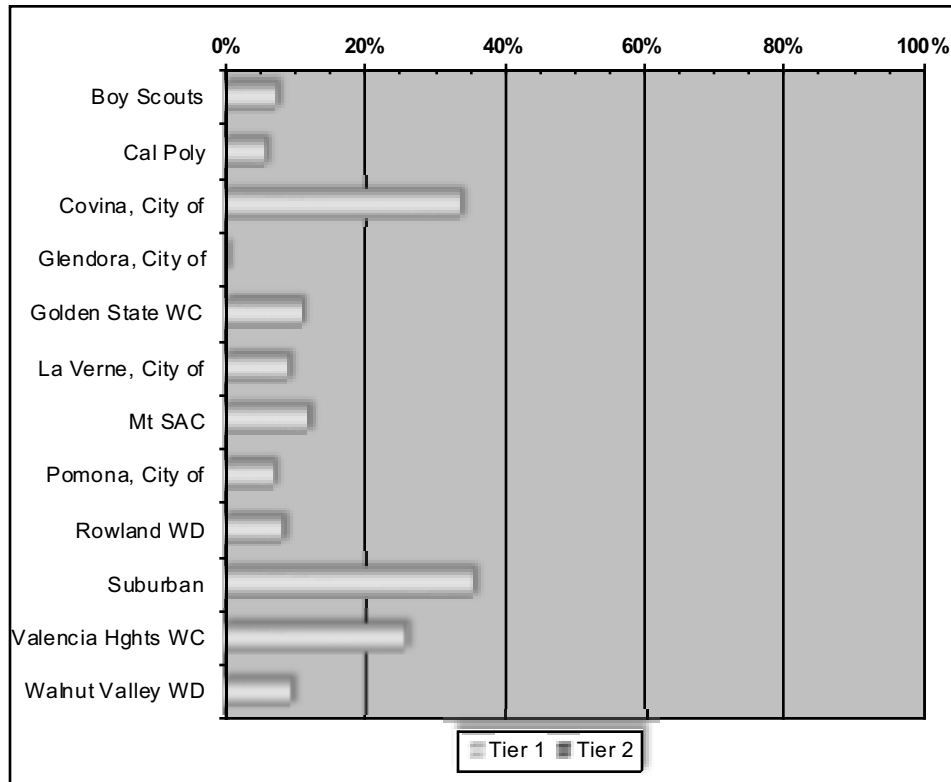


**Tier 1 Balance (in Acre-Feet)
Calendar Year 2018
(through February 2018)**

Agency	Tier 1 Allocation	Usage		Balance
		Direct	Spreading	
Boy Scouts of America	36	2.5	0.0	33.1
Cal Poly Pomona	269	14.9	0.0	254.1
Covina, City of *	1,568	518.3	0.0	1,049.7
Glendora, City of *	4,101	0.0	0.0	4,101.3
Golden State Water Company *	15,714	1,618.9	0.0	14,095.0
La Verne, City of	8,026	687.8	0.0	7,338.5
Mt San Antonio College	699	79.6	0.0	619.4
Pomona, City of *	7,052	465.3	0.0	6,586.9
Rowland Water District *	14,741	1,170.2	0.0	13,570.8
Suburban Water Systems *	1,961	687.1	0.0	1,273.9
Three Valleys MWD	NA		0.0	NA
Valencia Heights Water Co *	464	118.3	0.0	345.7
Walnut Valley Water District *	26,057	2,454.4	0.0	23,602.3

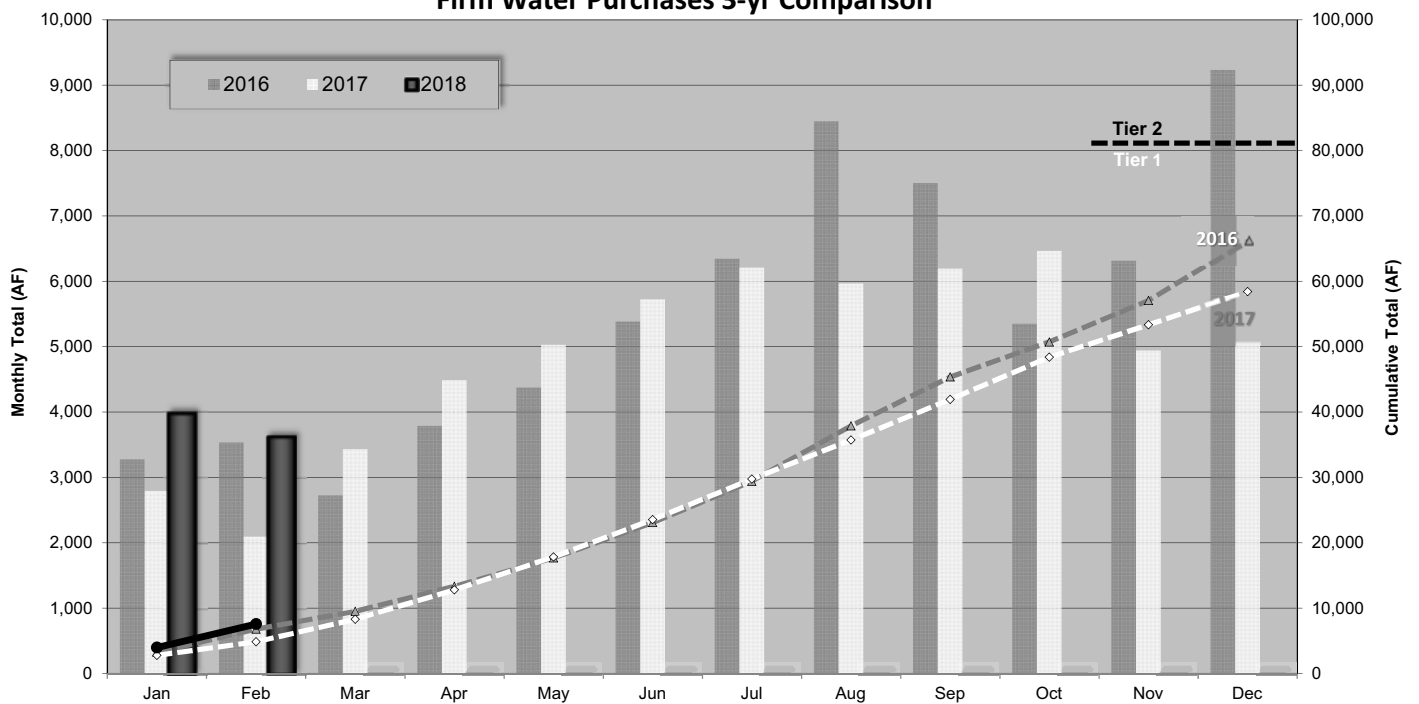
* Deliveries to JWL are assigned to Pomona, RWD, and WVWD.
 Deliveries to PM-24 are assigned to Suburban, VHWC, and WVWD.
 Deliveries to CIC are assigned to Covina, Glendora, GSWC, SWS, and VHWC.
 Quantities apportioned to above agencies are preliminary based on available data.

TVMWD Tier 1 Allowable = 80,688
MWD Tier 1 Deliveries = 7,587
TVMWD Tier 1 Balance = 73,101 **Overage by Individual Agencies = 0.0**



Item 7.D

**TVMWD
Firm Water Purchases 3-yr Comparison**



2018 Firm Water Usage (AF)

Direct Delivery	3,972.6	3,614.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,587.4
Spreading Delivery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	3,972.6	3,614.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,587.4



Three Valleys Municipal Water District Miramar Operations Report

FEBRUARY 2018

Water Quality

The treatment plant produced treated water that met or exceeded state and federal drinking water standards.

Water quality data for the month of February (results of the combined filter effluent)

		Units	Results	Limits	
Nitrite	N	mg/L	0.006	0.4	
Turbidity	TU	NTU	0.05	0.3	<i>Results should be less than limits to comply</i>
Total Dissolved Solids	TDS	mg/l	330	500	
Total Trihalomethanes	TTHM	µg/l	34.5-43.2	80	<i>Ranges from 4 distribution locations (Dec results)</i>
Haloacetic Acids	HAA	µg/l	12.2-14.3	60	
Total Organic Carbon	TOC	Units RAA Ratio	1.01	Minimum Limit 1.00	<i>* RAA Results should be greater than minimum limit to comply</i>

Reportable violations made to SWRCB: **NONE**

**RAA - Running Annual Average*

Monthly Plant Production

	<u>Capacity</u>	<u>Monthly %</u>
Potable water produced from Miramar Plant	1156.1 AF	1666.1 AF 69.4%

Monthly Well Production

	<u>Days in service</u>		<u>Same month prior year</u>	<u>Days in service</u>
Well #1	14	14.1 AF	2.2 AF	6
Well #2	22	61.7 AF	55.0 AF	28
Total monthly Well production		75.8 AF	57.2 AF	

Monthly Sales

La Verne	414.4 AF	33.6%
GSWC (Claremont)	455.3	37.0%
GSWC (San Dimas)	94.1	7.6%
PWR-JWL	265.5	21.6%
Pomona (Mills)	0.0	0.0%
TVMWD Admin	2.6	0.2%
Total Potable Water Sold	1231.9 AF	100.0%

Year To Date 2017-18

	<u>Actual</u>	<u>Budget</u>	<u>% of Budget</u>
Potable Water Sold from Miramar Plant (92.5%)	10,084.1 AF	11,805.6 AF	85.4%
Total Well Production (7.5%)	818.3	801.5	102.1%
Total Potable Water Sold (Plant & Wells)	10,902.4 AF	12,607.1 AF	86.5%

Average monthly water sold **1,362.8 AF**



Hydroelectric Generation (kWh)

	Monthly kWh		YTD kWh		
	Actual	Budget	Actual	Budget	% of Budget
Miramar					
Hydro 1	0	100,056	30,660	1,133,968	<u>2.7%</u>
Hydro 2	164	18,640	62,351	193,390	<u>32.2%</u>
Hydro 3	66,290	13,360	307,256	138,610	<u>221.7%</u>
Williams	28,480	69,201	139,520	632,699	<u>22.1%</u>
Fulton	0	32,588	53,480	369,327	<u>14.5%</u>
	94,934	233,845	593,267	2,467,994	<u>24.0%</u>

Operations/Maintenance Review

Special Activities

- ▶ Miramar Treatment Plant had its annual shutdown from February 5 - 9. During this time we had maintenance done to the flocculation chambers, sedimentation basin and filters. The contractor did a video inspection of the distribution pipeline from the plant's reservoir effluent to the Indian Hill connection.
- ▶ A 36" butterfly valve was installed at Indian Hill/Baseline to allow flexibility of delivering water in the event of an emergency or shutdown.

Outages/Repairs

- ▶ SCE had scheduled an outage that affected the San Dimas Connection.

Unbudgeted Activities

- ▶ District staff provided several tours to over one hundred 5th graders of Cullen Elementary School in Glendora.

Other



Submitted by: _____



Steve Lang
Operations Manager

Distribution:

- Board of Directors
- General Manager
- Manager of Engineering & Operations





Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager [Redacted]
Date: March 21, 2018
Subject: Legislative Update – March 2018

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Requested Action:

Adoption of the attached Resolution No. 18-03-819 in support of the two water bonds that will be coming before voters this year on the June and November ballots, respectively.

Discussion:

The current legislative year is getting busy now that all bills have been introduced and are being assigned to their various committees. Attached is the initial legislative status report for bills that TVMWD is tracking. The legislature will be going on their Spring recess tomorrow but will have their plates full upon return on April 2.

Vacant Legislative Seats

As reported last month, there are currently three vacant seats in the Assembly. Assembly Member Bocanegra and Assembly Member Dababneh both resigned under sexual harassment allegations. Assembly Member Ridley-Thomas resigned due to health reasons. A special primary election for all three seats will be held on April 3. The special general election for these seats will be combined with the June primary. All three members who resigned are Democrats which brings the total number of Democrats in the Assembly down to 52 which is less than the two-thirds supermajority (54). The Assembly Democrats do not have the potential to regain the supermajority until after the June election.

Water Bonds

Staff shared with the Board previously that ACWA is urging its members to send a resolution in support of the two big water bonds that will come before voters this year:

- California Drought, Water, Parks, Coastal Protection, and Outdoor Access for All Act (Proposition 68) - \$4.1 Billion Bond – June ballot



Item 8.A

- Includes \$1.6 Billion to fund water-related projects, including safe drinking water for DACs
- State Water Supply Infrastructure, Water Conveyance, Ecosystem and Water Protection Act of 2018 - \$8.9 Billion Bond – November ballot
 - Funds wide range of projects, including safe drinking water, SGMA implementation and watershed improvements

Attached for Board review is a draft resolution of support for the collective bonds, along with a support memo from MWD and correspondence from ACWA. Staff recommends that the District take a support position on the two bonds and notify ACWA and MWD of any action taken.

Strategic Plan Objectives:

1.7 – Advocate for a Bay-Delta fix

3.5 – Ensure that all of the region’s local government policy makers understand TVMWD’s role in the delivery of water.





2018 Legislative Calendar

January 1	2017 Statutes take effect
January 3	Legislature reconvenes.
January 10	Budget Bill must be submitted by Governor.
January 12	Last day for policy committees to hear and report to Fiscal Committees fiscal bills introduced in their house in the odd numbered year.
January 19	Last day for any committee to hear and report to the floor, bills introduced in that house in the odd numbered year.
January 31	Last day for each house to pass bills introduced in that house in the odd numbered year.
February 16	Last day for bills to be introduced.
March 22	Spring Recess begins at the end of this day's session.
April 2	Legislature reconvenes from Spring Recess.
April 27	Last day for policy committees to meet and report to Fiscal Committees fiscal bills introduced in their house.
May 11	Last day for policy committees to meet and report to the floor non-fiscal bills introduced in their house.
May 18	Last day for policy committees to meet prior to June 4.
May 25	Last day for Fiscal Committees to hear and report bills to the floor, bills introduced in their house. Last day for Fiscal Committees to meet prior to June 4.
May 29-June 1	Floor session only. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2 and Conference Committees.
June 1	Last day for bills to be passed out of the house of origin.
June 4	Committee meetings may resume.
June 15	Budget bill must be passed by midnight.
June 28	Last day for a legislative measure to qualify for the November 6 General Election ballot.
June 29	Last day for policy committee to hear and report fiscal bills to Fiscal Committees.
July 6	Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment, provided Budget Bill has been passed.
August 6	Legislature reconvenes from Summer Recess.
August 17	Last day for Fiscal Committees to meet and report bills to the floor.
August 20-31	Floor Session Only. No committee may meet for any purpose.
August 24	Last day to amend bills on the Floor.
August 31	Last day for each house to pass bills. Final Recess begins upon adjournment.
September 30	Last day for Governor to sign or veto bills passed by the Legislature.



Legislative Status Report As of March 2018

Item 8.A

AB 1654		Water Conservation. (2-YEAR BILL)			
Legislator/Party	Rubio	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input checked="" type="checkbox"/> S	<input type="checkbox"/> O <input type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 17, 2017; Amended: 7/12/17				
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto				
Action Taken	STATUS: 7/17/2017 – Withdrawn from committee. Re-referred to COMMITTEE on RULES. (Set for hearing) (1/23/2018 – Immune to deadlines according to JR61(f). Deadlines do not apply to bills in a Rules Committee.				
Summary	Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Existing law requires agricultural water suppliers to prepare and adopt agricultural water management plans with specified components on or before December 31, 2012, and to update those plans on or before December 31, 2015, and on or before December 31 every 5 years thereafter. Existing law sets forth various findings and declarations related to water conservation. This bill would state the intent of the Legislature to enact legislation necessary to help make water conservation a California way of life. An act relating to water.				

AB 2050		Small System Water Authority Act of 2018.			
Legislator/Party	Caballero	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 6, 2018				
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto				
Action Taken	STATUS: 2/7/2018 From printer. May be heard in committee March 9, 2018.				
Summary	Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, as defined, consistently fails to provide an adequate supply of safe drinking water. The act, if consolidation is either not appropriate or not technically and economically feasible, authorizes the state board to contract with an administrator to provide administrative and managerial services to designated public water systems and to order the designated public water system to accept administrative and managerial services, as specified. This bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill would define various terms and require a change in organization to be carried out as set forth in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The bill would state the intent of the Legislature to enact legislation to protect public health that would require the board to provide notice to a water agency that is chronically providing contaminated drinking water, require the agency to develop a plan, as specified, and would subject to a merger with other agencies serving contaminated water an agency that is not able to develop a plan to correct the serving of contaminated water, the merger of which would create a small system water authority. The bill would state the intent of the Legislature to enact legislation that would subject a small system water authority to oversight by the appropriate local agency formation commission and the board's Division of Drinking Water, and that would require the Treasurer to create and submit to the Legislature an oversight report. This bill contains other existing laws. An act to add Division 23 (commencing with Section 78000) to the Water Code, relating to small system water authorities.				

SB 929		Special districts: Internet Web sites.			
Legislator/Party	McGuire	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input checked="" type="checkbox"/> S	<input type="checkbox"/> O <input type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 25, 2018; Amended: 3/6/2018				

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Legislative Status Report As of March 2018

Item 8.A

Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on RULES.
Summary	<p>The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for special districts, as specified. The California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its Internet Web site and directing a member of the public to the Web site, as specified.</p> <p>This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.</p> <p>The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect.</p> <p>The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.</p> <p>With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.</p>

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Legislative Status Report As of March 2018

Item 8.A

AB 1668	Water management planning. (2-YEAR BILL)		
Legislator/Party	Friedman	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input checked="" type="checkbox"/> O <input type="checkbox"/> W <input type="checkbox"/> N (unless amended)
Date	Introduced: February 17, 2018; Amended: 9/8/2017		
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 9/15/2017 From committee: Do pass and re-refer to COMMITTEE on RULES. (Ayes 5. Noes. 0) (September 15, 2017) Re-referred to COMMITTEE on RULES.		
Summary	<p>(1) Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified. This bill would require the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, as provided, and performance measures for commercial, industrial, and institutional water use on or before June 30, 2021. The bill would require the department, in coordination with the board, to conduct necessary studies and investigations and make recommendations, no later than October 1, 2020, for purposes of these standards and performance measures. The bill, until January 1, 2025, would establish 55 gallons per capita daily as the standard for indoor residential water use, beginning January 1, 2025, would establish 52.5 gallons per capita daily as the standard for indoor residential water use, and beginning January 1, 2030, would establish 50 gallons per capita daily as the standard for indoor residential water use. The bill would require the department, in coordination with the board, to conduct necessary studies and investigations to jointly recommend to the Legislature a standard for indoor residential water use that more appropriately reflects best practices. The bill would impose civil liability for a violation of an order or regulation issued pursuant to these provisions, as specified. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 531.10, 1120, 10608.12, 10608.20, 10608.48, 10801, 10802, 10814, 10817, 10820, 10825, 10826, 10843, 10845, and 10910 of, to add Sections 1846.5 and 10826.2 to, and to add Chapter 9 (commencing with Section 10609) and Chapter 10 (commencing with Section 10609.40) to Part 2.55 of Division 6 of, the Water Code, relating to water.</p>		

SB 606	Water management planning. (2-YEAR BILL)		
Legislator/Party	Skinner	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input checked="" type="checkbox"/> O <input type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 17, 2017; Amended: 9/6/2017		
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 9/13/2017 Assembly Rule 96 suspended. Withdrawn from committee. Ordered to third reading. 2/22/18 #8 ASSEMBLY THIRD READING FILE – SENATE BILLS		
Summary	<p>(1) Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified. Assembly Bill 1668 of the 2017-18 Regular Session, if enacted, would require the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water and would establish specified standards for per capita daily indoor residential water use. The bill would require an urban retail water supplier to calculate an urban water use objective no later than July 1, 2022, and by July 1 every year thereafter, and its actual urban water use by those same dates. The bill would require an urban retail water supplier to submit a report to the department for these purposes by those dates. The bill would authorize the board to issue information orders, written notices, and conservation orders to an urban retail water supplier that does not meet its urban water use objective, as specified. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 350, 377, 1058.5, 1120, 10608.12, 10608.20, 10610.2, 10610.4, 10620, 10621, 10630, 10631, 10631.2, 10635, 10640, 10641, 10642, 10644, 10645, 10650, 10651, 10653, 10654, and 10656 of, to amend, renumber, and add Section 10612 of, to add Sections 10608.35, 10609.20, 10609.22, 10609.24, 10609.26, 10609.28, 10609.30, 10609.32, 10609.34, 10609.36, 10617.5, 10618,</p>		

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LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

	10630.5, 10632.1, 10632.2, 10632.3, and 10657 to, to repeal Section 10631.7 of, and to repeal and add Section 10632 of, the Water Code, relating to water.
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SB 623	Water quality. Safe and Affordable Drinking Water Fund. (2-YEAR BILL)		
Legislator/Party	Monning	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input checked="" type="checkbox"/> O <input type="checkbox"/> W <input type="checkbox"/> N (unless amended)
Date	Introduced: February 17, 2017; Amended 8/21/2017		
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 9/1/2017 From Committee: without recommendation (Ayes 11, Noes 0). (September 1) Re-referred to COMMITTEE on RULES.		
Summary	<p>(1) Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the state board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies. The bill would require the state board to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants with projects relating to the provision of safe and affordable drinking water consistent with a fund implementation plan adopted annually by the state board, as prescribed. The bill would require the state board annually to prepare and make available a report of expenditures of the fund and to adopt annually, after a public hearing, an assessment of funding need that estimates the anticipated funding needed for the next fiscal year to achieve the purposes of the fund. The bill would require, by January 1, 2019, the state board, in consultation with local health officers and other relevant stakeholders, to make available a map of aquifers that are used or likely to be used as a source of drinking water that are at high risk of containing contaminants. For purposes of the map, the bill would require local health officers and other relevant local agencies to provide all results of, and data associated with, water quality testing performed by certified laboratories to the board, as specified. By imposing additional duties on local health officers and local agencies, the bill would impose a state-mandated local program. By creating a new continuously appropriated fund, this bill would make an appropriation. This bill contains other related provisions and other existing laws.</p> <p>An act to add Article 6.5 (commencing with Section 14615) to Chapter 5 of Division 7 of, to add Article 14.5 (commencing with Section 62215) to Chapter 2 of Part 3 of Division 21 of, and to repeal Sections 14616 and 62216 of, the Food and Agricultural Code, to add Chapter 4.6 (commencing with Section 116765) to Part 12 of Division 104 of the Health and Safety Code, and to amend Section 13050 of, and to add Article 4.5 (commencing with Section 13278) to Chapter 4 of Division 7 of, the Water Code, relating to water, and making an appropriation therefor.</p>		

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Legislative Status Report As of March 2018

Item 8.A

<u>AB 18</u>	California Clean Water, Climate, Coastal Protection, and Outdoor Access for All Act of 2018. (Scheduled for June 2018 Ballot) (2-YEAR BILL)			
Legislator/Party	Garcia	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: December 5, 2016; Amended: 8/30/2017			
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 9/1/2016 From committee: Do pass and re-refer to COMMITTEE on APPROPRIATIONS (Ayes 4. Noes 1.) (August 31) Re-referred to COMMITTEE on APPROPRIATIONS			
Summary	<p>Under existing law, programs have been established pursuant to bond acts for, among other things, the development and enhancement of state and local parks and recreational facilities. This bill would enact the California Clean Water, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,470,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, coastal protection, and outdoor access for all program. This bill contains other related provisions.</p> <p>An act to add Chapter 14 (commencing with Section 5880) to Division 5 of the Public Resources Code, relating to a clean water, climate, coastal protection, and outdoor access for all program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.</p>			

<u>AB 166</u>	Building Homes and Job Act: recording fee: hardship refund. (2-YEAR BILL)			
Legislator/Party	Salas	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 13, 2017; Amended: 9/8/2017			
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 1/4/2018 Ordered to the Senate. In Senate. Held at Desk.			
Summary	<p>Existing law authorizes a fee for recording and indexing every instrument, paper, or notice required or permitted by law to be recorded, not to exceed \$10 for the first page and \$3 for each additional page, to reimburse a county for the costs of specified services relating to recording those documents. Existing law authorizes various additional recording fees for specified purposes. This bill would authorize a property owner to request a refund based on hardship of a fee, proposed to be imposed by SB 2, if he or she files a claim with the county recorder, in the county in which the fee was collected, that certifies under penalty of perjury that he or she meets specified criteria related to household income and the fee was levied and collected as part of a transaction to a refinance of the property that was the subject of the recording. By authorizing county recorders to issue a refund of this fee, this bill would make an appropriation. The bill would require the county recorder to deduct any amount issued for a refund from the amount to be remitted to the Department of Housing and Community Development and to annually report to the department on the number of hardship refunds granted pursuant to these provisions. By imposing new duties on local government officials with respect to the collection of the recording fee, and by expanding the scope of the crime of perjury, this bill would impose a state-mandated local program. This bill contains other existing laws.</p> <p>An act to add Section 27388.2 to the Government Code, relating to document recording, and making an appropriation therefor.</p>			

<u>AB 457</u>	Saline water conversion: Diablo Canyon nuclear powerplant. (2-YEAR BILL)			
Legislator/Party	Cunningham	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 13, 2017; Amended: 5/26/2017			

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LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto
Action Taken	STATUS: 6/14/2017 Referred to COMMITTEE on RULES. (Set for hearing) (1/23/2018 – Immune to deadlines according to JR61(f). Deadlines do not apply to bills in a Rules Committee.
Summary	The Cobey-Porter Saline Water Conversion Law required, by July 1, 2004, the Department of Water Resources to report to the Legislature on potential opportunities for the use of seawater and brackish water desalination in California. Existing law required the report to evaluate the impediments to the use of desalination technology and to examine what role, if any, the state should play in furthering the use of desalination in California. This bill would require the commission, as part of the commission's regulatory actions related to the proposed decommissioning of the Diablo Canyon nuclear powerplant and consistent with the goal to mitigate negative impacts to ratepayers, to cause a study to be conducted on the feasibility of repurposing the water desalination facility at the Diablo Canyon nuclear powerplant for purposes of desalinating water for local use. The bill would require the commission to contract with an independent 3rd party to carry out the study on its behalf and would require the study to be conducted using moneys from the Public Utilities Commission Utilities Reimbursement Account. This bill contains other existing laws. An act relating to water.

<u>AB 1270</u>	Dams and reservoirs: Inspections and reporting. (2-YEAR BILL)		
Legislator/Party	Gallagher	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 17, 2017; 2/26/2018 Approved by the Governor. 2/26/2018 Chaptered by Secretary of State - Chapter 3, Statutes of 2018.		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input checked="" type="checkbox"/> Chaptered <input checked="" type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/15/2018 Enrolled and presented to Governor at 12:35 p.m.		
Summary	Existing law requires the Department of Water Resources, from time to time, to make inspections of dams and reservoirs at state expense for the purpose of determining their safety. This bill would repeal those provisions and instead would require the department to inspect dams, reservoirs, and appurtenant structures once per fiscal year with the exception of low hazard potential dams which the bill would require to receive inspections at least every 2 fiscal years, as specified. The bill would require the owner of a dam to operate critical outlet and spillway control features on an annual basis and to demonstrate their full operability in the presence of the department every 3 years or as directed by the department. The bill would provide that the dam inspection reports are public records subject to the California Public Records Act and would authorize the department to withhold from public release sensitive data, images, or other information, as prescribed, if the department includes in the public release a statement of findings that the withheld information would disclose a dam's vulnerability or pose a security threat. The bill would require the Division of Safety of Dams, in consultation with independent, national dam safety and dam safety risk management organizations to, on or before January 1, 2019, and every 10 years thereafter, propose amendments to its dam safety inspection and reevaluation protocols to incorporate updated best practices, including risk management, to ensure public safety. The bill would require the department to provide on its Internet Web site the dam safety inspection and reevaluation protocols, notice of the Division of Safety of Dams' intent to update the protocols, a schedule for the update, and any updates to the protocols. The bill would require the department to report to the Governor and the Legislature on amendments developed pursuant to these provisions and to notify dam owners and the Legislature of the division's intent to update dam safety inspection and reevaluation protocols prior to amending the protocols. This bill contains other related provisions and other existing laws. An act to add Sections 6102.5 and 6103 to, and to repeal and add Section 6102 of, the Water Code, relating to water, and declaring the urgency thereof, to take effect immediately.		

<u>AB 1750</u>	Elected officials: sexual harassment settlement agreements: liability.		
Legislator/Party	McCarty	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 3, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		

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LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Action Taken	STATUS: 1/4/2018 From printer. May be heard in committee February 3, 2018.
Summary	The Government Claims Act governs the liability and immunity of public entities and their officers and employees, claims and actions against public entities and their officers and employees, insurance indemnification, and the defense of public officers and employees. This bill would express the intent of the Legislature to enact legislation that would require an elected official to reimburse a public entity that pays any compromise or settlement of a claim or action involving conduct that constitutes sexual harassment, if an investigation reveals evidence supporting the claim of sexual harassment against the elected official. An act relating to elected officials.

<u>AB 1792</u>	Local government: municipal improvement and restoration projects.		
Legislator/Party	Frazier	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 9, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/10/2018 From printer. May be heard in committee February 9, 2018.		
Summary	Existing law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance. This bill would state the intent of the Legislature to enact legislation that would provide local governments with resources and streamlining for municipal improvements and restoration projects. An act relating to local government.		

<u>AB 1794</u>	Ojai Basin Groundwater Management Agency: Southern California Water Company		
Legislator/Party	Limón	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 9, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/22/2018 Referred to COMMITTEE on LOCAL GOVERNMENT.		
Summary	Existing law, the Ojai Basin Groundwater Management Agency Act, establishes the Ojai Basin Groundwater Management Agency to carry out groundwater management activities within the boundaries of the agency. Under the act, the agency is governed by a board of directors consisting of 5 members that includes one director who is required to be a representative of the Southern California Water Company. This bill would delete the requirement that one director be a representative of the Southern California Water Company and instead would require one director to be chosen by the board, as prescribed, for a term of 3 years. The bill would eliminate other references to the Southern California Water Company within the act. An act to amend Sections 401, 403, and 901 of, and to add Section 401.5 to, the Ojai Basin Groundwater Management Agency Act, relating to water.		

<u>AB 1867</u>	Employment discrimination: sexual harassment: records.		
Legislator/Party	Reyes	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 12, 2018		

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Legislative Status Report As of March 2018

Item 8.A

Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto
Action Taken	STATUS: 1/13/2018 From printer. May be heard in committee February 12, 2018.
Summary	Existing law, the California Fair Employment and Housing Act, prohibits an employer from taking steps that constitute harassment against an employee, including sexual harassment, as defined. The act also prohibits an employer from failing to take corrective action to remedy harassment in the workplace if the employer knows or should have known of the harassment. The act also prohibits an employer from failing to take all reasonable steps necessary to prevent discrimination and harassment from occurring. This bill would require an employer with 50 or more employees to maintain records of employee complaints of sexual harassment for 10 years from the date of filing. The bill would authorize the department to seek an order requiring an employer that violates the recordkeeping requirement to comply. This bill contains other existing laws. An act to add Section 12950.5 to the Government Code, relating to sexual harassment.

AB 1870	Employment discrimination: unlawful employment practices.		
Legislator/Party	Reyes	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 12, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/13/2018 From printer. May be heard in committee February 12, 2018.		
Summary	Existing law, the California Fair Employment and Housing Act, makes specified employment and housing practices unlawful, including discrimination against or harassment of employees and tenants, among others. Existing law authorizes a person claiming to be aggrieved by an alleged unlawful practice to file a complaint with the Department of Fair Employment and Housing within one year from the date upon which the unlawful practice occurred, unless otherwise specified. This bill would extend the period to 3 years for which complaints alleging unlawful employment or housing practices may be filed with the department, as specified. An act to amend Sections 12960 and 12980 of the Government Code, relating to employment.		

AB 1876	Sacramento-San Joaquin Delta: Delta Stewardship Council		
Legislator/Party	Frazier	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 16, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/29/2018 Referred to COMMITTEE on WATER, PARKS and WILDLIFE		
Summary	Existing law, the Sacramento-San Joaquin Delta Reform Act of 2009, establishes the Delta Stewardship Council, which consists of 7 members, and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan. This bill would increase the membership of the council to 13 members, including 11 voting members and 2 nonvoting members, as specified. By imposing new duties upon local officials to appoint new members to the council, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws. An act to amend Section 85200 of, and to add Sections 85061, 85066.5, and 85200.5 to, the Water Code, relating to the Sacramento-San Joaquin Delta.		

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Legislative Status Report As of March 2018

Item 8.A

AB 1889	Santa Clara Valley Water District.			
Legislator/Party	Caballero	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced:			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/5/2018 Referred to COMMITTEE on LOCAL GOVERNMENT.			
Summary	<p>Existing law, the Santa Clara Valley Water District Act, creates the Santa Clara Valley Water District and authorizes the district to provide for the conservation and management of flood, storm, and recycled waters, and other waters, for beneficial uses and to enhance natural resources in connection with carrying out the purposes of the district. The district act authorizes the district to impose special taxes at minimum rates according to land use category and size. The district act authorizes the district to provide an exemption from these taxes for residential parcels owned and occupied by one or more taxpayers who are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This bill would authorize the district to require a taxpayer seeking an exemption from these special taxes to verify his or her age, disability status, or household income, as prescribed. The bill would authorize the board of directors of the district to provide the exemption. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 7.9, 13.2, and 33 of the Santa Clara Valley Water District Act (Chapter 1405 of the Statutes of 1951), relating to the Santa Clara Valley Water District.</p>			

AB 1944	Sustainable groundwater management: San Luis Rey Valley Groundwater Basin.			
Legislator/Party	Garcia, Eduardo	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 29, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on WATER, PARKS, and WILDLIFE.			
Summary	<p>Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act requires the boundaries of a basin to be as identified in a specified report of the Department of Water Resources, unless other basin boundaries are established, as prescribed. This bill would divide the San Luis Rey Valley Groundwater Basin into an upper and lower sub-basin, as prescribed, and would designate the sub-basins as medium priority until the department reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Sub-basin to be included within the definition of groundwater for the purposes of the act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under an existing appropriative water right.</p> <p>An act to amend Section 10721 of, and to add Section 10722.5 to, the Water Code, relating to groundwater.</p>			

AB 1989	California Safe Drinking Water Act			
Legislator/Party	Mathis	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 1, 2018			

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto
Action Taken	STATUS: From printer. May be heard in committee March 4, 2018.
Summary	Existing law, the California Safe Drinking Water Act, imposes on the State Water Resources Control Board various responsibilities and duties relating to providing a dependable, safe supply of drinking water. The act prohibits a person from operating a public water system without a permit and requires any person who owns a public water system to ensure that the system, among other things, provides a reliable and adequate supply of pure, wholesome, healthful, and potable water. This bill would make non-substantive changes to the latter provision. An act to amend Section 116555 of the Health and Safety Code, relating to drinking water.

AB 1991	Safe Drinking Water State Revolving Fund Law of 1997.		
Legislator/Party	Mathis	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 1, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/2/2018 From printer. May be heard in committee March 4, 2018.		
Summary	Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. This bill would make non-substantive changes in those provisions. An act to amend Section 116760 of the Health and Safety Code, relating to drinking water.		

AB 2038	Countywide drought and water shortage contingency plans.		
Legislator/Party	Gallagher	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 6, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/16/2018 Referred to COMMITTEE on WATER, PARKS, and WILDLIFE.		
Summary	Existing law requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, except as specified. Existing law also requires an agricultural water supplier to prepare and adopt an agricultural water management plan with specified components on or before December 31, 2012, and to update those plans on or before December 31, 2015, and on or before December 31 every 5 years thereafter. This bill would require the Department of Water Resources, no later than January 1, 2020, in consultation with the State Water Resources Control Board and other relevant state and local agencies and stakeholders, to use available data to identify small water suppliers and rural communities that may be at risk of drought and water shortage vulnerability and would require the department to notify counties and groundwater sustainability agencies of those suppliers or communities. The bill would require the department, in consultation with the board, to propose to the Governor and the Legislature, by January 1, 2020, recommendations and guidance relating to the development and implementation of countywide drought and water shortage contingency plans to address the planning needs of small water suppliers and rural communities, as provided. An act to add Chapter 10 (commencing with Section 10609.40) to Part 2.55 of Division 6 of the Water Code, relating to water.		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

AB 2042	Residential graywater reuse systems: incentives.			
Legislator/Party	Steinorth	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 6, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/7/2018 From printer. May be heard in committee March 9, 2018			
Summary	<p>Under existing law, graywater is defined as untreated wastewater that has not been contaminated by any toilet discharge, has not been affected by infectious, contaminated, or unhealthy bodily wastes, and does not present a threat from contamination, as specified. Existing law requires the Department of Water Resources, in consultation with specified entities, to adopt standards for the installation of graywater systems for, among other things, residential buildings. This bill would express the intent of the Legislature to enact legislation to extend financial incentives to single-family and multi-family homeowners to incentivize the purchase of residential graywater reuse systems.</p> <p>An act relating to water.</p>			

AB 2060	Water: grants: advanced payments.			
Legislator/Party	Garcia, Eduardo	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 6, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/7/2018 From printer. May be heard in committee March 9, 2018.			
Summary	<p>(1) Existing law, the Integrated Regional Water Management Planning Act, authorizes a regional water management group to prepare and adopt an integrated regional water management plan with specified components relating to water supply and water quality. Existing law provides that an integrated regional water management plan is eligible for funding allocated specifically for implementation of integrated regional water management. Existing law requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. Existing law requires the department, within 60 days of receiving the project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria, including that the grant award for the project is less than \$1,000,000 and requires the advanced funds to be handled as prescribed. Existing law repeals these advanced payment provisions on January 1, 2025. This bill would instead require the department to provide advanced payment for those projects of \$500,000 or 50% of the grant award, whichever is less. The bill would eliminate the requirement that the grant award for the project be less than \$1,000,000 to obtain advanced payment. The bill would eliminate the repeal of these advanced payment provisions. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 10551 and 13477.6 of, to add Section 79724.5 to, and to repeal Section 10552 of, the Water Code, relating to water.</p>			

AB 2064	Integrated regional water management plans: grants: advanced payment.			
Legislator/Party	Gloria	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 7, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Action Taken	STATUS: 2/16/2018 Referred to COMMITTEE on WATER, PARKS, and WILDLIFE.
Summary	Existing law, the Integrated Regional Water Management Planning Act, authorizes a regional water management group to prepare and adopt an integrated regional water management plan with specified components relating to water supply and water quality. Existing law provides that an integrated regional water management plan is eligible for funding allocated specifically for implementation of integrated regional water management. The bill, until January 1, 2025, would require a project proponent, upon completion of the first one-half of a project receiving an above-described grant award, to provide a first one-half project accountability report to the department that reports the completion of objectives for the first one-half of the project and documents the expenditure and use of advanced grant funds. The bill would require the department to provide advanced payment of the remaining grant award within 60 days of receiving the report if the project meets certain criteria. The bill would authorize the department to withhold up to 10% of the remaining advanced grant award as retention proceeds that the department is required to release fully to the project proponent upon verification by the department of project completion. The bill would require a project proponent to submit a final project accountability report to the department upon completion of the project. This bill contains other existing laws. An act to add Section 10551.5 to the Water Code, relating to water.

<u>AB 2241</u>	Sustainable water use and demand reduction: legislative findings and declarations.			
Legislator/Party	Rubio	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 13, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/14/2018 From printer. May be heard in committee March 16, 2018			
Summary	Existing law requires the State Water Resources Board to implement and administer various water conservation and demand reduction programs in the state. Existing law makes legislative findings and declarations regarding the need to reduce urban water use statewide by 20% and to effectively measure a water supplier's efforts to reduce urban water use in its service area. This bill would make non-substantive changes in those legislative findings and declarations. An act to amend Section 10608 of the Water Code, relating to water.			

<u>AB 2242</u>	Urban water management planning.			
Legislator/Party	Rubio	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 14, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/14/2018 From printer. May be heard in committee March 16, 2018			
Summary	Existing law declares that certain provisions relating to urban water management planning are intended to provide assistance to water agencies in carrying out their long-term resource planning responsibilities to ensure adequate water supplies to meet existing and future demands for water. Existing law makes related legislative findings and declarations. This bill would make a non-substantive change in those findings and declarations. An act to amend Section 10610.2 of the Water Code, relating to water.			

<u>AB 2266</u>	Urban water management planning.			
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LEGISLATIVE INTENT SERVICE (800) 666-1917



Legislative Status Report As of March 2018

Item 8.A

Legislator/Party	Bigelow	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 13, 2018						
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 2/14/2018 From printer. May be heard in committee March 16, 2018.						
Summary	<p>Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan and to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, except as specified. Existing law declares that these provisions relating to urban water management planning are intended to provide assistance to water agencies in carrying out their long-term resource planning responsibilities to ensure adequate water supplies meet existing and future demands for water. Existing law makes related legislative findings and declarations. This bill would make a non-substantive change in those findings and declarations.</p> <p>An act to amend Section 10610.2 of the Water Code, relating to water.</p>						

AB 2283	Income taxes: exclusion: turf removal water conservation program.						
Legislator/Party	Holden	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 13, 2018						
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 2/14/2018 From printer. May be heard in committee March 16, 2018						
Summary	<p>The Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program. This bill would extend the operation of those provisions to January 1, 2024. This bill contains other related provisions.</p> <p>An act to amend Sections 17138.2 and 24308.2 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.</p>						

AB 2339	Water utility service: sale of water utility property by a city.						
Legislator/Party	Gipson	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 13, 2018						
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 2/14/2018 From printer. May be heard in committee March 16, 2018.						
Summary	<p>Existing law authorizes the furnishing of utility services by publicly owned public utilities, including municipal corporations, which are subject to control by their governing bodies. Existing law authorizes any municipal corporation to acquire, construct, own, operate, or lease any public utility, as defined, and authorizes a municipal corporation to sell or dispose of any public utility it owns. Existing law establishes an alternative procedure whereby a municipal corporation can lease, sell, or transfer that portion of a water utility used for furnishing water service outside or inside the boundaries of the municipal corporation, including the determination that the public utility is not necessary for supplying water to its own inhabitants or that its inhabitants will be provided with equal or better service by the acquiring entity, the sale or transfer is approved by a majority of all voters voting on this issue in an election, and that the acquiring entity disclose specified information before the election. This bill would permit a city that owns and operates a public utility for furnishing water service to sell the public utility for the purpose of consolidating its public water system with another public water system pursuant to the procedures that are generally applicable to the sale of</p>						



Legislative Status Report As of March 2018

Item 8.A

	<p>real property by a city, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.</p> <p>An act to add Section 37420.5 to the Government Code, and to amend Section 10061 of the Public Utilities Code, relating to water.</p>
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<u>AB 2371</u>	Water use sustainability: irrigation		
Legislator/Party	Carrillo	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 14, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/15/2018 From printer. May be heard in committee March 17, 2018.		
Summary	<p>Existing law, the Water Conservation in Landscaping Act, requires the Department of Water Resources to update its model water-efficient landscape ordinance by regulation and prescribes various requirements for the updated model ordinance. This bill would state the intent of the Legislature to enact legislation that would improve water use sustainability in California's outdoor irrigation practices.</p> <p>An act relating to water.</p>		

<u>AB 2538</u>	Stormwater.		
Legislator/Party	Rubio	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 15, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/15/2018 From printer. May be heard in committee March 17, 2018.		
Summary	<p>Existing law requires the State Water Resources Control Board to develop monitoring requirements for municipalities and industries that are required to obtain a stormwater permit in accordance with the federal Clean Water Act. This bill would make non-substantive changes to that provision.</p> <p>An act to amend Section 13383.5 of the Water Code, relating to water quality.</p>		

<u>AB 2541</u>	Water quality.		
Legislator/Party	Salas	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 14, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/15/2018 From printer. May be heard in committee March 17, 2018.		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Summary	<p>The Porter-Cologne Water Quality Control Act establishes a statewide program for the control of the quality of all the waters in the state and makes certain legislative findings and declarations. This bill would make technical, non-substantive changes to the legislative findings and declarations.</p> <p>An act to amend Section 13000 of the Water Code, relating to water quality.</p>
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AB 2649	Groundwater recharge.			
Legislator/Party	Arambula	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 15, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/16/2018 From printer. May be heard in committee March 18, 2018.			
Summary	<p>Under existing law, the right to water or to the use of water is limited to that amount of water that may be reasonably required for the beneficial use to be served. Existing law provides that the storing of water underground, and related diversions for that purpose, constitute a beneficial use of water if the stored water is thereafter applied to the beneficial purposes for which the appropriation for storage was made. This bill would state the intent of the Legislature to enact legislation to increase groundwater recharge.</p> <p>An act relating to water.</p>			

AB 2692	Water: infrastructure funding.			
Legislator/Party	Arambula	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 15, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/16/2018 From printer. May be heard in committee March 18, 2018.			
Summary	<p>Under existing law, various measures, including legislative and initiative general obligation bond acts and budget act appropriations, provide funding for water resources projects, facilities, and programs. This bill would state the intent of the Legislature to enact legislation to establish a permanent source of water infrastructure funding.</p> <p>An act relating to water.</p>			

AB 2815	Water rights: appropriations of water.			
Legislator/Party	Gray	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 16, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/17/2018 From printer. May be heard in committee March 19, 2018.			



Legislative Status Report As of March 2018

Item 8.A

Summary	<p>Under existing law, the State Water Resources Control Board administers a water rights program pursuant to which the state board grants permits and licenses to appropriate water. Existing law requires the board to consider and act upon all applications for permits to appropriate water. Existing law provides that in relation to applications, permits, or licenses to appropriate water, the terms stream, lake or other body of water, or water refers only to surface water and to subterranean streams flowing through known and definite channels. This bill would make non-substantive changes in the latter provision.</p> <p>An act to amend Section 1200 of the Water Code, relating to water resources.</p>
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AB 3056	Desalinated water.		
Legislator/Party	Harper	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 16, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/17/2018 From printer. May be heard in committee March 19, 2018		
Summary	<p>The Cobey-Porter Saline Water Conversion Law declares that the growing water needs of the state require the development of cost-effective and efficient water supply technologies and that desalination technology is now feasible to help provide significant new water supplies from seawater, brackish water, and reclaimed water. This bill would declare the intent of the Legislature to enact subsequent legislation relating to desalination.</p> <p>An act relating to water.</p>		

AB 3062	Recycled water: recycling criteria.		
Legislator/Party	Harper	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 16, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/17/2018 From printer. May be heard in committee March 19, 2018.		
Summary	<p>Existing law, the Porter-Cologne Water Quality Control Act, requires the State Water Resources Control Board to establish uniform statewide recycling criteria for each varying type of use of recycled water if the use involves the protection of public health. The act defines recycling criteria to mean the levels of constituents of recycled water, and the means for assurance of reliability under the design concept that will result in recycled water that is safe for the uses to be made. This bill would make non-substantive changes to that definition.</p> <p>An act to amend Section 13520 of the Water Code, relating to water quality.</p>		

ACA 21	State infrastructure: funding: California Infrastructure Investment Fund.		
Legislator/Party	Mayes	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 3, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/4/2018 From printer. May be heard in committee February 3, 2018		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Summary	Existing provisions of the California Constitution establish the Budget Stabilization Account in the General Fund and require the Controller, on or before October 1 of the 2015–16 fiscal year and each fiscal year thereafter, to transfer from the General Fund to the Budget Stabilization Account amounts that include a sum equal to 1.5% of the estimated amount of General Fund revenues for that fiscal year. This measure would amend the California Constitution to create the California Infrastructure Investment Fund in the State Treasury. The measure would require the Controller, beginning in the 2019–20 fiscal year, to transfer from the General Fund to the California Infrastructure Investment Fund in each fiscal year an amount equal to up to 2.5% of the estimated General Fund revenues for that fiscal year, as provided. The measure would require, for the 2019–20 fiscal year and each fiscal year thereafter, the amounts in the fund to be allocated, upon appropriation by the Legislature, for specified infrastructure investments, including the funding of deferred maintenance projects. A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 25 to Article XVI thereof, relating to state infrastructure.
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<u>SB 49</u>		California Environmental, Public Health and Workers Defense Act of 2017. (2-YEAR BILL)					
Legislator/Party	De León	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: December 5, 2016; Amended: 9/12/2017						
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 9/12/2017 From committee with author's amendments. Read second time and amended. Re-referred to COMMITTEE on RULES.						
Summary	<p>(1) The federal Clean Air Act regulates the discharge of air pollutants into the atmosphere. The federal Clean Water Act regulates the discharge of pollutants into water. The federal Safe Drinking Water Act establishes drinking water standards for drinking water systems. The federal Endangered Species Act of 1973 generally prohibits activities affecting threatened and endangered species listed pursuant to that act unless authorized by a permit from the United States Fish and Wildlife Service or the National Marine Fisheries Service, as appropriate. This bill would require specified agencies to take prescribed actions to maintain and enforce certain requirements and standards pertaining to air, water, and protected species. By imposing new duties on local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.</p> <p>An act to add and repeal Title 24 (commencing with Section 120000) of the Government Code, relating to state prerogative.</p>						

<u>SB 100</u>		California Renewables Portfolio Standard Program: emissions of greenhouse gases (2-YEAR BILL)					
Legislator/Party	De León	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: January 11, 2017; Amended: 9/11/2017						
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 9/11/2017, September 11, 2017 hearing postponed by committee. From committee with author's amendments. Read second time and amended. Re-referred to Assembly COMMITTEE on UTILITIES and ENERGY.						
Summary	<p>(1) Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities, as defined, are under the direction of their governing boards. The California Renewables Portfolio Standard Program requires the PUC to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources, as defined, so that the total kilowatt hours of those products sold to their retail end-use customers achieve 25% of retail sales by December 31, 2016, 33% by December 31, 2020, 40% by December 31, 2024, 45% by December 31, 2027, and 50% by December 31, 2030. The program additionally requires each local publicly owned electric utility, as defined, to procure a minimum quantity of electricity products from eligible renewable energy resources to achieve the procurement requirements established by the program. The Legislature has found and declared that its intent in implementing the program is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030. This bill would revise the above-described legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, and to achieve a 60% target by</p>						



Legislative Status Report As of March 2018

Item 8.A

	<p>December 31, 2030. The bill would require that retail sellers and local publicly owned electric utilities procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kilowatt hours of those products sold to their retail end-use customers achieve 44% of retail sales by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 399.11, 399.15, and 399.30 of, and to add Section 454.53 to, the Public Utilities Code, relating to energy.</p>
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SB 473	California Endangered Species Act. (2-YEAR BILL)						
Legislator/Party	Hertzberg	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 16, 2017; Amended: 9/5/2017						
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS:						
Summary	<p>(1) Existing law, the California Endangered Species Act, prohibits the taking of an endangered or threatened species, except in certain situations. Under the act, the Department of Fish and Wildlife may authorize the take of listed species pursuant to an incidental take permit if the take is incidental to an otherwise lawful activity, the impacts are minimized and fully mitigated, and the issuance of the permit would not jeopardize the continued existence of the species. The act requires the department to adopt regulations for issuance of incidental take permits. This bill would also apply the take prohibition to public agencies. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 2053, 2070, 2073.4, 2075.5, 2077, 2080, 2080.1, 2081, 2081.2, 2084, 2089.2, 2089.4, 2089.6, and 2089.22 of, to amend and renumber Section 2087 of, to add Sections 2064.5, 2069.1, 2079.1, and 2089.5 to, to repeal Sections 2069, 2081.5, 2086, 2088, and 2089 of, to repeal the heading of Article 3.5 (commencing with Section 2086) of Chapter 1.5 of Division 3 of, and to repeal Article 5 (commencing with Section 2098) of Chapter 1.5 of Division 3 of, the Fish and Game Code, relating to fish and wildlife.</p>						

SB 519	Santa Clara Valley Water District. (2-YEAR BILL)						
Legislator/Party	Beall	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 16, 2017; Amended: 1/3/2018						
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 1/23/2018 In Assembly. Read first time. Held at desk.						
Summary	<p>Existing law, the Santa Clara Valley Water District Act, creates the Santa Clara Valley Water District and authorizes the district to provide for the conservation and management of flood, storm, and recycled waters, and other waters, for beneficial uses and to enhance natural resources in connection with carrying out the purposes of the district. This bill would require any director appointed or elected to fill a vacancy to represent the electoral district in which the vacancy occurred and to be a qualified elector residing in the electoral district in which the vacancy occurred. This bill contains other existing laws.</p> <p>An act to amend Section 7.9 of the Santa Clara Valley Water District Act (Chapter 1405 of the Statutes of 1951), relating to the Santa Clara Valley Water District.</p>						

SB 771	California Environmental Quality Act: continuing education: public employees. (2-YEAR BILL)						
Legislator/Party	De León	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: February 17, 2017; Amended: 7/18/2017						



Legislative Status Report As of March 2018

Item 8.A

Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto
Action Taken	STATUS: 9/13/2017 Ordered to inactive file on request of Assembly Member Calderon.
Summary	<p>The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. This bill would establish a continuing education requirement for employees of public agencies who have primary responsibility to administer the act, as specified. Because this bill would require a public agency to ensure that this continuing education requirement is met, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.</p> <p>An act to add Section 21098.5 to the Public Resources Code, relating to environmental quality.</p>

<u>SB 778</u>	Water systems: consolidations: administrative and managerial services. (2-YEAR BILL)		
Legislator/Party	Hertzberg	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 17, 2017; Amended: 7/13/2017		
Status	<input checked="" type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 9/1/2017 Failed deadline pursuant to Rule 61(a)(12). Last location was APPROPRIATIONS on 8/23/2017. May be acted upon January 2018.		
Summary	<p>Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would require, on or before March 1, 2018, and regularly thereafter, as specified, the state board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems that have occurred on or after July 1, 2014. The bill would require the published information to include the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.</p> <p>This bill contains other existing laws.</p> <p>An act to amend Section 116682 of the Health and Safety Code, relating to drinking water.</p>		

<u>SB 831</u>	Land use: accessory of dwelling units.		
Legislator/Party	Wieckowski	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 4, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/16/2018 Referred to COMMITTEES on TRANSPORTATION and HOUSING, and GOVERNANCE and FINANCE.		
Summary	<p>The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of accessory dwelling units in single-family and multifamily residential zones and sets forth standards the ordinance is required to impose, including, among others, maximum unit size, parking, and height standards. Existing law authorizes a local agency, special district, or water corporation to require a new or separate utility connection between the accessory dwelling unit and the utility and authorizes a fee to be charged, except as specified. Existing law requires a local agency to submit an ordinance adopted for the creation of accessory dwelling units to the Department of Housing and Community Development and authorizes the department to review and comment on the ordinance. This bill would delete the requirement that the area be zoned to allow single-family or multifamily use. The bill would specify that if a local agency</p>		

LEGISLATIVE INTENT SERVICE (800) 666-1917



Legislative Status Report As of March 2018

Item 8.A

	<p>does not act on an application for a accessory dwelling unit within 120 days, then the application shall be deemed approved. The bill would specify that an accessory dwelling unit shall not be considered to exceed the allowable floor-to-area lot ratio upon which the accessory dwelling unit is located and would prohibit a local agency from requiring off street parking spaces be replaced when a garage, carport, or covered parking structure is demolished or converted in conjunction with the construction of an accessory dwelling unit. The bill would delete provisions authorizing a local agency, special district, or water corporation to require an applicant to install a separate utility connection for the accessory dwelling unit and would state that an accessory dwelling unit shall not be considered a new residential use for purposes of calculating fees and shall not be subject to impact fees, connection fees, capacity charges, or any other fees levied by those entities. The bill would authorize the department, upon submission of an adopted ordinance for the creation of accessory dwelling units, to submit written findings to the local agency regarding whether the ordinance complies with statutory provisions. The bill would authorize the department to adopt guidelines to implement uniform standards or criteria to supplement or clarify the terms, references, or standards set forth in statute and would exempt the adoption of those guidelines from the Administrative Procedure Act. The bill would also specify the applicable building code standards for accessory dwelling units constructed before January 1, 2018. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 65852.2 and 65852.22 of, and to add and repeal Section 65852.23 of, the Government Code, relating to land use.</p>
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SB 881	Flood control: County of Santa Clara: South San Francisco Bay Shoreline Project		
Legislator/Party	Wieckowski	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 11, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 1/24/2018 Referred to COMMITTEE on NATURAL RESOURCES and WATER, and JUDICIARY.		
Summary	<p>Existing law provides for state cooperation with the federal government in the construction of specified flood control projects and prescribes requirements to be met prior to state authorization of flood management projects that receive state financial aid. This bill would authorize the state to provide subvention funds, as prescribed, to the Santa Clara Valley Water District for the South San Francisco Bay Shoreline Project for flood control in areas along the south San Francisco Bay in the County of Santa Clara, as described, at an estimated cost to the state of the sum that may be appropriated for state cooperation by the Legislature upon the recommendation and advice of the Department of Water Resources and upon a determination by the department that the project meets specified financial aid requirements. The bill would provide that the state assumes no liability for damages that may result from the project by authorizing the provision of subvention funds, or by the appropriation of those subvention funds, as specified.</p> <p>An act to add Section 12749.99 to the Water Code, relating to flood control.</p>		

SB 919	Water resources: stream gages.		
Legislator/Party	Dodd	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 22, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/1/2018 Referred to COMMITTEE on NATURAL RESOURCES and WATER.		
Summary	<p>Under existing law, the State Water Resources Control Board administers a water rights program pursuant to which the state board grants permits and licenses to appropriate water. Existing law, the Open and Transparent Water Data Act, requires the Department of Water Resources, the board, and the Department of Fish and Wildlife to coordinate and integrate existing water and ecological data from local, state, and federal agencies. Existing law provides for the establishment of the California Water Quality Monitoring Council, which is administered by the board, and requires the council to undertake various actions relating to water quality data collection, and to review existing water quality monitoring, assessment, and reporting efforts and recommend specific actions and funding needs necessary to coordinate and enhance those efforts. This bill would require the board, upon appropriation by the Legislature, to develop a plan to deploy</p>		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

	<p>a network of stream gages that includes a determination of funding needs and opportunities for reactivating existing gages. The bill would require the board, in consultation with the Department of Water Resources, to prioritize the deployment of stream gages based upon gaps in the existing system of gages and specified considerations.</p> <p>An act to add Section 180 to the Water Code, relating to water resources.</p>
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SB 922	Local government: planning.		
Legislator/Party	Nguyen	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 23, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/1/2018 Referred to COMMITTEE on RULES.		
Summary	<p>Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, makes certain findings and declarations relating to local government organizations, including, among other things, the encouragement of orderly growth and development, and the logical formation and modification of the boundaries of local agencies, as specified. This bill would make non-substantive changes to these findings and declarations.</p> <p>An act to amend Section 56001 of the Government Code, relating to local government.</p>		

SB 934	Water quality: minor violations.		
Legislator/Party	Allen	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 25, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on RULES.		
Summary	<p>The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board and the California regional water quality control boards to conduct inspections and utilize other enforcement measures for violations of specified law relating to water quality. The act requires the state board and the regional boards to determine the types of violations that are minor violations and requires the state board to implement the minor violation provisions through adoption of regulations or state policy for water quality control, as prescribed. This bill would make non-substantive changes to the provision relating to minor violations.</p> <p>An act to amend Section 13399 of the Water Code, relating to water quality.</p>		

SB 952	Water conservation: local water supplies.		
Legislator/Party	Anderson	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 30, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on RULES.		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Summary	<p>Existing provisions of the California Constitution declare the policy that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of these waters is to be exercised with a view to the reasonable and beneficial use of the waters in the interest of the people and for the public welfare. Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. This bill would state the intent of the Legislature to enact legislation that would require the State Water Resources Control Board to recognize local water agency investment in water supply and will ensure that local agencies receive sufficient credit for these investments in meeting any water conservation or efficiency mandates.</p> <p>An act relating to water.</p>
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SB 959	Water corporation: advice letters.						
Legislator/Party	Beall	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: January 31, 2018						
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on ENERGY, UTILITIES and COMMUNICATION.						
Summary	<p>Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations, as defined. This bill would require a water corporation with more than 10,000 service connections to maintain on its Internet Web site an archive of all pending, approved, or rejected advice letters.</p> <p>An act to add Section 2715 to the Public Utilities Code, relating to water corporations.</p>						

SB 968	Postsecondary education: mental health counselors.						
Legislator/Party	Pan	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S	<input type="checkbox"/> O	<input checked="" type="checkbox"/> W	<input type="checkbox"/> N
Date	Introduced: January 31, 2018						
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto						
Action Taken	STATUS: 2/8/2018 Referred to COMMITTEE on EDUCATION.						
Summary	<p>Existing law establishes the segments of postsecondary education in this state, including the University of California administered by the Regents of the University of California, the California State University administered by the Trustees of the California State University, the California Community Colleges administered by the Board of Governors of the California Community Colleges, and independent institutions of higher education. Existing provisions of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program set forth the requirements for status as a "qualifying institution" whose students are eligible, if as individuals they meet pertinent program requirements, to receive Cal Grant awards. Existing law provides for licensing and regulation of various professions in the healing arts, including physicians and surgeons, psychologists, marriage and family therapists, educational psychologists, clinical social workers, and licensed professional clinical counselors. This bill would require the Trustees of the California State University, the governing board of each community college district, and the governing body of each independent institution of high education that is a qualifying institution, and request the Regents of the University of California, to hire one full-time equivalent mental health counselor per 1,000 students at each of their respective campuses to the fullest extent consistent with state and federal law. The bill would define mental health counselor for purposes of this provision. The bill would require those institutions, on or before January 1, 2020, and every 3 years thereafter, to report to the Legislature how funding was spent, and the number of mental health counselors employed on each of its campuses, as specified. To the extent that these provisions would impose new duties on community college districts, it would constitute a state-mandated local program. This bill contains other related provisions and other existing laws.</p> <p>An act to add Section 66027.7 to the Education Code, relating to postsecondary education.</p>						

LEGISLATIVE INTENT SERVICE (800) 666-1917



Legislative Status Report As of March 2018

Item 8.A

SB 979	Water Quality, Supply, and Infrastructure Improvement Act of 2017		
Legislator/Party	Cannella	<input type="checkbox"/> D <input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: January 21, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/14/2018 Referred to COMMITTEE on RULES.		
Summary	<p>Existing law, the Water Quality, Supply, and Infrastructure Improvement Act of 2014, approved by the voters as Proposition 1 at the November 4, 2014, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$7,545,000,000 to finance a water quality, supply, and infrastructure improvement program. The bond act provides that the sum of \$810,000,000 is to be available, upon appropriation by the Legislature, for expenditures on, and competitive grants and loans to, projects that are included in and implemented in an adopted integrated regional water management plan and respond to climate change and contribute to regional water security. The bond act requires \$200,000,000 of that amount to be available for grants for multi-benefit stormwater management projects. This bill would make a non-substantive change in those grant provisions.</p> <p>An act to amend Section 79747 of the Water Code, relating to water.</p>		

SB 998	Water shutoffs: urban and community water systems.		
Legislator/Party	Dodd	<input checked="" type="checkbox"/> D <input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 5, 2018		
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto		
Action Taken	STATUS: 2/6/2018 From printer. May be acted upon on or after March 8, 2018		
Summary	<p>Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on residential service shutoff available in English, Spanish, or any other language spoken by at least 5% of the people residing in its service area. The bill would require the policy to include certain components and be available on the system's Internet Web site and be provided annually to customers in writing. The bill would make a violation of these provisions punishable by a civil penalty issued by the board or the commission, as appropriate, in an amount not to exceed \$500 for each day in which the violation occurs. The bill would eliminate existing notice and other requirements relating to the termination of residential service for commission-regulated urban and community water systems and instead would apply the provisions of this bill to those systems. This bill would prohibit an urban and community water system from shutting off residential service until a payment by a customer has been delinquent for at least 60 days. The bill would require an urban and community water system to contact the customer named on the account and provide the customer with the urban and community water system's policy on residential service shutoff no less than 3 business days before shutoff, as prescribed. The bill would prohibit an urban and community water system from shutting off residential service until the system notifies the local health department and the local health department assesses that a shutoff at the residence would not pose a grave threat to the health and safety of the residents, except as provided. By imposing new duties on local health departments, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.</p> <p>An act to add Chapter 6 (commencing with Section 116900) to Part 12 of Division 104 of the Health and Safety Code, and to amend Sections 777, 779, 779.1, 780, 10009, 10010, 10010.1, 12822, 12823, 12823.1, 16481, 16482, and 16482.1 of the Public Utilities Code, relating to water.</p>		

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

SB 1126	Upper Los Angeles River and Tributaries Working Group.			
Legislator/Party	Portantino	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 13, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/14/2018 From printer. May be acted upon on or after March 16, 2018.			
Summary	<p>Existing law provides for the protection, enhancement, and restoration of rivers in this state. Existing law establishes the Santa Monica Mountains Conservancy and prescribes the membership, functions, and duties of the conservancy with regard to the acquisition, preservation, and improvement of real property within the Santa Monica Mountains zone, as defined. Existing law establishes within the conservancy the Upper Los Angeles River and Tributaries Working Group and requires, by March 1, 2019, the working group to develop, through watershed-based planning methods and community engagement, a revitalization plan for the Upper Los Angeles River, the tributaries of the Pacoima Wash, Tujunga Wash, and Verdugo Wash, and any additional tributary waterway that the working group determines to be necessary. Existing law requires the revitalization plan to address the unique and diverse needs of the Upper Los Angeles River, Pacoima Wash, Tujunga Wash, and Verdugo Wash, and the communities through which they pass, and to include watershed education programs. This bill would specify the Arroyo Seco Tributary as a waterway for the working group to include in the revitalization plan and watershed education programs.</p> <p>An act to amend Section 33220 of the Public Resources Code, relating to the Los Angeles River and tributaries.</p>			

SB 1133	Los Angeles County Flood Control Act			
Legislator/Party	Portantino	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 13, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/14/2018 From printer. May be acted upon on or after March 16, 2018.			
Summary	<p>Existing law, the Los Angeles County Flood Control Act, establishes the Los Angeles County Flood Control District and authorizes the district to control and conserve the flood, storm, and other wastewater of the district. This bill would make non-substantive changes to the provision naming the act.</p> <p>An act to amend Section 23 of the Los Angeles County Flood Control Act (Chapter 755 of the Statutes of 1915), relating to the Los Angeles County Flood Control District.</p>			

SB 1215	Drinking water systems and sewer systems: consolidation and extension of services.			
Legislator/Party	Hertzberg	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 15, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/16/2018 From printer. May be acted upon on or after March 18, 2018.			

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Legislative Status Report As of March 2018

Item 8.A

Summary	<p>Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, as defined, consistently fails to provide an adequate supply of safe drinking water. This bill would also authorize the state board to set timeline and performance measures to facilitate completion of extension of service of drinking water. This bill contains other related provisions and other existing laws.</p> <p>An act to amend Sections 116680, 116681, and 116682 of, and to add Section 116683 to, the Health and Safety Code, relating to water.</p>
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SB 1364	Safe, Clean, Reliable Water Supply Act			
Legislator/Party	Vidak	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 16, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/20/2018 From printer. May be acted upon on or after March 22, 2018.			
Summary	<p>Existing law, the Safe, Clean, Reliable Water Supply Act, approved by the voters as Proposition 204 at the November 5, 1996, statewide general election, authorizes the issuance of general obligation bonds in the amount of \$995,000,000 for the purposes of financing a safe, clean, reliable water supply program. The bond act states various legislative findings and declarations. This bill would make a non-substantive change in those findings and declarations.</p> <p>An act to amend Section 78500.2 of the Water Code, relating to water.</p>			

SB 1461	Water corporations: rate of return.			
Legislator/Party	Wilk	<input type="checkbox"/> D	<input checked="" type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 16, 2018			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			
Action Taken	STATUS: 2/20/2018 From printer. May be acted upon on or after March 22, 2018			
Summary	<p>Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including water corporations. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. This bill would state the intent of the Legislature to enact legislation reforming the rate of return earned by water corporations.</p> <p>An act relating to water corporations.</p>			

SCA 4	Water conservation. (2-YEAR BILL)			
Legislator/Party	Hertzberg	<input checked="" type="checkbox"/> D	<input type="checkbox"/> R	<input type="checkbox"/> S <input type="checkbox"/> O <input checked="" type="checkbox"/> W <input type="checkbox"/> N
Date	Introduced: February 2, 2017			
Status	<input type="checkbox"/> Amended <input type="checkbox"/> Failed Deadline <input type="checkbox"/> Enrolled <input type="checkbox"/> Chaptered <input type="checkbox"/> Signed <input type="checkbox"/> Veto			

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Legislative Status Report As of March 2018

Item 8.A

Action Taken	STATUS: 2/16/2017 Referred to COMMITTEE on RULES.
Summary	<p>The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. This measure would declare the intent of the Legislature to amend the California Constitution to provide a program that would ensure that affordable water is available to all Californians and to ensure that water conservation is given a permanent role in California's future.</p> <p>A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Article X C thereto, relating to water.</p>

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LEGISLATIVE INTENT SERVICE





TWO COMPLEMENTARY WATER BONDS WILL GO BEFORE VOTERS IN 2018

As securing California's water future becomes increasingly challenging, ensuring funding to mitigate the results of climate change, aging infrastructure, natural disasters and population growth are more important than ever. In response to those challenges, voters will have the opportunity to approve two general obligation bonds in 2018. One measure will appear on the June 2018 ballot, and the other measure will likely appear on the November 2018 ballot.

The two measures are complementary and, if approved, would work together to fund water-related projects intended to provide safe drinking water to disadvantaged communities, improve water supply reliability, help implement the Sustainable Groundwater Management Act (SGMA) and restore watersheds.

In recognition of the need for this funding, the Association of California Water Agencies (ACWA) Board of Directors voted unanimously to support both bonds.

The California Drought, Water, Parks, Coastal Protection, and Outdoor Access for All Act of 2018, will be placed on the June 2018 ballot as Proposition 68. This legislative bond measure resulted from the passage with bipartisan support of SB 5 (de León, 2017). This measure would authorize \$4.1 billion in general obligation bonds to finance water and park projects, climate change preparedness, coastal protection, and outdoor access.

Examples of its water project funding include money for safe drinking water for disadvantaged communities and funding for SGMA implementation.

The State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protection and Restoration and Drinking Water Protection Act of 2018 (the November bond) is an \$8.9 billion water bond initiative measure. Initiative backers are currently completing the signature collection process to qualify the measure for placement on the November 2018 ballot. This bond would fund a wide range of water projects from safe drinking water projects to SGMA implementation and watershed improvements.

Though two separate measures, both would work together as a complementary pair to appropriate funding for a variety of needed projects. Together, they would provide more than \$10 billion for drought preparedness projects, flood protection, safe drinking water, implementation of the Sustainable Groundwater Management Act, and other projects that will improve water supply reliability and ecosystem health.

The Association of California Water Agencies Board of Directors voted unanimously to support both bonds.



INVESTMENT IN THE CALIFORNIA WATER ACTION PLAN

The California Water Action Plan of 2014, was a major step in the right direction during California’s most severe drought in recent history. The multi-prong plan, whose roots stem from ACWA’s Statewide Water Action Plan (SWAP), outlines priority actions addressing water conservation, groundwater management, ecological restoration, Delta conveyance solutions, water storage, safe drinking water and more.

Since 2014, the California Water Quality, Supply, and Infrastructure Improvement Act of 2014 (also known as Proposition 1) has provided much needed investment in water supply reliability and ecosystem health projects and has also leveraged local and federal cost share funds.

Much like Proposition 1, both 2018 bonds, if approved, would result in an influx of local investment. Except for the storage component, pending qualification for bond funds, it’s expected most of the money from Proposition 1 will be committed by 2019. As such, Proposition 68 and the November bond will help replenish the soon-to-be depleted funding source.

ACWA believes the two bonds are complementary initiatives that would serve California tremendously and help build upon the successes of Proposition 1. Enactment of the measures would secure further investment in the California Water Action Plan.



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(800) 666-1322

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FUNDING THE FUTURE OF SUSTAINABLE GROUNDWATER MANAGEMENT

The Sustainable Groundwater Management Act of 2014 (SGMA) established a new program for management of California’s groundwater. SGMA required the formation of local Groundwater Sustainability Agencies (GSAs). It requires GSAs to develop and implement Groundwater Sustainability Plans (GSPs) that are consistent with Department of Water Resources’ GSP regulations. This is a complex program that is very challenging and costly to implement.

The Legislature passed SGMA and the bill (AB 1471, Rendon, 2014) that became Proposition 1 (the 2014 Water Bond) in the same year. Because the bills that comprised SGMA and AB 1471 were being written and

moved through the Legislature at the same time, the funding for SGMA implementation was added late in the bond negotiation process. As a result, Proposition 1 included only \$100 million for SGMA implementation. The Legislature recognized then that more funding was needed. Essentially all of the remaining Proposition 1 SGMA funding is being committed in 2018.

The writers of Proposition 68 and the November bond recognized that additional bond funding was needed for SGMA implementation. Proposition 68 and the November bond would provide \$50 million and \$640 million, respectively, for SGMA implementation.

Essentially all of the remaining Proposition 1 SGMA funding is being committed in 2018.

WATER BONDS FUNDING COMPARISON

Funding Category	Proposition 68 \$4.1 B (June Ballot)	November Bond \$8.9 B
	Funding in Millions	Funding in Millions
Forest Protection	\$110	\$120
Recycled Water and Desalination	\$80	\$800
Safe Drinking Water (and Wastewater)	\$330	\$750
SGMA Implementation	\$50	\$640
Conservation	\$20	\$365
Flood Management	\$550	\$500
Stormwater	\$100	\$400
Oroville Dam Safety	\$0	\$222
Madera & Friant-Kern Canals Improvements	\$0	\$750

This is a highlight comparison of the funding categories in the two water bonds. This is not a complete list of the funding categories.

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This publication is intended to provide general information about how Proposition 68 and the proposed November water bond would affect ACWA member agencies. Readers are encouraged to research the opponents' and proponents' views on both bonds.

FOR MORE INFORMATION

Questions about the two water bonds may be directed to ACWA Deputy Executive Director for Government Relations **Cindy Tuck** at cindyt@acwa.com.



● **Board of Directors**
Communications and Legislation Committee

3/13/2018 Board Meeting

Revised 8-4

Subject

Adopt CEQA determination and ~~ratify-express~~ support for Proposition 68, the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018.

Executive Summary

In September 2017, the California Legislature passed, and Governor Edmund G. Brown, Jr. signed into law, SB 5 by Senator Kevin de León (D-Los Angeles). This \$4 billion general obligation bond measure will appear as Proposition 68 on the June 2018 statewide ballot.

If a majority of the voters agree, Proposition 68, would authorize \$4 billion in general obligation bonds and reallocate \$100 million of unissued bonds, previously approved by the voters, for state and local parks, environmental protection and restoration, and water infrastructure flood protection projects.

~~Board ratification would formalize Metropolitan's support for Proposition 68.~~

Details

Proposition 68 is a legislatively-approved bond act that was introduced and amended through the legislative process as SB 5 by Senator Kevin de León (D-Los Angeles) (**Attachment 1**). Proposition 68 would authorize \$4 billion in general obligation bonds, and reallocate \$100 million of unissued bonds previously authorized in Proposition 1 (2014), Proposition 84 (2006) and Proposition 60 (2002) for state and local parks, environmental protection and restoration, water infrastructure and flood protection projects.

On September 15, 2017, the California Assembly passed SB 5 by a 56-25 vote. The Senate passed the measure on September 16, 2017, on a 27-9 vote. On October 15, 2017, Governor Jerry Brown signed the bill, certifying the measure for the June 5, 2018, statewide primary ballot.

Metropolitan's support for SB 5 was predicated on the Board-adopted State Legislative Priorities and Principles for 2017/18 (**Attachment 2**). On October 1, 2017, Metropolitan sent a letter of support to the Governor requesting that he sign SB 5 into law. (**Attachment 3**).

Funding Provisions

Proposition 68 would authorize approximately \$1.28 billion for parks and recreation, \$1.55 billion of funding for natural resource conservation and resiliency, and \$1.27 billion for water. The following summary outlines the specific programs targeted for funding:

Parks and Recreation:

Chapter 2 – Investments in Environmental and Social Equity, Enhancing California's Disadvantaged Communities

- \$725 million for the creation and expansion of safe neighborhood parks in park-poor neighborhoods.

Chapter 3 – Investments in Protecting, Enhancing, and Accessing California's Local and Regional Outdoor Spaces



- \$285 million for local and regional park rehabilitation, creation, and improvement grants to local governments.

Chapter 4 – Restoring California’s Natural, Historic, and Cultural Legacy

- \$218 million for restoration, preservation, and protection of existing state park facilities and units.

Chapter 5 – Trails and Greenway Investment

- \$30 million for grants that provide new or alternate non-motorized access to parks, waterways, and other natural environments.

Chapter 6 – Rural Recreation, Tourism, and Economic Enrichment Investment

- \$25 million for grants that enhance recreational tourism in non-urbanized areas.

Natural Resource Conservation and Resiliency:

Chapter 7 – California River Recreation, Creek, and Waterway Improvements Program

- \$162 million for projects that protect and enhance urban creeks, watersheds, and headwaters.

Chapter 8 – State Conservancy, Wildlife Conservation Board, and Authority Funding

- \$767 million to provide funding for state conservancies and other conservation and restoration related activities.

Chapter 9 – Ocean, Bay, and Coastal Protection

- \$175 million to fund projects that protect coastal and ocean resources.

Chapter 10 – Climate Preparedness, Habitat Resiliency, Resource Enhancement, and Innovation

- \$443 million to plan, develop, and implement climate change adaptation and resiliency projects.

Water:

Chapter 11 – Clean Drinking Water and Drought Preparedness

- \$250 million to prevent and reduce the contamination of drinking water supplies, and that address the short- and long-term drinking water needs of disadvantaged, rural, or small communities.

Chapter 11.1 – Groundwater Sustainability

- \$80 million to fund projects that prevent and reduce the contamination of groundwater supplies that serve as a source of drinking water.

Chapter 11.5 – Flood Protection and Repair

- \$550 million for projects that provide flood protection or repair.

Chapter 11.6 – Regional Sustainability for Drought and Groundwater, and Water Recycling

- \$390 million for water recycling and advanced treatment technology projects, the development of groundwater plans, and investments that facilitate the recharge of groundwater.

A detailed summary of all the funding allocations is provided in (**Attachment 4**).

Impacts to Metropolitan

Metropolitan and its member agencies would be eligible to compete for water project funding under a number of provisions authorized by Proposition 68. In addition, Proposition 68 authorizes funding for projects that may indirectly benefit Metropolitan by enhancing watershed functions, improving water quality, and increasing reliability in the areas from which Metropolitan imports water supplies, including:

- funding for projects that improve habitat for the benefit of salmon, steelhead, and other fish and wildlife species;



- funding for Salton Sea air quality and habitat improvements that support state efforts for Salton Sea restoration and help reduce potential impacts to Colorado River water users; and
- funding for voluntary agreements that facilitate implementation of an updated State Water Resources Control Board's Bay-Delta Water Quality Control Plan.

Proposition 68 is supported by a broad range of parks, water, and environmental and conservation organizations, community-based advocacy groups, business and agricultural organizations, and government agencies and elected officials, **as noted on Attachment 5 which sets forth the list of supporters compiled by the Yes on Proposition 68, Conservation Action Fund. The Howard Jarvis Taxpayers Association opposes the proposition based on its position that the state should use the general fund to maintain parks, and not bonds.**

~~Board approval of the staff recommendation would formalize Metropolitan's support for Proposition 68.~~

Policy

By Minute Item 50703 dated January 10, 2017, Board adoption of State Legislative Priorities and Principles for 2017/18

California Environmental Quality Act (CEQA)

CEQA determination(s) for Option #1:

The proposed action is not defined as a project under CEQA because it involves legislative proposals and the submittal of proposals to a vote of the people of the state, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (CEQA Section 21065 and Sections 15378(b)(1) and 15378(b)(3) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not defined as a project under CEQA pursuant to CEQA Section 21065 as well as Sections 15378(b)(1) and 15378(b)(3) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required.

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and

Authorize the General Manager to ~~ratify~~express Metropolitan's support for Proposition 68.

Fiscal Impact: None

Business Analysis: If passed by the voters, state funding would be available for various water projects as well as projects to protect and restore habitat, ecosystem functions, and flood protection facilities ~~essential~~supporting Metropolitan's imported water supplies.

Option #2

Take no position on Proposition 68.

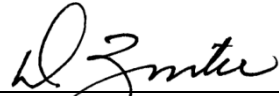
Fiscal Impact: None

Business Analysis: If not passed by the voters, there ~~may~~would be less funding for local projects as well as fewer indirect benefits from natural resource conservation and resiliency efforts, and flood protection improvements.



Staff Recommendation

Option #1


 _____ 3/8/2018
 Dee Zinke Date
 Assistant General Manager/Chief External
 Affairs Officer


 _____ 3/8/2018
 Jeffrey Kighlinger Date
 General Manager

- Attachment 1 – Senate Bill 5 (de León, D-Los Angeles), Chaptered October 15, 2017**
- Attachment 2 – Metropolitan’s State Legislative Priorities and Principles for 2017/18**
- Attachment 3 – General Manager’s October 1, 2017 Letter to Governor Brown**
- Attachment 4 – Senate Bill 5 Summary of Funding Allocations**
- Attachment 5 – Proposition 68 Supporters List**

Ref# ea12659620





NOTABLE ENDORSEMENTS

- Governor Jerry Brown
- Senator Kevin de León, President pro Tempore
- Assembly Member Anthony Rendon, Speaker
- Assembly Member Eduardo Garcia
- Lieutenant Governor Gavin Newsom
- Mayor Antonio Villaraigosa
- California Democratic Party
- State Building & Construction Trades Council of California
- American Heart Association
- American Lung Association
- Association of California Water Agencies
- Audubon California
- Big Sur Land Trust
- California Association of Local Conservation Corps
- California Chamber of Commerce
- California Council of Land Trusts
- Environmental Defense Fund
- Heal the Bay
- Humane Society of the United States
- League of California Cities
- Peninsula Open Space Trust
- Save the Bay
- Save the Redwoods League
- Sempervirens Fund
- Sierra Club California
- Silicon Valley Leadership Group
- Sonoma Land Trust
- State Parks Foundation
- The Nature Conservancy
- The Wildlands Conservancy
- TreePeople
- The Trust for Public Land

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LEGISLATIVE INTENT SERVICE



This list connotes organizations supporting original legislation and/or bond measure.



Supporters List
March 7, 2018

ENVIRONMENTAL & CONSERVATION ORGANIZATIONS

5 Gyres Institute	Cayucos Land Conservancy
7 th Generation Advisors	Center for Climate Change and Health
American River Natural History Association	Center for Sustainable Neighborhoods
Arroyo Seco Foundation	Citizens for Los Angeles Wildlife
Arroyos and Foothills Conservancy	Climate Resolve
Audubon California	ClimatePlan
Audubon Center at Debs Park	Committee for Green Foothills
Batiquitos Lagoon Foundation	Community Nature Connection
Bay Area Open Space Council	Conservation Corps Long Beach
Bay Area Ridge Trail Council	Conservation Corps North Bay
Bear Yuba Land Trust	Defenders of Wildlife
Big Sur Land Trust	Ecology Center
Biocitizen Inc.	Endangered Habitats League
Bolsa Chica Land Trust	Environmental Defense Center
Buena Vista Audubon Society	Environmental Defense Council
California Association of Local Conservation Corps	Environmental Defense Fund
California Association of Resource Conservation Districts	Environmental Working Group
California Climate & Agriculture Network	Escondido Creek Conservancy
California Coastkeeper Alliance	Fresno EOC Local Conservation Corps
California Council of Land Trusts	Friends of Harbors, Beaches, and Parks
California Invasive Plant Council	Friends of Runyon Canyon Foundation
California League of Conservation Voters	Friends of the Earth
California Outdoor Recreation Partners	Friends of the LA River
California Rangeland Conservancy	Fund for Animals
California ReLeaf	Greenbelt Alliance
California Trout	Heal the Bay
California Urban Forests Council	Hills for Everyone
California Urban Streams Partnership	Kerncrest Audubon Society
California Waterfowl Association	LA Compost
California Wilderness Coalition	LA Conservation Corps
Californians Against Waste	Laguna Greenbelt
Carbon Cycle Institute	Land Trust of Santa Cruz County
	League to Save Lake Tahoe
	Los Angeles Audubon Society

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

Los Angeles Neighborhood Land Trust
 Marin Carbon Project
 Marin Conservation League
 Mendocino Land Trust
 Mojave Desert Land Trust
 Mono Lake Committee
 Mountains Restoration Trust
 Mujeres de la Tierra
 Natural Resources Defense Council
 Naturalist For You
 Nature For All
 Ocean Conservancy
 Outdoor Outreach
 Pacific Forest Trust
 Pacific Institute
 Pacoima Beautiful
 Palos Verdes Peninsula Land Conservancy
 Pathways for Wildlife
 Peninsula Open Space Trust
 People for Parks
 Placer Land Trust
 Planning and Conservation League
 Preserve Calavera
 Protect American River Canyons
 Rails-to-Trails
 River LA
 Sacramento Regional Conservation Corps
 Salton Sea Authority
 San Fernando Valley Audubon Society
 San Francisco Conservation Corps
 Valley Conservation Corps

San Jose Conservation Corps
 Santa Barbara Audubon Society
 Santa Clara River Conservancy
 Save Mt. Diablo
 Save the Bay
 Save the Redwoods League
 Sempervirens Fund
 Sequoia Riverlands Trust
 Shasta Land Trust
 Sierra Cascade Land Trust Council
 Sierra Club California
 Sierra Harvest
 Sierra Nevada Journeys
 Silicon Valley Land Conservancy
 Sonoma Land Trust
 Stewards of the Coast and Redwoods
 Student Conservation Association
 Surfrider Foundation
 Sustainable Conservation
 Sustainable Silicon Valley
 The Conservation Fund
 The Greenlining Institute
 The Nature Conservancy
 The Sierra Fund
 TreePeople
 Tri-Valley Conservancy
 Trout Unlimited
 Truckee Donner Land Trust
 Trust for Public Land
 Volcan Mountain Foundation
 Wildcoast

PARK DISTRICTS & ORGANIZATIONS

Almanor Recreation and Park District
 Auburn Area Recreation and Park District

California Association of Park and Recreation
 Commissioners

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

California Association of Park and Recreation Indemnity
 California Park & Recreation Society
 City of Corona Parks and Recreation Commission
 City of Davis Parks and Community Services
 City of Orinda Parks and Recreation Department
 Department of Recreation Administration, CSU Fresno
 Desert Recreation District
 Dunsmuir Recreation and Parks District
 East Bay Regional Park District
 Fair Oaks Recreation and Park District
 Friends of Boeddeker Park
 Friends of California Citrus Park
 Friends of Corte Madera Creek Waterhed
 Friends of Jackson Park
 Jurupa Community Services District
 Livermore Area Recreation and Park District
 Los Angeles Parks Foundation
 McFarland Recreation and Park District
 Mendocino Coast Recreation and Park District
 MidPeninsula Regional Open Space District

Monte Rio Recreation and Park District
 Mountains Recreation & Conservation Authority
 Mt. Shasta Recreation and Parks District
 Napa County Regional Park and Open Space District
 National Parks Conservation Association
 North County Recreation and Park District
 Paradise Recreation and Park District
 Pogo Park
 Rancho Simi Recreation and Parks District
 Rio Linda Elverta Recreation and Park District
 San Francisco Parks Alliance
 San Francisco Recreation and Parks Department
 San Mateo County Parks
 Santa Clara County Parks
 Santa Clara Valley Open Space Authority
 Sonoma County Regional Parks
 State Parks Foundation
 State Parks Partners Coalition
 Town of Moraga Parks and Recreation Department
 Weed Recreation and Parks District

COMMUNITY-BASED & LOW-INCOME ADVOCACY GROUPS

Alma Family Services
 Asian Pacific Islander Forward Movement
 Aztlan Athletics
 California Bicycle Coalition
 California Rural Legal Assistance Foundation
 California Food Policy Advocates
 California Walks
 Community Conservation Solutions
 Community Health Councils
 Community Hiking Club

Community Nature Connection
 Empresa Performing Arts Foundation
 From Lot to Spot
 Green Schoolyards America
 GRID Alternatives Greater Los Angeles
 Housing California
 Kounkuey Design Initiative
 Leadership Counsel for Justice & Accountability
 Leadership for Urban Renewal Network
 Los Angeles Neighborhood Initiative

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

Move LA
PolicyLink
Prevention Institute
Safe Routes to School National Partnership
Self-Help Enterprises
Sonoma County Bicycle Coalition

Southeast Asian Community Alliance
Strategic Actions for a Just Economy (SAJE)
TransForm
TRUST South LA
Wishtoyo Chumash Foundation
Women's MTB Experience

HEALTH ORGANIZATIONS

American Heart Association
American Lung Association
Californians for Pesticide Reform
LA Food Policy Council

Pesticide Action Network Plastic Pollution Coalition
Public Health Advocates

ANIMAL RIGHTS GROUPS

American Society for the Prevention of Cruelty to Animals
Humane Society of the United States

San Diego Humane Society
San Francisco Society for the Prevention of Cruelty to Animals

WATER AGENCIES, DISTRICTS & ORGANIZATIONS

Association of California Water Agencies
California Watershed Network
Clean Water Action California
Community Water Center
Grasslands Water District
Inland Empire Utilities Agency
Los Angeles Water Keeper
Orange County Sanitation District

Orange County Water District
San Diego County Water Authority
Southern California Water Coalition
The Watershed Project
WaterReuse California
Watershed Conservation Authority
Wholly H2O
Yuba County Water Agency

BUSINESS ORGANIZATIONS

Association of Professional Landscape Designers California Chapter
Building Owners and Managers of California
California Business Properties Association
California Chamber of Commerce

California Fairs Alliance
Hermann Design Group, Inc.
Landscape Designers Association
National Association of Industrial and Office Properties

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

Sierra Business Council

Silicon Valley Leadership Group

FAITH-BASED ORGANIZATIONS

Lutheran Office of Public Policy

Lutheran Church of the Incarnation, Davis

LABOR GROUPS

State Building & Construction Trades Council of California

Los Angeles/Orange County Building & Construction Trades Council

MUSEUMS

San Diego Natural History Museum

Natural History Museum of Los Angeles County

California Association of Museums

LOCAL BUSINESSES

Citizen Film Inc.

PGADesign (Landscape Architects)

Groundwork Richmond

Sacred Space Garden Design

AGRICULTURAL ORGANIZATIONS

American Farmland Trust, California

Sonoma County Agricultural Preservation and
Open Space District

California Climate and Agriculture Network

Community Alliance with Family Farmers

Wild Farm Alliance

Marin Agricultural Land Trust

GOVERNMENT AGENCIES, GROUPS & MUNICIPALITIES

California Democratic Party

City of La Puente

City of Chino

City of Malibu

City of Duarte

City of Monrovia

City of El Monte

City of Oakland

City of Emeryville

City of Orland

City of Fortuna

City of Poway

City of Hawaiian Gardens

City of Redondo Beach

City of King

City of San Francisco

City of Lakewood

City of San Jose

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

City of San Rafael
City of Santa Monica
City of Walnut Creek
City of Wasco
County of San Francisco
League of California Cities
League of Women Voters California

Sacramento County Board of Supervisors
San Mateo County Democratic Central
Committee
Sonoma County Board of Supervisors
Suisun City
Town of Mammoth Lakes
Town of Yucca Valley
Transportation Agency for Monterey County

ELECTED OFFICIALS

Artesia City Councilmember Ali Sajjad Taj
Brisbane City Councilmember Randy Breault
Ceres City Councilmember Ken Lane
Cloverdale City Councilmember Joseph Palla
Governor Jerry Brown, State of California
Lieutenant Governor, Gavin Newsom
Los Angeles City Councilmember Paul Koretz
Los Angeles City Councilmember David Ryu
Mayor Tom Butt, City of Richmond
Menlo Park City Councilmember Kirsten Keith
Piedmont City Councilmember Jennifer
Cavanaugh

Scotts Valley City Councilmember Stephany
Aguilar
South Gate City Councilmember Jorge Morales
South San Francisco City Councilmember
Richard Garbarino
Supervisor Das Williams, Santa Barbara
County
Supervisor Joan Hartmann, Santa Barbara
County
Supervisor John M. Gioia, Contra Costa County
Walnut Creek City Councilmember Cindy Silva
Watsonville City Councilmember Oscar Rios

CALIFORNIA STATE SENATE

Senator Kevin de León, Pro Tem
Senator Benjamin Allen
Senator Toni G. Atkins
Senator Jim Beall
Senator Steven Bradford
Senator Bill Dodd
Senator Cathleen Galgiani
Senator Steven M. Glazer
Senator Ed Hernandez
Senator Robert M. Hertzberg
Senator Ben Hueso

Senator Hannah-Beth Jackson
Senator Ricardo Lara
Senator Connie M. Leyva
Senator Mike McGuire
Senator Tony Mendoza
Senator Holly J. Mitchell
Senator Bill Monning
Senator Josh Newman
Senator Richard Pan
Senator Anthony J. Portantino
Senator Richard D. Roth

This list connotes organizations supporting original legislation and/or bond measure.





Supporters List
March 7, 2018

Senator Nancy Skinner
Senator Henry I. Stern

Senator Bob Wieckowski
Senator Scott D. Wiener

CALIFORNIA STATE ASSEMBLY

Assembly Member Anthony Rendon, Speaker
Assembly Member Cecilia M. Aguiar-Curry
Assembly Member Dr. Joaquin Arambula
Assembly Member Catherine B. Baker
Assembly Member Marc Berman
Assembly Member Richard Bloom
Assembly Member Rob Bonta
Assembly Member Autumn R. Burke
Assembly Member Anna M. Caballero
Assembly Member Ian C. Calderon
Assembly Member Sabrina Cervantes
Assembly Member Ed Chau
Assembly Member David Chiu
Assembly Member Kansen Chu
Assembly Member Ken Cooley
Assembly Member Tom Daly
Assembly Member Susan Talamantes Eggman
Assembly Member Heath Flora
Assembly Member Vince Fong
Assembly Member Jim Frazier
Assembly Member Laura Friedman
Assembly Member Cristina Garcia
Assembly Member Eduardo Garcia
Assembly Member Mike A. Gipson
Assembly Member Todd Gloria
Assembly Member Lorena S. Gonzalez Fletcher
Assembly Member Adam Gray

Assembly Member Timothy S. Grayson
Assembly Member Chris R. Holden
Assembly Member Jacqui Irwin
Assembly Member Byron Jones-Sawyer, Sr.
Assembly Member Ash Kalra
Assembly Member Marc Levine
Assembly Member Monique Limón
Assembly Member Evan Low
Assembly Member Chad Mayes
Assembly Member Kevin McCarty
Assembly Member Jose Medina
Assembly Member Kevin Mullin
Assembly Member Al Muratsuchi
Assembly Member Adrin Nazarian
Assembly Member Patrick O'Donnell
Assembly Member Sharon Quirk-Silva
Assembly Member Eloise Gómez Reyes
Assembly Member Freddie Rodriguez
Assembly Member Blanca E. Rubio
Assembly Member Rudy Salas, Jr.
Assembly Member Miguel Santiago
Assembly Member Mark Stone
Assembly Member Tony Thurmond
Assembly Member Philip Y. Ting
Assembly Member Shirley N. Weber
Assembly Member Jim Wood

PROMINENT INDIVIDUALS

This list connotes organizations supporting original legislation and/or bond measure.





Bruce Saito; Executive Director, California Conservation Corps
 Mayor Antonio Villaraigosa
 Tom LaBonge; Former Los Angeles Council Member - E *meritus*
 Ronald O. Loveridge; Former Mayor of Riverside

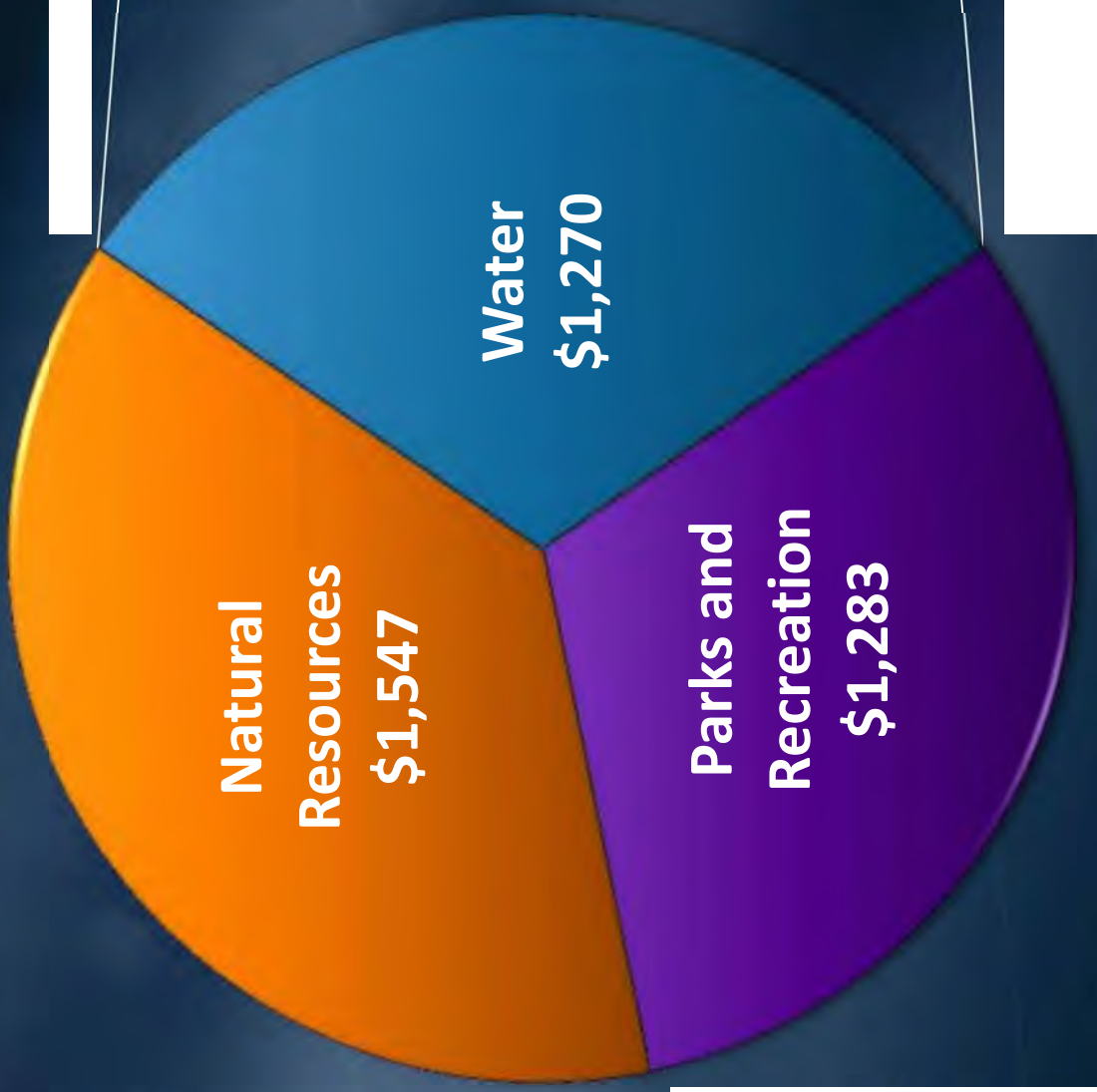
Tim Wendler; 2001 Los Angeles City Council Candidate, Environmental Engineer
 Samuel V. Lankford; California Tourism, Recreation & Parks Expert

(800) 666-1917

LEGISLATIVE INTENT SERVICE



Proposition 68 Funding Summary (\$ millions)



**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THREE VALLEYS MUNICIPAL WATER DISTRICT
IN SUPPORT OF THE 2018 WATER BONDS: PROPOSITION 68 AND THE STATE WATER
SUPPLY INFRASTRUCTURE, WATER CONVEYANCE, ECOSYSTEM AND WATERSHED
PROTECTION AND RESTORATION, AND DRINKING WATER PROTECTION ACT OF 2018**

WHEREAS, California faces a new climate reality and a growing list of challenges associated with aging infrastructure, natural disasters, climate change, population growth and other factors; and

WHEREAS, the water community agrees that funding is needed to improve water supply reliability and ecosystem health in California; and

WHEREAS, the Legislature passed SB 5 (de León) which will be on the June 2018 ballot as Proposition 68, and which would set forth the California Drought, Water, Parks, Coastal Protection, and Outdoor Access for All Act of 2018; and

WHEREAS, a diverse group of stakeholders, including water managers, has developed the State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protect and Restoration, and Drinking Water Protection Act of 2018 which will likely appear on the November 2018 ballot; and

WHEREAS, if approved by voters, these complementary measures would provide more than \$10 billion in General Obligation bond funding for drought preparedness projects, flood protection, safe drinking water, implementation of the Sustainable Groundwater Management Act, and other projects that will improve water supply reliability and ecosystem health; and

WHEREAS, projects funded through these bonds would provide substantial benefits for California communities, and help ensure safe and reliable water for California’s future; and

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Three Valleys Municipal Water District formally supports Proposition 68 (June ballot), and the State Water Supply Infrastructure, Water Conveyance, Ecosystem and Watershed Protection and Restoration, and Drinking Water Protection Act of 2018 (November ballot).

ADOPTED and **PASSED** at a meeting of the Three Valleys Municipal Water District’s Board of Directors, on this 21st day of March 2018 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Bob G. Kuhn, President

ATTEST:

Brian Bowcock, Secretary

SEAL:



CERTIFIED COPY
RESOLUTION NO. 18-03-819

This is to certify that at a regular meeting of the Three Valleys Municipal Water District Board of Directors, held at the offices of the District located at 1021 E. Miramar Avenue, Claremont, California on 3/21/2018 at 8:00 a.m., all the Directors being present and voting, it was unanimously voted by Motion #18-03-5179 to adopt Resolution No. 18-03-819.

VOTED:

AYES:
NOES:
ABSTAIN:
ABSENT:

A TRUE COPY

ATTEST: _____
Victoria A. Hahn, Executive Assistant / District Clerk

The undersigned hereby certifies that she is the Executive Assistant / District Clerk of Three Valleys Municipal Water District Board of Directors, a public agency organized under the provisions of the Municipal Water District Act of 1911, that the foregoing is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of said district held on 3/21/2018, at which meeting a quorum was at all times present and acting; that the passage of said resolution was in all respects legal; and that said resolution is in full force and effect.



NAME: Brian Bowcock, Division 3

MONTH / YEAR February 2018

o	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	Water forum meeting	La Verne	Azusa	20.0	\$ 10.90	\$ 200.00
Preparing for the water forum at Fairplex.							
2	6	ACWA Region 8 meeting	La Verne				\$ 200.00
Quarterly meeting of ACWA BOD for Region 8 , planning our future events and committees.							
3	7	Main San Gabriel Basin Watermaster Meeting	La Verne	Azusa	20.0	\$ 10.90	\$ 200.00
Regular monthly meeting of the Board and the reading of the key well.							
4	8	La Verne State of the City meeting	La Verne				\$ 200.00
The Mayor gave a presentation of the State of the City.							
5	12	City of Claremont	La Verne				\$ 200.00
Meeting the new City Manager, Tara Schultz with other residents and businesses of Claremont.							
6	26	Claremont Chamber of Commerce	La Verne				\$ 200.00
Breakfast meeting with business and local officials.							
7	15	SGVEP MEETING	La Verne	Ontario	28.0	\$ 15.26	\$ 200.00
An event at Ontario Airport tour.							
8	19	La Verne Chamber Board of Directors Meeting	La Verne				\$ 200.00
Regular monthly meeting of the Chamber to discuss upcoming events.							
9	21	TVMWD BOD MEETING	La Verne	Claremont	10.0	\$ 5.45	\$ 200.00
Regular meeting the discuss water issues within the District.							
10	28	6 Basins Watermaster	La Verne	Claremont	10.0	\$ 5.45	\$ 200.00
Regular monthly meeting to discuss issues within our service area.							

LEGISLATIVE INTENT SERVICE (800) 666-1917

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
1	6	Region 8 meeting Metrolink transportation to Union Station	\$ 9.00
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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 9.00
Subtotal Mileage	\$ 47.96
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,056.96
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	(\$ 1,350.00)
TOTAL	\$ 556.96

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 72-01-7 and 02-07-15

NAME: David De Jesus, Division 2

MONTH / YEAR

February

2018

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1	7	San Gabriel Valley Water Association Quarterly General Membership Meeting	Walnut	Pomona	12.0	\$ 6.54	\$ 200.00
The group was provided with an update on the California Water-fix by MWD's COO Upadhyay. A comparison of the two tunnel versus the one tunnel concept was presented.							
2	8	Chino Basin Appropriative Pool Meeting	Walnut	Rancho Cucamonga	42.0	\$ 22.89	\$ 200.00
An issue arose regarding excess carryover and the practice of sweeping the overage into a surplus water account that would allow for easier transfer or lease and questioned as to its appropriateness.							
3	15	Executive Committee Meeting	Walnut	Covina	10.0	\$ 5.45	\$ 200.00
Meeting with Board President and GM to discuss issues related to the agenda items to be presented for consideration at the regularly scheduled monthly meeting.							
4	16	San Gabriel Valley Lincoln Club Meeting	Walnut	West Covina	8.0	\$ 4.36	\$ 200.00
Guest speaker for the meeting was Jonathan Coupal with his perspective on the issues being contemplated in Sacramento with an emphasis on a movement to alter Prop 13 and the impacts it could pose to disadvantaged communities. And the alternative being discussed on "split role" property tax changes and its impacts to businesses.							
5	21	Monthly Board Meeting	Walnut	Claremont	38.0	\$ 20.71	\$ 200.00
Attended the meeting in representation of the Division 2. In addition, provided the board with information related to the activities at MWD for the month.							
6	22	Chino Basin Board Meeting	Walnut	Rancho Cucamonga	42.0	\$ 22.89	\$ 200.00
Attended meeting as the District's alternate representative voting member to the Chino Basin Board; Director Kuhn will orally report on the meeting.							
7	26	San Gabriel Valley Water Association Board Meeting	Walnut	Azusa	20.0	\$ 10.90	\$ 200.00
Attended and reported on action taken at both Three Valleys and MWD and fielded questions as appropriate.							
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LEGISLATIVE INTENT SERVICE (800) 666-1917

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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 93.74
Subtotal Meeting Compensation	\$ 1,400.00
Subtotal All	\$ 1,493.74
Mandatory Deferred Compensation @ 7.5%	(\$ 105.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	(\$ 915.50)
T T	\$ 473.24

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 02-01-7 and 02-07-15

NAME: David De Jesus, MWD

MONTH / YEAR

February

2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	5	Conference call with Operations Manager Jim Green	Walnut				\$ 200.00
Monthly meeting with Mr. Green on issues that have developed over the month relative to water supply and reliability.							
2	6	San Gabriel Valley MWD Directors Caucus Meeting					\$ 200.00
Monthly meeting to provide updates to operations as it related to water supply deliveries to local water basins. And discuss developing issues to provide input from a Director's perspective.							
3	9	Northern Caucus Meeting					\$ 200.00
Meeting was held to provide us with updates and detail information related to items slated for action and information on the agenda by key management staff.							
4	12	Committee Meeting Day					\$ 200.00
Attended various committee meetings as assigned, oral report is provided to the board as required.							
5	13	Board Meeting					\$ 200.00
Attended the meeting on behalf of Three Valleys constituents as assigned by its Board of Directors, oral report is provided as required.							
6	14	Colorado Board Meeting					\$ 200.00
Attended the CRB Meeting as assigned as MWD's alternate.							
7	20	Meeting with MWD COO Deven Upadhyay					\$ 200.00
The second meeting with MWD's Vice Chairs and the Chairman with representatives of the San Diego County Water Authority. Various issues were discussed relative to manners and methods in enhancing relations with both agencies.							
8	23	CTEC Water Technology Advisory Meeting					\$ 200.00
Attended the meeting to provide input into the programs proposed by the Fairplex Career Technical Education Center (CTEC). The purpose of the Center is to support the water and utilities courses offered by the Learning Center to the neighboring communities.							
9	27	Executive Committee Meeting Day					\$ 200.00
Attended the meeting to review and approve the agenda for the coming month and to hear a status report the progress made in the effort to reestablish an ethics office.							
10	28	Security Action Plan Review and Conference call with COO					\$ 200.00
As requested of the COO review of MWD's security action plan and conference call with COO on the issue and subsequent scheduling of meeting to with Directors Camacho and Trevino with other key staff members to review quarterly report on same to board members in the March Water Planning and Stewardship Committee meeting.							

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 0.00
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,000.00
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	(\$ 915.50)
T T	\$ 934.50

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 02-01-7 and 02-07-15

LEGISLATIVE INTENT SERVICE (800) 666-1917

NAME: Carlos Goytia, Division 1

MONTH / YEAR February 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	3	Assembly Member Freddie Rodriguez Community Coffee/Legislative updates from Sacramento.	Pomona	Ontario	26.0	\$ 14.17	\$ 200.00
2	6	Pomona Board of Education Meeting with Board Member Trustee Roberta Perlman and Superintendent Richard Martinez - Discuss the implementation of a pathway to careers in water.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
3	7	SGVWA Quarterly Breakfast Guest Speaker Devan Upadahay MWD.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
4	8	SGVRC HR Seminar HR Related Topics & Discussions.	Pomona	Walnut	16.0	\$ 8.72	\$ 200.00
5	9	Pomona Chamber of Commerce Guest Community Spotlight Speaker Director Carlos Goytia. Also meet with business leaders from the community.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
6	10	Assembly Member Freddie Rodriguez Community Coffee - Legislative updates, and I was asked by the member to talk about water related issues here locally and regionally.	Pomona	Chino	14.0	\$ 7.63	\$ 200.00
7	20	Meeting w/Pomona Mayor Tim Sandoval Met w/Councilman Gonzalez and City Staff to discuss City related issues.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
8	21	TVMWD Board Meeting Participated in Board room deliberations and discussions - Guest speaker Miguel Santana CEO of Fairplex.	Pomona	Claremont	32.0	\$ 17.44	\$ 200.00
9	22	SCWUA Luncheon Meeting Guest speaker talked about water related issues here locally and statewide.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00
10	26	Pomona City Council Meeting I was recognized by Mayor and City Council for my decades of service to the City of Pomona and was Honored and received the Pomona Goddess Award.	Pomona	Pomona	8.0	\$ 4.36	\$ 200.00

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 74.12
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,074.12
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	\$ 0.00
TOTAL	\$ 1,924.12

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 02-01-7 and 02-07-15

LEGISLATIVE INTENT SERVICE (800) 666-1917

NAME: Bob Kuhn, Division 4

MONTH / YEAR February 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	1	SGVEP Board Meeting	Glendora	Irwindale	26.0	\$ 14.17	\$ 200.00
Business of the partnership discussion.							
2	15	TVMWD Executive Committee.	Glendora	Glendora	0.0	\$ 0.00	\$ 200.00
Discussion regarding upcoming agenda issues.							
3	19	Mayor and one council member	Glendora	San Dimas	8.0	\$ 4.36	\$ 200.00
Discussion regarding water issues in Glendora.							
4	21	TVMWD Board Meeting	Glendora	TVMWD	20.0	\$ 10.90	\$ 200.00
Business of the District.							
5	27	Meeting with Assembly Member staff Chris Holden.	Glendora	Pasadena	34.0	\$ 18.53	\$ 200.00
Meet with staff members talking about water issues in the San Gabriel Valley.							
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LEGISLATIVE INTENT SERVICE (800) 666-1917

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 47.96
Subtotal Meeting Compensation	\$ 1,000.00
Subtotal All	\$ 1,047.96
Mandatory Deferred Compensation @ 7.5%	(\$ 75.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	(\$ 925.00)
TOTAL	\$ 47.96

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 72-01-7 and 02-07-15

NAME: John Mendoza, Division 6

MONTH / YEAR

February

2018

No	Day	Title of Meeting / Description	Location				Amount
			City	County	State	Federal	
1	1	City of Pomona "Mayor State of City Address." Mayor Sandoval State of City Update of City of Pomona progress.	Pomona	Pomona			\$ 200.00
2	2	SGV/PAN Ontario Airport Update Guest speaker Congresswomen Torres along with Ontario Airport officials update on progress of Airport.	Pomona	La Verne			\$ 200.00
3	7	SGVWA Water Fix Update MWD update of the California Water Fix to inform water officials and elected representatives about progress of the twin tunnel project.	Pomona	Pomona			\$ 200.00
4	8	SGV Regional Chamber HR Forum Update of employment laws affecting local businesses and area officials in today's job market.	Pomona	Walnut			\$ 200.00
5	12	AGWA/AGWT Annual Groundwater Conference Day one of Water Conference with various water official updating participants on new laws and legislation related to groundwater.	Pomona	Ontario			\$ 200.00
6	13	AGWA/AGWT Annual Groundwater Conference Day two of conference focus on groundwater laws and monitoring of water pumping.	Pomona	Ontario			\$ 200.00
7	14	Pomona Chamber Event How to retain and attract businesses to Pomona. Attended by local business sector.	Pomona	Pomona			\$ 200.00
8	15	SGVEP Power Luncheon Ontario Airport Ontario Airport Update as related to future opportunities for SGV and surrounding cities attended by business and local officials.	Pomona	Ontario			\$ 200.00
9	21	TVMWD Board of Directors Meeting. Meeting of the board and staff to vote on issues important to District and member agencies.	Pomona	Claremont			\$ 200.00
10	28	Six Basins Watermaster meeting Monthly meeting of member water agencies to vote and discuss issues important to the Six Basins.	Pomona	Claremont			\$ 200.00

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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 0.00
Subtotal Meeting Compensation	\$ 2,000.00
Subtotal All	\$ 2,000.00
Mandatory Deferred Compensation @ 7.5%	(\$ 150.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	\$ 0.00
T T	\$ 1,850.00

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 02-01-7 and 02-07-15

LEGISLATIVE INTENT SERVICE (800) 666-1917

NAME: Joe Ruzicka, Division 5

MONTH / YEAR February 2018

No	Day	Title of Meeting / Description	Mileage (assumed as round trip unless noted)				Meeting Compensation
			From City	To City	Miles	Miles \$	
1	2	SGV-PAN - Congresswoman Norma Torres	Diamond Bar	La Verne	30.0	\$ 16.35	\$ 200.00
Attended and was brought up to date on the future plans for the Ontario Airport.							
2	7	San Gabriel Valley Water Association Quarterly Meeting	Diamond Bar	Pomona	20.0	\$ 10.90	\$ 200.00
Speaker was MWDSC - Deven Upadhyay, Assistant General Manager/ COO. Attended and was given an update on several different MET programs including the current status of the California Water Fix.							
3	12	SGV Regional Chamber of Commerce - GAC	Diamond Bar	Rowland Heights	22.0	\$ 11.99	\$ 200.00
Attended and discussed tentative legislation in both Sacramento and Washington, DC with business and legislative leaders.							
4	13	Rowland Water District - Board Meeting	Diamond Bar	Rowland Heights	14.0	\$ 7.63	\$ 200.00
Attended and apprised myself of the concerns of a member agency.							
5	14	LAFCO - Commission Meeting	Diamond Bar	Los Angeles	60.0	\$ 32.70	\$ 200.00
Attended and participated in the deliberations.							
6	16	Lincoln Club - Membership Meeting	Diamond Bar	West Covina	30.0	\$ 16.35	\$ 200.00
Attended and was given an update on the State Legislature's future fiscal planning.							
7	20	Walnut Valley Water District - Board Meeting	Diamond Bar	Walnut	10.0	\$ 5.45	\$ 200.00
Attended and apprised myself of the concerns of a member agency.							
8	21	TVMWD - Board Meeting	Diamond Bar	Claremont	40.0	\$ 21.80	\$ 200.00
Attended and participated in the deliberations.							
9	22	SCWUA - Membership Meeting	Diamond Bar	Pomona	20.0	\$ 10.90	\$ 200.00
Attended and was updated on major water projects throughout the State of California.							
10							

LEGISLATIVE INTENT SERVICE (800) 666-1917

No	Day	Miscellaneous Expense (please itemize each expense)	Misc. Expense
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I certify the above is correct and accurate to the best of my knowledge

Signature _____

Subtotal Miscellaneous Expense	\$ 0.00
Subtotal Mileage	\$ 134.07
Subtotal Meeting Compensation	\$ 1,800.00
Subtotal All	\$ 1,934.07
Mandatory Deferred Compensation @ 7.5%	(\$ 135.00)
Voluntary Deferred Compensation (negative entry; default @ 0)	\$ 0.00
TOTAL	\$ 1,799.07

* Mileage is reimbursed at IRS Standard Business Mileage Rate

**Directors are eligible for ten meeting days per month at \$200 per day. Ordinance Nos 02-01-7 and 02-07-15



Staff Report/Memorandum

To: TVMWD Board of Directors
From: Richard W. Hansen, General Manager [REDACTED]
Date: March 21, 2018
Subject: Employee Bonus

<input checked="" type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Recommendation:

Authorization of a one-time discretionary bonus in the amount of \$2,000 to each full-time employee.

Discussion:

At the March 7, 2018 TVMWD was recognized by ACWA-JPIA with a refund check. As noted by ACWA-JPIA CEO Andy Sells at the March 7, 2018 meeting, TVMWD’s claims experience in liability, property and workers’ compensation insurance is compared with the average of the ACWA-JPIA pool. TVMWD’s E-MODs (Experience Modification) for each coverage area are always better than average, which has allowed TVMWD to receive an annual refund numerous times.

Recent refund amounts:

- 2018 \$48,281
- 2017 \$52,027
- 2016 \$ 5,213
- 2015 \$17,118
- 2011 \$38,528
- 2010 \$43,034
- 2009 \$22,500

In recognition of employee’s efforts to control liability, property and workers’ compensation insurance costs, the Board President is proposing a one-time discretionary bonus in the amount of \$2,000 to each full-time employee (total \$48,000).

Strategic Plan Objective(s):

3.3 – Be accountable and transparent with major decisions



AGENDA
COMMUNICATIONS AND LEGISLATIVE LIAISON COMMITTEE MEETING
WITH BOARD OF DIRECTORS*
ORANGE COUNTY WATER DISTRICT
18700 Ward Street, Fountain Valley, CA (714) 378-3200
Thursday, June 7, 2018, 8:00 a.m. - Conference Room C-2

*The OCWD Communications and Legislative Liaison Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of strict compliance with the Brown Act and it provides an opportunity for all Directors to hear presentations and participate in discussions. Directors receive no additional compensation or stipend as a result of simultaneously convening this meeting. Items recommended for approval at this meeting will be placed on the **June 20, 2018** Board meeting Agenda for approval.

ROLL CALL

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

RECOMMENDATION: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda (requires two-thirds vote of the Board members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present.)

VISITOR PARTICIPATION

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

CONSENT CALENDAR (ITEM NO. 1)

All matters on the Consent Calendar are to be approved by one motion, without separate discussion on these items, unless a Board member or District staff request that specific items be removed from the Consent Calendar for separate consideration.

1. MINUTES OF COMMUNICATIONS AND LEGISLATIVE LIAISON COMMITTEE MEETING HELD MAY 3, 2018

RECOMMENDATION: Approve minutes as presented

END OF CONSENT CALENDAR



MATTERS FOR CONSIDERATION

2. STATE LEGISLATIVE UPDATE

RECOMMENDATION: Agendize for June 20 Board meeting: Take action as appropriate

3. FEDERAL LEGISLATIVE UPDATE

RECOMMENDATION: Agendize for June 20 Board meeting: Take action as appropriate

CHAIR DIRECTION AS TO WHICH ITEMS IF ANY TO BE AGENDIZED AS A MATTER FOR CONSIDERATION AT THE JUNE 20 BOARD MEETING

DIRECTOR'S ANNOUNCEMENTS/REPORTS

GENERAL MANAGER'S ANNOUNCEMENT/REPORT

ADJOURNMENT



COMMUNICATION AND LEGISLATIVE LIAISON COMMITTEE MEMBERS

Philip Anthony - Chair
Vicente Sarmiento - Vice Chair
Shawn Dewane
Cathy Green
Steve Sheldon

Roger Yoh - Alternate 1
James Vanderbilt - Alternate 2
Bruce Whitaker - Alternate 3
Dina Nguyen - Alternate 4
Denis Bilodeau - Alternate 5

Agenda Posting: In accordance with the requirements of California Government Code Section 54954.2, this agenda is posted in the window of the guard shack at the main entrance of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA and on the OCWD website: www.ocwd.com not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Assistant District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: www.ocwd.com.

Accommodations to the Disabled: Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3233, by email at jdurant@ocwd.com by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

Availability of Agenda Material: As a general rule, agenda reports or other written documentation that has been prepared or organized with respect to each item of business listed on the agenda can be reviewed at www.ocwd.com. Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an Open Session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office.





MINUTES OF BOARD OF DIRECTORS MEETING
 WITH COMMUNICATIONS AND LEGISLATIVE LIAISON COMMITTEE
 ORANGE COUNTY WATER DISTRICT
 May 3, 2018 @ 8:00 a.m.

Director Sarmiento called the Communications and Legislative Liaison Committee meeting to order in Conference Room C-2 at the District office. The Assistant District Secretary called the roll and reported a quorum as follows:

Committee Members		OCWD Staff
Philip Anthony	(absent)	Mike Markus – General Manager
Vicente Sarmiento		Eleanor Torres – Director of Public Affairs
Shawn Dewane		Alicia Dunkin – Legislative Affairs Liaison
Cathy Green		Christina Fuller – Assistant District Secretary
Steve Sheldon	(absent)	

Alternates

Roger Yoh	(absent)
James Vanderbilt	(absent)
Bruce Whitaker	
Dina Nguyen	(absent)
Denis Bilodeau	

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Dewane, seconded by Director Whitaker and carried [3-0] as follows.

Ayes – Sarmiento, Dewane, Whitaker

- Minutes of Previous Meeting

The minutes of the April 5, 2018 Communications/Legislative Liaison Committee meeting are approved as presented.

MATTERS FOR CONSIDERATION

- State Legislative Update

OCWD staff provided a summary of state bills and recommended actions for each bill.

Director Sarmiento abstained on SB2065, Local Agencies: Surplus Land. Upon motion by Director Green, seconded by Director Whitaker and carried [5-0], the Committee recommended that the Board at its May 23 Board meeting: Adopt the following positions:

Bill	Title	Recommended Action
SB 606 (Hertzberg/Skinner)	Water Conservation	1) Remove position of “oppose unless amended” if amended to increase the bonus incentive 2) Staff to reach out to Producers and report back to the Executive Committee for possible support position if requested by officials
AB 2649 (Arambula)	Water Rights	Request amendment
AB 2447 (Reyes)	California Environmental Quality Act (CEQA)	Oppose unless amended
SB 2065 (Ting)	Local Agencies: Surplus Land	Oppose unless amended
SB 963 (Allen)	Water replenishment districts	Support



**Ayes –Sarmiento, Dewane, Green, Whitaker, Bilodeau
Abstain- Sarmiento (SB2065)**

3. Federal Legislative Update

Federal consultant James McConnell provided an update on appropriations and FY 2019 budget. He reported that OCWD staff and consultants worked with the Orange County congressional delegation to send information to members of Congress and their staff about EPA's decision to extend the comment period on the North Basin National Priorities List designation to May 18. Eric Sapirstein provided an update on the Water Resources Development Act (WRDA).

INFORMATIONAL ITEMS

4. Proposed LAFCO Dues Restructuring

Executive Director John Kennedy reported that the Independent Special Districts of Orange County (ISDOC) Executive Committee has formed an Ad-Hoc Committee to review the formula that apportions the special districts' share of the Orange County LAFCO budget. He noted that three districts – Yorba Linda Water District, Mesa Water District and Santa Margarita Water District have submitted proposals for consideration. He advised that staff would bring additional information to a future Committee meeting.

5. 22nd Annual Children's Water Education Festival

Communications Specialist Crystal Nettles reported that the Orange County Water District hosted its 22nd annual Children's Water Education Festival on Wednesday, March 28 and Thursday, March 29, 2018 at the University of California, Irvine. She noted that the Festival welcomed more than 6,700 third, fourth and fifth grade Orange County students from 79 schools and 25 cities in Orange County and featured 62 booths with 64 activities, including seven OCWD activities.

6. Public Affairs Outreach Report (March 2018)

Director of Public Affairs Eleanor Torres stated the information is contained in today's packet.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 9:10 a.m.

Vicente Sarmiento, Chair





UPDATED AGENDA ITEM SUBMITTAL

Meeting Date: June 7, 2018

Budgeted: N/A

To: Communications/Leg. Liaison Cte
Board of Directors

Budgeted Amount: N/A

Cost Estimate: N/A

Funding Source: N/A

From: Mike Markus

Program/Line Item No.: N/A

General Counsel Approval: N/A

Engineers/Feasibility Report: N/A

Staff Contact: E. Torres/A. Dunkin

CEQA Compliance: N/A

POLICY ISSUE: STATE LEGISLATIVE UPDATE

SUMMARY

Orange County Water District (OCWD; the District) state legislative consultants and staff will provide a verbal report on updates to the status of, and amendments on, legislation of interest to the District.

Attachment(s):

- Joe A. Gonsalves and Son – Edelstein Gilbert Robson & Smith May 2018 State Legislative Update
- OCWD State Bill Matrix – May 2018
- SB 606 (Hertzberg) Water Conservation
- AB 2649 (Arambula) Water Rights
- AB 2447 (Reyes) California Environmental Quality Act (CEQA)
- SB 963 (Allen) Water Replenishment Districts

RECOMMENDATION

Agendize for June 20 Board meeting: Take action as appropriate.

Bill	Title	Status
SB 606 (Hertzberg)	Water Conservation	Signed by the Governor May 31, 2018. Amended and benefits OCWD. The bonus incentive for potable reuse projects was increased from 10% to 15% for existing projects
AB 2649 (Arambula)	Water Rights	OCWD sought amendments. AB 2649 was amended and benefits OCWD
AB 2447 (Reyes)	California Environmental Quality Act (CEQA)	OCWD sought amendments. AB 2447 was amended, and OCWD continuing to seek changes
SB 2065 (Ting)	Local Agencies: Surplus Land	Bill is dead. OCWD opposed SB 2065
SB 963 (Allen)	Water replenishment districts	Bill is moving. OCWD is in support of SB 963



DISCUSSION

SB 606 (Hertzberg) Water Conservation

OCWD's Board Members, staff and consultants' efforts to gain a 30 percent credit or "bonus incentive" for potable reuse in any long-term water conservation legislation was met with a compromise of a 15% bonus incentive for existing projects, versus the previous 10% in the legislation. The bill passed the Legislature and was signed by the Governor on May 31, 2018.

AB 2649 (Arambula) Water Rights: Water Management

OCWD had requested an amendment to ensure that AB 2649 would apply to the District. The bill was amended on May 25th, and the bill is now broad enough to include OCWD.

Under existing law, the right to water or to the use of water is limited to that amount of water that may be reasonably required for the beneficial use to be served. Existing law provides that the storing of water underground, and related diversions for that purpose, constitute a beneficial use of water if the stored water is thereafter applied to the beneficial purposes for which the appropriation for storage was made.

AB 2649 would declare that groundwater recharge, groundwater banking, or both, be considered a beneficial and reasonable use of water consistent with Section 2 Article X of the California Constitution.

AB 2447 (Reyes) California Environmental Quality Act (CEQA): Land Use: Environmental Justice

AB 2447 would add significant public notification for various activities, which would add to OCWD's costs and impact our ability to quickly make needed changes (no matter how minor) to an Environmental Impact Report (EIR), Negative Declaration (ND) and other activities.

The bill was amended on May 25 to limit entities that would be required to provide additional notification, but OCWD staff would like a more specific amendment to ensure the District does not incur costly additional notification requirements that were also not the intent to the author. OCWD staff and consultants will continue to work with the Association of California Water Agencies (ACWA) staff and the bill's author the gain additional amendments to completely exempt water and wastewater districts from the legislation and/or carve out the District's specific type of projects.

AB 2065 (Ting) Local Agencies: Surplus Land

OCWD took an "oppose unless amended" position to AB 2065 during the April communications and legislative committee meeting, and the bill is no longer moving through the legislative process.

The author of AB 2065 states that across California local agencies control significant amounts of unused land that have remained dormant for decades but are located near



public transit, schools, and job opportunities. California's surplus land laws already require such land to be prioritized for purposes of affordable housing, but the author desires to clarify existing law so surplus land can be more effectively utilized.

AB 2065 would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint power authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions that is empowered to acquire and hold real property, thereby subjecting these entities to the requirements for the disposal of surplus land.

The bill would also revise the definition of "surplus land" to mean land owned by any local agency that is not necessary for the agency's governmental operations, except property being held by the agency expressly for the purpose of exchange for another property necessary for its governmental operations and would provide that public land is presumed to be surplus land when a local agency initiates an action to dispose of it.

Additionally, the bill would define the term "dispose of" for these purposes as the sale, lease, transfer, or other conveyance of any interest in real property owned by a local agency.

In addition, this bill would require the local agency disposing of surplus land to send, a written notice of availability to several entities instead of a written offer to sell or lease. The bill would require the local agency to send the written notice to both a housing sponsor in the jurisdiction and any housing sponsor that has notified the applicable regional council of governments or the Department of Housing and Community Development of its interest in the land.

This bill would also clarify that negotiations would be limited to sales price and lease terms, including the amount and timing of any payments. If more than one entity proposed the same number of units, this bill would require that the local agency give priority to the entity that proposes the greatest average level of affordability for the units. Additionally, this bill would clarify that when a local agency grants priority to an entity, the agency would be required to negotiate in good faith exclusively with the entity for not less than 90 days.

ACWA, California Municipal Utilities Association (CMUA) and others have taken a position of "oppose unless amended" seeking amendments that remove "leases" from triggering the bills requirement for land disposal, among other provisions. OCWD staff recommend the District take a position of "oppose unless amended," and advocate for an amendment drafted by ACWA and CMUA to ensure that the bill does not limit the District's leasing of land. The recommended amendment originally drafted by ACWA and CMUA has minor clarifying language to improve the drafting of the amendment included by OCWD staff.

SB 963 (Allen) Water Replenishment Districts

OCWD took a "support" position to SB 963 during the April communications and legislative committee meeting, and the bill is continuing to move through the legislative process.

SB 963 only applies to the Water Replenishment District of Southern California (District). Existing law establishes a \$10 million cap in reserves for the District and requires a minimum of 80 percent of the reserve to be expended for water purchases. SB 963 would repeal the requirement that the District board assess excess reserve levels and repeal the



requirement that any excess reserves be used for a rate reduction or towards the purchase of water.

According to the sponsor of the bill, the District has made significant efforts to correct issues identified in a report from the Bureau of State Audits that identified excess reserve levels and has made sizeable investments to move away from imported water and towards self-sufficiency using recycled water. As a result, the District now only imports approximately 20 percent of its water compared to 100 percent when it was first established in 1959. ACWA has a “favor” position on SB 963 and the California Groundwater Coalition has a “support” position. Although, SB 963 does not impact OCWD, staff recommends a “support” position as the Water Replenishment District of Southern California has made efforts to both reduce reserves and reduce its reliance on imported water and thus the need to purchase water.





TO: ORANGE COUNTY WATER DISTRICT

FROM: JOE A. GONSALVES AND SON
EDELSTEIN GILBERT ROBSON & SMITH^{LLC}

SUBJECT: LEGISLATIVE UPDATE

DATE: May 31, 2018

Long Term Conservation Legislation

Since we last reported to the Board, the Legislature has wrapped up more than a year of work on long term conservation legislation. Throughout that time, our firms engaged heavily on behalf of OCWD in an effort to get sufficient credit for potable reuse projects such as the GWRS. This effort involved the introduction of standalone legislation on the issue of potable reuse credit, the introduction of competing conservation measures by friendly authors, and continual lobbying of the OC delegation and other key members of the Legislature. We were ultimately working to overcome the opposition of the environmental community, one of the bill's authors, and the Governor's Office. Ultimately, our efforts and those of other water agencies in California prevented the legislation from passing at the end of the 2017 legislative session.

At the end of 2017, AB 1668 (Friedman) and SB 606 (Hertzberg) offered a 10% credit for potable reuse. While some in the water community agreed to accept a 10% credit, we continued to advocate for additional credit on behalf of OCWD believing that 15% was the minimum necessary to safeguard the investments of Orange County ratepayers.

During the fall, we and OCWD staff met with Senator Hertzberg to push for additional potable reuse credit. At the same time, we lobbied our legislative delegation, particularly Assemblymembers Daly and Quirk-Silva as well as Senator Newman. Since the conservation legislation was just shy of the votes necessary to pass, it was essential to continue opposing the bills and asking our delegation to vote no on the legislation until it included sufficient credit.

We are happy to report that after months of negotiations this effort has paid off. As a result of OCWD's opposition, the proponents of the long term water conservation, including the Governor and legislative leadership, needed to address OCWD's concerns in order to have confidence that AB 1668 and SB 606 would pass. As such, over the objection of the environmental community and the author of one of the bills the legislation was amended to provide a 15% credit to existing potable reuse facilities like the GWRS. This represents a



50% increase in the amount of potable reuse water that producers will receive credit for compared to the proposal in the bill at the end of 2017.

As noted above, AB 1668 and SB 606 ultimately passed on April 17. Governor Brown signed the bills into law on May 31.

Water Tax

We continue to work to oppose a tax on water service to provide funding for disadvantaged communities who lack access to clean water. As you will recall, this tax was first amended into SB 623 (Monning) towards the end of the 2017 legislative session. As is the case with all taxes, a tax on water requires a 2/3 vote of the Legislature. Facing opposition from the water community, including OCWD, SB 623 was not taken up for a vote in 2017.

In January, Governor Brown breathed new life into the effort by calling for the passage of a tax as part of the budget process. Our firms continued to oppose the tax as it was considered in the budget process. Working with ACWA, CMUA, and other members of the water community we have proposed numerous funding alternatives. As of this week, neither the Assembly nor the Senate approved the proposed tax as part of the budget. However, budget negotiations will continue through June 15. Even once the 2018-2019 Budget is passed and signed, the Legislature could revisit the issue of a water tax between now and the end of August when the Legislature adjourns. We will continue to stay close to OCWD's legislative delegation in case another effort is made by Senator Monning or the Administration to pass a tax on water.



Orange County Water District Legislative Matrix May 2018

[AB 1041](#) (Levine D) Bay Area Toll Authority and oversight committee: conflict of interest.

Current Text: Enrollment: 5/24/2018 [html](#) [pdf](#)
Current Analysis: 05/16/2018 [Senate Floor Analyses \(text 1/3/2018\)](#)
Introduced: 2/16/2017
Last Amend: 1/3/2018
Status: 5/24/2018-Enrolled and presented to the Governor at 3 p.m.
Location: 5/24/2018-A. ENROLLED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the BATA to, among other things, establish an independent oversight committee within 6 months of the effective date of the Regional Measure 3 toll increase with a specified membership, to ensure the toll revenues generated by the toll increase are expended consistent with a specified expenditure plan and requires the BATA to submit an annual report to the Legislature on the status of the projects and programs funded by the toll increase. This bill would prohibit a representative appointed to the oversight committee from being a member, former member, staff, or former staff of the commission or the authority, a current employee of any organization or person that has received or is receiving funding from the commission or the authority, or a former employee or person who has contracted with any organization or person that has received or is receiving funding from the commission or the authority within one year of having worked for or contracted with that organization or person.

[AB 1668](#) (Friedman D) Water management planning.

Current Text: Chaptered: 5/31/2018 [html](#) [pdf](#)
Current Analysis: 05/17/2018 [Assembly Floor Analysis \(text 5/3/2018\)](#)
Introduced: 2/17/2017
Last Amend: 5/3/2018
Status: 5/31/2018-Approved by the Governor. Chaptered by Secretary of State - Chapter 15, Statutes of 2018.
Location: 5/31/2018-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water, as provided, and performance measures for commercial, industrial, and institutional water use on or before June 30, 2022. The bill would require the department, in coordination with the board, to conduct necessary studies and investigations and make recommendations, no later than October 1, 2021, for purposes of these standards and performance measures.

[AB 1794](#) (Limón D) Ojai Basin Groundwater Management Agency: Southern California Water Company.

Current Text: Introduced: 1/9/2018 [html](#) [pdf](#)
Current Analysis: 05/08/2018 [Assembly Local Government \(text 1/9/2018\)](#)
Introduced: 1/9/2018
Status: 5/30/2018-Referred to Com. on GOV. & F.
Location: 5/30/2018-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Under the Ojai Basin Groundwater Management Agency Act, the Ojai Basin Groundwater Management Agency is governed by a board of directors consisting of 5 members that includes one director who is required to be a representative of the Southern California Water Company. This bill would delete the requirement that one director be a representative of the Southern California Water Company and instead would require one director to be chosen by the board, as prescribed, for a term of 3 years. The bill would eliminate other references to the Southern California Water Company within the act.

[AB 1889](#) (Caballero D) Santa Clara Valley Water District.

Current Text: Amended: 4/4/2018 [html](#) [pdf](#)
Current Analysis: 04/25/2018 [Assembly Floor Analysis \(text 4/4/2018\)](#)
Introduced: 1/18/2018
Last Amend: 4/4/2018
Status: 5/10/2018-Referred to Com. on GOV. & F.
Location: 5/10/2018-S. GOV. & F.



Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Santa Clara Valley Water District Act authorizes the district to impose special taxes at minimum rates according to land use category and size. The district act authorizes the district to provide an exemption from these taxes for residential parcels owned and occupied by one or more taxpayers who are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This bill would authorize the district to require a taxpayer seeking an exemption from these special taxes to verify his or her age, disability status, or household income, as prescribed.

[AB 1944](#) ([Garcia, Eduardo D](#)) Sustainable groundwater management: San Luis Rey Valley Groundwater Basin.

Current Text: Amended: 4/11/2018 [html](#) [pdf](#)
Current Analysis: 04/23/2018 [Assembly Appropriations \(text 4/11/2018\)](#)
Introduced: 1/29/2018
Last Amend: 4/11/2018
Status: 5/17/2018-Referred to Com. on N.R. & W.
Location: 5/17/2018-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/12/2018 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary: Would divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin, as prescribed, and would designate the subbasins as medium priority until the Department of Water Resources reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Subbasin to be included within the definition of groundwater for the purposes of the act by any groundwater sustainability agency developing or implementing a groundwater sustainability plan and would except from this requirement certain water beneath the surface of the ground extracted and used as authorized under an existing appropriative water right.

[AB 1970](#) ([Garcia, Eduardo D](#)) Low-carbon fuels: electric trucks and charging stations: zero-emission vans.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)
Current Analysis: 05/29/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)
Introduced: 1/31/2018
Last Amend: 5/25/2018
Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.
Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Energy Resources Conservation and Development Commission, in partnership with the State Air Resources Board and in consultation with specified state agencies, to develop and adopt a state plan to increase the use of alternative fuels, as defined. This bill would require the commission to develop a pilot program for a pilot project, as specified, for the development of innovative low-carbon fuel, as defined.

[AB 1989](#) ([Mathis R](#)) Water and Wastewater Loan and Grant Program.

Current Text: Amended: 3/15/2018 [html](#) [pdf](#)
Current Analysis: 04/16/2018 [Assembly Appropriations \(text 3/15/2018\)](#)
Introduced: 2/1/2018
Last Amend: 3/15/2018
Status: 5/25/2018-In committee: Held under submission.
Location: 4/18/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes the State Water Resources Control Board to establish the Water and Wastewater Loan and Grant Program, to the extent funding is made available, to provide funding to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would appropriate \$50,000,000 from the General Fund to the board for the program.

[AB 1995](#) ([Garcia, Eduardo D](#)) Local publicly owned electric and gas utilities: weatherization.

Current Text: Introduced: 2/1/2018 [html](#) [pdf](#)
Introduced: 2/1/2018
Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. U. & E. on 2/12/2018)



Location: 5/11/2018-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Public Utilities Commission to direct an electrical or gas corporation to provide as many of the specified measures as are feasible and cost effective for each eligible low-income dwelling unit, and provides that weatherization may also include water conservation measures that result in energy savings determined by the utility to be feasible, in consideration of both the cost-effectiveness of the services and the public policy of reducing financial hardships facing low-income households.

AB 2003

(Daly D) Public contracts: sanitation districts: notice.

Current Text: Introduced: 2/1/2018 [html](#) [pdf](#)

Current Analysis: 05/08/2018 [Assembly Local Government \(text 2/1/2018\)](#)

Introduced: 2/1/2018

Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. L. GOV. on 2/12/2018)

Location: 5/11/2018-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes a sanitation district to make and perform any agreement with a public or private corporation of any kind or a person for the joint construction, acquisition, disposition, or operation of any property or works of a kind that might be constructed, acquired, disposed of, or operated by the district. Current law requires a district, when an expenditure for work exceeds \$35,000, to contract with the lowest responsible bidder after notice. Current law requires the notice to be published, as specified. This bill would instead require the notice to be published in a manner that the district board determines to be reasonable, which may include, but is not limited to, newspapers, Internet Web sites, radio, television, or other means of mass communication.

AB 2042

(Steinorth R) Personal income tax credits: residential graywater reuse systems.

Current Text: Amended: 5/1/2018 [html](#) [pdf](#)

Current Analysis: 05/07/2018 [Assembly Appropriations \(text 5/1/2018\)](#)

Introduced: 2/6/2018

Last Amend: 5/1/2018

Status: 5/25/2018-In committee: Held under submission.

Location: 5/9/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Personal Income Tax Law allows various credits against the taxes imposed by that law. Existing law requires any bill authorizing a new tax credit to contain, among other things, specific goals, purposes, and objectives that the tax credit will achieve, detailed performance indicators, and data collection requirements. This bill, for taxable years beginning on or after January 1, 2019, and before January 1, 2024, would allow as a credit against the net tax imposed by that law equal to 25% of the cost of installing a residential graywater reuse system during the taxable year in the taxpayer's residence located in this state.

AB 2050

(Caballero D) Small System Water Authority Act of 2018.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/30/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/6/2018

Last Amend: 5/25/2018

Status: 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified.

AB 2053

(Quirk D) Freshwater and Estuarine Harmful Algal Bloom Program.

Current Text: Amended: 4/18/2018 [html](#) [pdf](#)



Current Analysis: 04/23/2018 [Assembly Appropriations \(text 4/18/2018\)](#)

Introduced: 2/6/2018

Last Amend: 4/18/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 4/25/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board to establish a Freshwater and Estuarine Harmful Algal Bloom Program to protect water quality and public health from algal blooms. The bill would require the state board, in consultation with specified entities, among other things, to coordinate immediate and long-term algal bloom event incident response, as provided, and conduct and support algal bloom field assessment and ambient monitoring at the state, regional, watershed, and site-specific waterbody scales.

AB 2060 (Garcia, Eduardo D) Water: grants: advanced payments.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/30/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/6/2018

Last Amend: 5/25/2018

Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.

Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board, within 60 days of awarding a grant from the State Water Pollution Control Revolving Fund, to provide a project proponent that requests and demonstrates a need for advanced payment with advanced payment of \$500,000 or 50% of the grant award, whichever is less, for projects in which the project proponent is a nonprofit organization or a disadvantaged community, or the project benefits a disadvantaged community. The bill would require the advanced funds to be handled as prescribed.

AB 2064 (Gloria D) Integrated regional water management plans: grants: advanced payment.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/29/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/7/2018

Last Amend: 5/25/2018

Status: 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, until January 1, 2025, requires a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds if the project proponent is a nonprofit organization or a disadvantaged community or the project benefits a disadvantaged community. Current law requires the department, within 60 days of receiving this project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria. The bill, until January 1, 2025, would require the department to provide a project proponent that requests and demonstrates a need for advanced payment with advanced payment for those projects of \$500,000 or 50% of the grant award, whichever is less.

AB 2065 (Ting D) Local agencies: surplus land.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Current Analysis: 04/30/2018 [Assembly Appropriations \(text 4/16/2018\)](#)

Introduced: 2/7/2018

Last Amend: 4/16/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/2/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law prescribes requirements for the disposal of surplus land by a local agency. Current law defines "local agency" for these purposes as every city, county, city and county, and district, including school districts of any kind or class, empowered to acquire and hold real property. This bill would expand the definition of "local agency" to include sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies,



housing authorities, and other political subdivisions of this state and any instrumentality thereof that is empowered to acquire and hold real property, thereby requiring these entities to comply with these requirements for the disposal of surplus land.

AB 2072 (Quirk D) State Water Resources Control Board: constituents of emerging concern.

Current Text: Amended: 3/13/2018 [html](#) [pdf](#)

Current Analysis: 04/02/2018 [Assembly Appropriations \(text 3/13/2018\)](#)

Introduced: 2/7/2018

Last Amend: 3/13/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 4/4/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board, to the extent that the state board determines funds are available, to establish and maintain a dedicated program to research the potential effects of constituents of emerging concern in water sources on human and ecosystem health, as prescribed.

AB 2179 (Gipson D) Municipal corporations: public utility service: water and sewer service.

Current Text: Introduced: 2/12/2018 [html](#) [pdf](#)

Current Analysis: 05/17/2018 [Assembly Floor Analysis \(text 2/12/2018\)](#)

Introduced: 2/12/2018

Status: 5/30/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/30/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize a municipal corporation to utilize the alternative procedures to lease, sell, or transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation.

AB 2225 (Limón D) State government: storing and recording electronic media.

Current Text: Amended: 4/10/2018 [html](#) [pdf](#)

Current Analysis: 05/07/2018 [Assembly Appropriations \(text 4/10/2018\)](#)

Introduced: 2/13/2018

Last Amend: 4/10/2018

Status: 5/30/2018-Referred to Com. on G.O.

Location: 5/30/2018-S. G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Secretary of State, in consultation with the Department of Technology, to approve and adopt appropriate uniform statewide standards for the purpose of storing and recording permanent and nonpermanent documents in electronic media, and would require "cloud computing" to be defined by the Department of Technology based on industry-recognized standards, consistent with the intent of the state law.

AB 2241 (Rubio D) The Open and Transparent Water Data Act.

Current Text: Amended: 3/15/2018 [html](#) [pdf](#)

Current Analysis: 05/07/2018 [Assembly Appropriations \(text 3/15/2018\)](#)

Introduced: 2/13/2018

Last Amend: 3/15/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/9/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Open and Transparent Water Data Act requires the Department of Water Resources, the State Water Resources Control Board, and the Department of Fish and Wildlife to coordinate and integrate existing water and ecological data from local, state, and federal agencies. This bill would require the Department of Water Resources, the board, and the Department of Fish and Wildlife to work to improve the open and transparent access to data by reducing the fractured or duplicative reporting of the same or similar data to multiple governmental agencies or departments, and by reducing the reporting burden on entities providing data to governmental agencies.



AB 2249

(Cooley D) Public contracts: local agencies: alternative procedure.

Current Text: Introduced: 2/13/2018 [html](#) [pdf](#)

Current Analysis: 04/10/2018 [Assembly Local Government \(text 2/13/2018\)](#)

Introduced: 2/13/2018

Status: 5/3/2018-Referred to Com. on GOV. & F.

Location: 5/3/2018-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize public projects of \$60,000 or less to be performed by the employees of a public agency, authorize public projects of \$200,000 or less to be let to contract by informal procedures, and require public projects of more than \$200,000 to be let to contract by formal bidding procedures.

AB 2278

(Berman D) Local Government Renewable Energy Self-Generation Program.

Current Text: Amended: 4/25/2018 [html](#) [pdf](#)

Current Analysis: 05/07/2018 [Assembly Appropriations \(text 4/25/2018\)](#)

Introduced: 2/13/2018

Last Amend: 4/25/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/9/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes a local government to receive a bill credit, as specified, to be applied to a designated benefiting account for electricity exported to the electrical grid by an eligible renewable generating facility, as defined, and requires the commission to approve a rate tariff for the benefiting account. Current law provides specific rules for the calculation of these bill credits. Under existing law, an electrical corporation is obligated to provide a bill credit to a benefiting account designated by a local government only until the combined statewide cumulative rated generating capacity of all eligible renewable generating facilities within the service territories of the state's 3 largest electrical corporations reaches 250 megawatts. This bill would revise how the bill credit is calculated, as specified, and, for these purposes, would require the electrical corporation, until January 1, 2044, to use the time-of-use periods and seasonal definitions that were in effect on January 1, 2017.

AB 2321

(McCarty D) Solid waste: integrated waste management.

Current Text: Introduced: 2/13/2018 [html](#) [pdf](#)

Introduced: 2/13/2018

Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/13/2018)

Location: 5/11/2018-A. DEAD

Dead	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Integrated Waste Management Act of 1989, administered by the Department of Resources Recycling and Recovery, generally regulates the disposal, management, and recycling of solid waste. This bill would make nonsubstantive changes to legislative findings regarding solid waste management in the state.

AB 2339

(Gipson D) Water utility service: sale of water utility property by a city.

Current Text: Amended: 4/3/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Assembly Floor Analysis \(text 4/3/2018\)](#)

Introduced: 2/13/2018

Last Amend: 4/3/2018

Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.

Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would permit a city that owns and operates a public utility for furnishing water service to sell the public utility for the purpose of consolidating its public water system with another public water system pursuant to the specified procedures, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility, and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.



AB 2371 (Carrillo D) Water use efficiency: landscape irrigation.

Current Text: Amended: 5/29/2018 [html](#) [pdf](#)

Current Analysis: 05/29/2018 [Assembly Floor Analysis \(text 5/29/2018\)](#)

Introduced: 2/14/2018

Last Amend: 5/29/2018

Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.

Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law allows nursery stock on display for sale at retail to be labeled by a sign on any block of stock of the same kind and species and requires turf to be labeled by a sign showing the required correct name of the stock on display. This bill would also require, upon delivery to a job site, as defined, each landscape plant or a representative number of each landscape plant, as determined by the Secretary of Food and Agriculture, to be individually labeled as to its correct name in order to correctly identify nursery stock installed in outdoor landscapes that are subject to inspection under the Model Water Efficient Landscape Ordinance or any local water efficient landscape ordinance.

AB 2447 (Reyes D) California Environmental Quality Act: land use: environmental justice.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/30/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/14/2018

Last Amend: 5/25/2018

Status: 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Office of Environmental Health Hazard Assessment, by June 30, 2019, to publish a list of subject land uses, as specified, and a map that identifies disadvantaged communities and areas within a 1/2 mile radius of the disadvantaged communities. The bill would require a lead agency that is preparing an EIR or a negative declaration to provide certain notices required by CEQA to owners and occupants of property located within one-half mile of any parcel or parcels, and to any schools located within one mile of any parcel or parcels, on which is located a project involving a subject land use. The bill would require the lead agency to call at least one scoping meeting for those projects, as provided.

AB 2501 (Chu D) Drinking water: consolidation and extension of service.

Current Text: Amended: 4/17/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Assembly Floor Analysis \(text 4/17/2018\)](#)

Introduced: 2/14/2018

Last Amend: 4/17/2018

Status: 5/30/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/30/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order extension of service to an area within a disadvantaged community that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation of consolidation. The act defines "disadvantaged community" for these purposes to mean a disadvantaged community that is in an unincorporated area, is in a mobilehome park, or is served by a mutual water company or small public water system. This bill would redefine "disadvantaged community" for these purposes to also include a disadvantaged community that is served by a state small water system or domestic well.

AB 2541 (Salas D) Safe Drinking Water State Revolving Fund: project financing: severely disadvantaged communities.

Current Text: Amended: 3/15/2018 [html](#) [pdf](#)

Current Analysis: 04/23/2018 [Assembly Appropriations \(text 3/15/2018\)](#)

Introduced: 2/14/2018

Last Amend: 3/15/2018

Status: 5/17/2018-Referred to Com. on EQ.

Location: 5/17/2018-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/6/2018 9:30 a.m. - Room 3191 SENATE ENVIRONMENTAL QUALITY, WIECKOWSKI, Chair



Summary: Current law authorizes the State Water Resources Control Board, to the extent permitted by federal law, to provide grant funding, and principal forgiveness and 0% financing on loans, from the Safe Drinking Water State Revolving Fund to a project for a water system with a service area that qualifies as a severely disadvantaged community if the water system demonstrates that repaying a Safe Drinking Water State Revolving Fund loan with interest would result in unaffordable water rates, as defined. This bill would instead authorize the board, to the extent permitted by federal law, to provide up to 100% grant funding, and principal forgiveness and 0% financing on loans, from the Safe Drinking Water State Revolving Fund to a project for a water system that serves a severely disadvantaged community.

AB 2543 (Eggman D) State agencies: infrastructure project budget and schedule: Internet Web site information.

Current Text: Amended: 3/13/2018 [html](#) [pdf](#)

Current Analysis: 04/25/2018 [Assembly Floor Analysis \(text 3/13/2018\)](#)

Introduced: 2/15/2018

Last Amend: 3/13/2018

Status: 5/10/2018-Referred to Com. on G.O.

Location: 5/10/2018-S. G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/12/2018 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE GOVERNMENTAL ORGANIZATION, DODD, Chair

Summary: Would require each state agency or department authorized to undertake any infrastructure project costing \$100,000,000 or more to publicly post on its Internet Web site any change in the cost or schedule of the project that would result in the project exceeding its established budget by 10 percent or more or being delayed by 12 months or longer. The bill would require that the posted information describe how much the project is expected to exceed its established budget or delay its construction schedule.

AB 2545 (Gallagher R) Department of Fish and Wildlife: lake or streambed alteration agreements.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/30/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/15/2018

Last Amend: 5/25/2018

Status: 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law prohibits an entity from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or from depositing certain material where it may pass into any river, stream, or lake, without first notifying the Department of Fish and Wildlife of that activity, and entering into a lake or streambed alteration agreement if required by the department to protect fish and wildlife resources. This bill would require the department, until January 1, 2023, to establish procedures for the issuance of a general agreement in lieu of an individual alteration agreement pursuant to these provisions. The bill would require the department to adopt general agreements, as specified, for these activities.

AB 2649 (Arambula D) Water rights: water management.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/30/2018 [Assembly Floor Analysis \(text 5/25/2018\)](#)

Introduced: 2/15/2018

Last Amend: 5/25/2018

Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.

Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board to prioritize a temporary permit for a project that enhances the ability of a local or state agency to capture water during high precipitation events for local storage or recharge, with certain conditions and consistent with water rights priorities and protections for fish and wildlife. The bill would exempt temporary permits for these projects from the California Environmental Quality Act. The bill would require the board to set a reduced application fee for an applicant for a temporary permit for these projects.

AB 2654 (Quirk-Silva D) Design-build: Orange County.

Current Text: Amended: 4/10/2018 [html](#) [pdf](#)



Current Analysis: 04/30/2018 [Assembly Appropriations \(text 4/10/2018\)](#)

Introduced: 2/15/2018

Last Amend: 4/10/2018

Status: 5/24/2018-Referred to Com. on GOV. & F.

Location: 5/24/2018-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would authorize the County of Orange to use the design-build process for specified types of public works infrastructure projects, limited to no more than an average of 3 projects per year in excess of \$5,000,000. The bill would also authorize the Orange County Flood Control District to use the design-build process for flood protection improvements and would limit those to no more than an average of 3 projects per year in excess of \$5,000,000. By expanding design-build authority to include additional projects, the bill would expand the scope of the crime of perjury, thereby imposing a state-mandated local program.

[AB 2728](#) (Chen R) Replacement of corroded or lead-containing plumbing or service lines: loans.

Current Text: Introduced: 2/15/2018 [html](#) [pdf](#)

Current Analysis: 04/30/2018 [Assembly Appropriations \(text 2/15/2018\)](#)

Introduced: 2/15/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/2/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, to the extent funding is made available, authorize the State Water Resources Control Board to establish a grant program to provide funding to a county or qualified nonprofit organization, as specified, to provide low-interest loans to defined property owners for the replacement of corroded or lead-containing plumbing and service lines that adversely impact drinking water standards or for the installation of a point-of-use or point-of-entry water treatment system, as specified.

[AB 2900](#) (Committee on Environmental Safety and Toxic Materials) Proposed new public water system: preliminary technical report.

Current Text: Introduced: 2/16/2018 [html](#) [pdf](#)

Current Analysis: 05/14/2018 [Senate Environmental Quality \(text 2/16/2018\)](#)

Introduced: 2/16/2018

Status: 5/16/2018-From committee: Do pass and re-refer to Com. on APPR. with recommendation: To Consent Calendar. (Ayes 7. Noes 0.) (May 16). Re-referred to Com. on APPR.

Location: 5/16/2018-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Safe Drinking Water Act requires a proposed new public water system to first submit a preliminary technical report to the state board at least 6 months before initiating construction of any water-related improvement that includes, among other things, the name of each public water system for which any service area boundary is within 3 miles of the proposed new public water system's service area and discussions of the feasibility of each of the adjacent public water systems supplying domestic water to the proposed new public water system's service area. This bill would authorize the state board to approve the preliminary technical report and allow construction to proceed before the end of the 6-month period.

[AB 2957](#) (Gallagher R) Water: University of California: California Institute for Water Innovation and Technology: corporate income taxes: credit: water technology.

Current Text: Amended: 5/1/2018 [html](#) [pdf](#)

Current Analysis: 05/14/2018 [Assembly Appropriations \(text 5/1/2018\)](#)

Introduced: 2/16/2018

Last Amend: 5/1/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/16/2018)

Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would request the Regents of the University of California to establish the California Institute for Water Innovation and Technology in order to achieve specified goals, including developing California's next generation of water professionals and technicians and growing the state's economy by creating new opportunities for jobs in water research, management, and technology. The bill would



request the regents to locate the institute at a satellite campus within the City of Oroville, or in the County of Butte downstream of Lake Oroville.

AB 2975 (Friedman D) Wild and scenic rivers.

Current Text: Amended: 5/29/2018 [html](#) [pdf](#)
Current Analysis: 05/29/2018 [Assembly Floor Analysis \(text 5/29/2018\)](#)
Introduced: 2/16/2018
Last Amend: 5/29/2018
Status: 5/31/2018-Read third time. Passed. Ordered to the Senate.
Location: 5/31/2018-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, if (1) the federal government takes action to enact a statute that, upon enactment, would require the removal or delisting of any river or segment of a river in California that is included in the national wild and scenic rivers system and not in the state wild and scenic rivers system; or (2) the secretary determines that the federal government by enactment of a statute or by executive order has exempted a river or segment of a river in California that is not in the state wild and scenic river system from the protection of certain federal provisions governing restrictions on water resources projects, require the secretary, after holding a public hearing on the issue, based on the information obtained through the public hearing, to determine whether the provision of state protection for the river or segment of the river that has been removed, delisted, or exempted from the federal wild and scenic rivers system is in the best interest of the state and, if so, to take specified actions, until December 31, 2025, to add the river or segment of a river to the state wild and scenic rivers system and to classify that river or segment of a river, as prescribed.

AB 3035 (Rubio D) Water supply.

Current Text: Introduced: 2/16/2018 [html](#) [pdf](#)
Introduced: 2/16/2018
Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/16/2018)
Location: 5/11/2018-A. DEAD

Dead	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes local and regional public agencies that are authorized by law to serve water to the persons or entities within the service area of the agency to sell, lease, exchange, or otherwise transfer water for use outside the agency, as specified. Current law makes findings and declarations relating to local or regional level water management decisions. This bill would make a nonsubstantive change in the latter provision.

AB 3045 (Gallagher R) Natural Resources Agency: State Water Project Commission.

Current Text: Amended: 4/25/2018 [html](#) [pdf](#)
Current Analysis: 05/14/2018 [Assembly Appropriations \(text 4/25/2018\)](#)
Introduced: 2/16/2018
Last Amend: 4/25/2018
Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/16/2018)
Location: 5/25/2018-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would establish within the Natural Resources Agency the State Water Project Commission, consisting of 9 members appointed by the Governor and subject to confirmation by the Senate, including one member nominated by the Butte County Board of Supervisors. By imposing a new duty on the Butte County Board of Supervisors, the bill would impose a state-mandated local program. The bill would transfer authority over and relating to the State Water Project from the department to the commission, as specified.

AB 3056 (Harper R) Desalinated water.

Current Text: Introduced: 2/16/2018 [html](#) [pdf](#)
Introduced: 2/16/2018
Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/16/2018)
Location: 5/11/2018-A. DEAD

Dead	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Cobey-Porter Saline Water Conversion Law declares that the growing water needs of



the state require the development of cost-effective and efficient water supply technologies and that desalination technology is now feasible to help provide significant new water supplies from seawater, brackish water, and reclaimed water. This bill would declare the intent of the Legislature to enact subsequent legislation relating to desalination.

AB 3062 (Harper R) Recycled water: recycling criteria.

Current Text: Introduced: 2/16/2018 [html](#) [pdf](#)

Introduced: 2/16/2018

Status: 5/11/2018-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. PRINT on 2/16/2018)

Location: 5/11/2018-A. DEAD

Dead	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law, the Porter-Cologne Water Quality Control Act, requires the State Water Resources Control Board to establish uniform statewide recycling criteria for each varying type of use of recycled water if the use involves the protection of public health. The act defines recycling criteria to mean the levels of constituents of recycled water, and the means for assurance of reliability under the design concept that will result in recycled water that is safe for the uses to be made. This bill would make nonsubstantive changes to that definition.

AB 3170 (Friedman D) Sales and use taxes: exemptions: water efficiency.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Current Analysis: 04/23/2018 [Assembly Appropriations \(text 4/16/2018\)](#)

Introduced: 2/16/2018

Last Amend: 4/16/2018

Status: 5/25/2018-In committee: Held under submission.

Location: 4/25/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, until January 1, 2024, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified water efficiency products sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday preceding the last Monday in March, and ending at 11:59 p.m. on the following Monday in March, or for which a layaway agreement is entered into, a raincheck is issued, or other specified orders are placed, during this period, as specified.

AB 3206 (Friedman D) Water conservation: water meters: accuracy and performance standards.

Current Text: Amended: 4/3/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Assembly Floor Analysis \(text 4/3/2018\)](#)

Introduced: 2/16/2018

Last Amend: 4/3/2018

Status: 5/31/2018-In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/31/2018-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Energy Resources Conservation and Development Commission, on or before January 1, 2020, to adopt regulations setting standards for the accuracy of water meters purchased on and after the effective date of those regulations, including water meters installed pursuant to the Water Measurement Law, as specified. The bill would allow a water purveyor to install a water meter possessed by that water purveyor before the effective date of the regulations for a time period deemed appropriate by the commission.

SB 262 (Wieckowski D) Climate change: climate adaptation: advisory council.

Current Text: Amended: 5/17/2018 [html](#) [pdf](#)

Current Analysis: 04/19/2017 [Senate Floor Analyses \(text 2/8/2017\)](#)

Introduced: 2/8/2017

Last Amend: 5/17/2018

Status: 5/17/2018-From committee with author's amendments. Read second time and amended. Re-referred to Com. on NAT. RES.

Location: 5/17/2018-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/11/2018 2:30 p.m. - State Capitol, Room 447 ASSEMBLY NATURAL RESOURCES, MURATSUCHI, Chair



Summary: Current law requires the Office of Planning and Research to administer the Integrated Climate Adaptation and Resiliency Program. Current law requires the office, in coordination with appropriate entities, to establish a clearinghouse for climate adaptation information for use by state, regional, and local entities. Current law requires the office to establish an advisory council, comprised of members for a range of disciplines, to support the office's goals to facilitate coordination among state, regional, and local agency efforts to adapt to the impacts of climate change. This bill would recast the advisory council as the California Council for Adaptation and Resiliency.

SB 606 (Hertzberg D) Water management planning.

Current Text: Chaptered: 5/31/2018 [html](#) [pdf](#)

Current Analysis: 05/17/2018 [Senate Floor Analyses \(text 5/7/2018\)](#)

Introduced: 2/17/2017

Last Amend: 5/7/2018

Status: 5/31/2018-Chaptered by Secretary of State- Chapter 14, Statutes of 2018

Location: 5/31/2018-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require an urban retail water supplier to calculate an urban water use objective no later than November 1, 2023, and by November 1 every year thereafter, and its actual urban water use by those same dates. The bill would require an urban retail water supplier to submit a report to the department for these purposes by those dates. The bill would authorize the State Water Resources Control Board to issue information orders, written notices, and conservation orders to an urban retail water supplier that does not meet its urban water use objective, as specified. The bill would authorize the board to waive these requirements for a period of up to 5 years, as specified.

SB 831 (Wieckowski D) Land use: accessory dwelling units.

Current Text: Amended: 5/25/2018 [html](#) [pdf](#)

Current Analysis: 05/29/2018 [Senate Appropriations \(text 5/14/2018\)](#)

Introduced: 1/4/2018

Last Amend: 5/25/2018

Status: 5/30/2018-Read third time. Passed. (Ayes 30. Noes 1.) Ordered to the Assembly.

Location: 5/30/2018-A. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the ordinance for the creation of accessory dwelling units to designate areas where accessory dwelling units may be excluded for health and safety purposes, as specified. The bill would revise the standards for the local ordinance to, among other things, delete the authority to include lot coverage standards, include a prohibition on considering the square footage of a proposed accessory dwelling unit when calculating an allowable floor-to-area ratio or lot coverage ratio for the lot.

SB 919 (Dodd D) Water resources: stream gages.

Current Text: Amended: 3/15/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 3/15/2018\)](#)

Introduced: 1/22/2018

Last Amend: 3/15/2018

Status: 5/29/2018-Read third time. Passed. (Ayes 29. Noes 8.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/29/2018-A. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Water Resources, upon appropriation by the Legislature, to develop a plan to deploy a network of stream gages that includes a determination of funding needs and opportunities for reactivating existing gages. The bill would require the department, in consultation with the board, the Department of Fish and Wildlife, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to develop the plan to address significant gaps in information necessary for water management.

SB 948 (Allen D) California Environmental Quality Act community plans.

Current Text: Amended: 4/30/2018 [html](#) [pdf](#)

Current Analysis: 05/07/2018 [Senate Judiciary \(text 4/30/2018\)](#)

Introduced: 1/30/2018

Last Amend: 4/30/2018

Status: 5/25/2018-Failed Deadline pursuant to Rule 61(b)(8). (Last location was S. JUD. on 4/19/2018)

Location: 5/25/2018-S. DEAD



Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The The Jobs and Economic Improvement Through Environmental Leadership Act of 2011 authorizes the Governor to certify a project as an environmental leadership development project if the project meets certain conditions, including, among other things, that the project will result in a minimum investment of \$100,000,000 in California upon completion of construction and the project will not result in any net additional emissions of greenhouse gases. The act requires a lead agency to prepare the record of proceedings for a certified project concurrent with the preparation of certain environmental documents. This bill would authorize the Governor to certify updates to a community plan and the accompanying ordinances meeting specified requirements as being eligible for the CEQA streamlining benefits provided by the Jobs and Economic Improvement Through Environmental Leadership Act of 2011.

SB 963

(Allen D) Water replenishment districts.

Current Text: Amended: 4/12/2018 [html](#) [pdf](#)
Current Analysis: 04/18/2018 [Senate Floor Analyses \(text 4/12/2018\)](#)
Introduced: 1/31/2018
Last Amend: 4/12/2018
Status: 5/7/2018-Referred to Com. on L. GOV.
Location: 5/7/2018-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/13/2018 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary: Current law authorizes a water replenishment district to establish an annual reserve fund not to exceed \$10,000,000, as adjusted annually to reflect percentage increases or decreases in the blended cost of water from district supply sources and, beginning in the 2019–20 fiscal year, requires a minimum of 80% of the reserve to be used for water purchases. Current law excepts from this limitation the unexpended balance of any appropriated funds in a capital improvement project construction account established to pay the cost of a project or projects under construction. This bill would repeal this reserve fund authorization and would make conforming changes.

SB 966

(Wiener D) Onsite treated nonpotable water systems.

Current Text: Amended: 4/10/2018 [html](#) [pdf](#)
Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 4/10/2018\)](#)
Introduced: 1/31/2018
Last Amend: 4/10/2018
Status: 5/31/2018-VOTE: Special Consent SB966
Location: 5/29/2018-S. CONSENT CALENDAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would, on or before December 1, 2022, require the State Water Resources Control Board, in consultation with the California Building Standards Commission, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided. The bill would authorize the state board to contract with public or private entities regarding the content of the standards and would exempt those contracts from, among other provisions, review and approval of the Department of General Services.

SB 981

(Dodd D) Home solicitation contract or offer: water treatment devices: rescission.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)
Current Analysis: 05/09/2018 [Senate Floor Analyses \(text 4/16/2018\)](#)
Introduced: 2/1/2018
Last Amend: 4/16/2018
Status: 5/25/2018-Referred to Com. on P. & C.P.
Location: 5/25/2018-A. P. & C.P.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes a buyer to rescind a home solicitation contract or offer, as defined, within a limited period of time if specified requirements are met. Under existing law, a contract or offer, subject to approval, for the sale, lease, or rental of a water treatment device is deemed a home solicitation contract or offer. This bill would authorize the delivery and installation of a water treatment device or other materials during the rescission period.

SB 998

(Dodd D) Discontinuation of residential water service: urban and community water systems.

Current Text: Amended: 5/7/2018 [html](#) [pdf](#)



Current Analysis: 05/24/2018 [Senate Floor Analyses \(text 5/7/2018\)](#)

Introduced: 2/5/2018

Last Amend: 5/7/2018

Status: 5/29/2018-Read third time. Passed. (Ayes 25. Noes 10.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/29/2018-A. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages. The bill would require the policy to include certain components, be available on the system's Internet Web site, and be provided to customers in writing, upon request. The bill would provide for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued by the board in an amount not to exceed \$1,000 for each day in which the violation occurs.

SB 1015 (Allen D) California Climate Resiliency Program.

Current Text: Amended: 5/10/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 5/10/2018\)](#)

Introduced: 2/7/2018

Last Amend: 5/10/2018

Status: 5/29/2018-Read third time. Passed. (Ayes 27. Noes 9.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/29/2018-A. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would establish the California Climate Resiliency Program to increase resiliency to climate change impacts in urban and rural communities throughout the state and to fund the planning and implementation of projects that improve and enhance the climate change resiliency of natural systems, natural and working lands, and developed areas. The bill would require that the program be developed and implemented by the Wildlife Conservation Board, in coordination with any participating state conservancies, as defined.

SB 1073 (Dodd D) Flood control: Napa River.

Current Text: Amended: 3/15/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 3/15/2018\)](#)

Introduced: 2/12/2018

Last Amend: 3/15/2018

Status: 5/31/2018-VOTE: Special Consent SB1073

Location: 5/29/2018-S. CONSENT CALENDAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes a plan of improvement for flood control and other purposes on the Napa River in Napa County, known as the Napa River Flood Control Project, in accordance with specified recommendations adopted by a specified federal act, at an estimated cost to the state of the sum that may be appropriated for state cooperation by the Legislature upon the recommendation and advice of the Department of Water Resources. This bill would require the state share of the nonfederal costs of that project to be only for those project costs incurred on or after the date on which the project was authorized by Congress.

SB 1133 (Portantino D) California regional water quality control board: water quality control plans: funding.

Current Text: Amended: 4/24/2018 [html](#) [pdf](#)

Current Analysis: 05/09/2018 [Senate Floor Analyses \(text 4/24/2018\)](#)

Introduced: 2/13/2018

Last Amend: 4/24/2018

Status: 5/17/2018-Referred to Com. on E.S. & T.M.

Location: 5/17/2018-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 6/12/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Current law, the Porter-Cologne Water Quality Control Act, requires each California regional water quality control board to adopt water quality control plans and to establish water quality



objectives in those plans, considering certain factors, to ensure the reasonable protection of beneficial uses and the prevention of nuisance. This bill would authorize a regional board to accept and spend donations of moneys from a permittee for the purpose of updating a water quality control plan, thereby making an appropriation.

SB 1215 (Hertzberg D) Provision of sewer service: disadvantaged communities.

Current Text: Amended: 4/30/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 4/30/2018\)](#)

Introduced: 2/15/2018

Last Amend: 4/30/2018

Status: 5/29/2018-Read third time. Passed. (Ayes 30. Noes 8.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

Location: 5/29/2018-A. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: This bill would authorize the State Water Resources Control Board to order the provision of sewer service by a special district, city, or county to a disadvantaged community, as defined, under specified circumstances. By authorizing the state board to require a special district, city, or county to provide sewer service, this bill would impose a state-mandated local program.

SB 1422 (Portantino D) California Safe Drinking Water Act: microplastics.

Current Text: Amended: 4/26/2018 [html](#) [pdf](#)

Current Analysis: 05/26/2018 [Senate Floor Analyses \(text 4/26/2018\)](#)

Introduced: 2/16/2018

Last Amend: 4/26/2018

Status: 5/31/2018-VOTE: Special Consent SB1422

Location: 5/29/2018-S. CONSENT CALENDAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Water Resources Control Board to adopt requirements for the annual testing and reporting of the amount of microplastics in drinking water, including public disclosure of those results.

Total Measures: 55
Total Tracking Forms: 89



Senate Bill No. 606

Passed the Senate May 17, 2018

Secretary of the Senate

Passed the Assembly May 14, 2018

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2018, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Sections 350, 377, 1058.5, 1120, 10608.12, 10608.20, 10610.2, 10610.4, 10620, 10621, 10630, 10631, 10631.2, 10635, 10640, 10641, 10642, 10644, 10645, 10650, 10651, 10653, 10654, and 10656 of, to amend, renumber, and add Section 10612 of, to add Sections 10608.35, 10609.20, 10609.22, 10609.24, 10609.26, 10609.28, 10609.30, 10609.32, 10609.34, 10609.36, 10609.38, 10617.5, 10618, 10630.5, 10632.1, 10632.2, 10632.3, and 10657 to, to repeal Section 10631.7 of, and to repeal and add Section 10632 of, the Water Code, relating to water.

LEGISLATIVE COUNSEL’S DIGEST

SB 606, Hertzberg. Water management planning.

(1) Existing law requires the state to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Existing law requires each urban retail water supplier to develop urban water use targets and an interim urban water use target, as specified. Assembly Bill 1668 of the 2017–18 Regular Session, if enacted, would require the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt long-term standards for the efficient use of water and would establish specified standards for per capita daily indoor residential water use.

The bill would require an urban retail water supplier to calculate an urban water use objective no later than November 1, 2023, and by November 1 every year thereafter, and its actual urban water use by those same dates. The bill would require an urban retail water supplier to submit a report to the department for these purposes by those dates. The bill would authorize the board to issue information orders, written notices, and conservation orders to an urban retail water supplier that does not meet its urban water use objective, as specified. The bill would authorize the board to waive these requirements for a period of up to 5 years, as specified.

The bill would impose civil liability for a violation of an order or regulation issued pursuant to these provisions, as specified. The bill would also authorize the board to issue a regulation or informational order requiring a wholesale water supplier, urban



retail water supplier, or distributor of a public water supply to provide a monthly report relating to water production, water use, or water conservation.

(2) Existing law establishes procedures for reconsideration and amendment of specified decisions and orders of the board. Existing law authorizes any party aggrieved by a specified decision or order of the board to file, not later than 30 days from the date of final board action, a petition for writ of mandate for judicial review of the decision or order.

This bill would apply these procedures to decisions and orders of the board issued pursuant to the provisions described in paragraph (1), including existing provisions and those added by this bill.

(3) Existing law, the Urban Water Management Planning Act, requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. The act requires an urban water supplier to update its plan once every 5 years on or before December 31 in years ending in 5 and zero, the act requires the submission of a 2020 plan update by July 1, 2021. The act requires an urban water management plan, among other things, to describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for an average, single-dry, and multiple-dry water years. The act requires that an urban water management plan provide an urban water shortage contingency analysis that includes, among other things, an estimate of the minimum water supply available during each of the next 3 water years based on the driest 3-year historic sequence for the agency's water supply.

This bill would revise and recast these provisions. The bill would require an urban water management plan to be updated on or before July 1, in years ending in 6 and one, incorporating updated and new information from the 5 years preceding the plan update. The bill would require each plan to include a simple lay description of specified information to provide a general understanding of the agency's plan. The bill would require an urban water management plan to contain a drought risk assessment, as defined, that examines water shortage risks for a drought lasting the next 5 consecutive years.



The bill would require an urban water supplier to prepare, adopt, and periodically review a water shortage contingency plan, as prescribed, and as part of its urban water management plan. The bill would require a water shortage contingency plan to consist of certain elements, including, among other things, annual water supply and demand assessment procedures, standard water shortage levels, shortage response actions, and communication protocols and procedures. The bill would require an urban water supplier to make the water shortage contingency plan available to its customers and any city or county within which it provides water supplies no later than 30 days after adoption.

The bill would require an urban water supplier to conduct an annual water supply and demand assessment and submit an annual water shortage assessment report to the department with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan by June 1 of each year. The bill would require an urban water supplier to follow, where feasible and appropriate, the procedures and implement determined shortage response actions in its water shortage contingency plan.

(4) The act requires an urban water supplier to submit copies of its urban water management plan and copies of amendments or changes to the plan to certain entities, including the department, no later than 30 days after adoption, as prescribed. The act requires the department to prepare and submit a report summarizing the status of plans adopted pursuant to the act to the Legislature on or before July 1, 2022, for the 2020 plan, and on or before December 31 in the years ending in 6 and one thereafter, and to provide a copy of the report to each urban water supplier that has submitted its plan to the department.

This bill would require an urban water supplier, if it revises its water shortage contingency plan, to submit to the department a copy of its water shortage contingency plan no later than 30 days after adoption. The bill would require an urban water supplier regulated by the Public Utilities Commission to include its most recent urban water management plan and water shortage contingency plan as part of its general rate case filings.

The bill would require the department to prepare and submit the report about plans adopted pursuant to the act to the Legislature



on or before July 1 in the years ending in 7 and 2. The bill would require the department to prepare and submit to the board, on or before June 1 of each year, a report summarizing the submitted water supply and demand assessment results along with appropriate reported water shortage conditions developed by the department and information regarding various shortage response actions implemented as a result of water supply and demand assessments, as prescribed.

(5) Existing law makes an urban water supplier that does not prepare, adopt, and submit its urban water management plan to the department as prescribed ineligible to receive certain water grant and loan funding.

This bill would instead make an urban water supplier ineligible to receive any water grant or loan unless the urban water supplier complies with the requirements relating to urban water management plans.

(6) Existing law authorizes the governing body of a distributor of a public water supply to declare a water shortage emergency condition to prevail within the area served by the distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

This bill would instead require the governing body of a distributor of a public water supply to declare a water shortage emergency condition whenever it finds and determines the above-described circumstances. The bill would require an urban water supplier to coordinate with any city or county within which it provides water supply services for a possible proclamation of a local emergency.

(7) This bill would make its operation contingent on the enactment of AB 1668 of the 2017–18 Regular Session.

The people of the State of California do enact as follows:

SECTION 1. Section 350 of the Water Code is amended to read:

350. The governing body of a distributor of a public water supply, whether publicly or privately owned and including a mutual



water company, shall declare a water shortage emergency condition to prevail within the area served by such distributor whenever it finds and determines that the ordinary demands and requirements of water consumers cannot be satisfied without depleting the water supply of the distributor to the extent that there would be insufficient water for human consumption, sanitation, and fire protection.

SEC. 2. Section 377 of the Water Code is amended to read:

377. (a) From and after the publication or posting of any ordinance or resolution pursuant to Section 376, a violation of a requirement of a water conservation program adopted pursuant to Section 376 is a misdemeanor. A person convicted under this subdivision shall be punished by imprisonment in the county jail for not more than 30 days, or by a fine not exceeding one thousand dollars (\$1,000), or by both.

(b) A court or public entity may hold a person civilly liable in an amount not to exceed ten thousand dollars (\$10,000) for a violation of any of the following:

(1) An ordinance or resolution adopted pursuant to Section 376.

(2) A regulation adopted by the board under Section 1058.5 or Chapter 9 (commencing with Section 10609) of Part 2.55 of Division 6, unless the board regulation provides that it cannot be enforced under this section or provides for a lesser applicable maximum penalty.

(c) Commencing on the 31st day after the public entity notified a person of a violation described in subdivision (b), the person additionally may be civilly liable in an amount not to exceed ten thousand dollars (\$10,000) plus five hundred dollars (\$500) for each additional day on which the violation continues.

(d) Remedies prescribed in this section are cumulative and not alternative, except that no liability shall be recoverable under this section for any violation of paragraph (2) of subdivision (b) if the board has filed a complaint pursuant to Section 1846 alleging the same violation.

(e) A public entity may administratively impose the civil liability described in subdivisions (b) and (c) after providing notice and an opportunity for a hearing. The public entity shall initiate a proceeding under this subdivision by a complaint issued pursuant to Section 377.5. The public entity shall issue the complaint at



least 30 days before the hearing on the complaint and the complaint shall state the basis for the proposed civil liability order.

(f) (1) In determining the amount of civil liability to assess, a court or public entity shall take into consideration all relevant circumstances, including, but not limited to, the nature and persistence of the violation, the extent of the harm caused by the violation, the length of time over which the violation occurs, and any corrective action taken by the violator.

(2) The civil liability calculated pursuant to paragraph (1) for the first violation of subdivision (b) by a residential water user shall not exceed one thousand dollars (\$1,000) except in extraordinary situations where the court or public entity finds all of the following:

(A) The residential user had actual notice of the requirement found to be violated.

(B) The conduct was intentional.

(C) The amount of water involved was substantial.

(g) Civil liability imposed pursuant to this section shall be paid to the public entity and expended solely for the purposes of this chapter.

(h) An order setting administrative civil liability shall become effective and final upon issuance of the order and payment shall be made. Judicial review of any final order shall be pursuant to Section 1094.5 of the Code of Civil Procedure.

(i) In addition to the remedies prescribed in this section, a public entity may enforce water use limitations established by an ordinance or resolution adopted pursuant to this chapter, or as otherwise authorized by law, by a volumetric penalty in an amount established by the public entity.

SEC. 3. Section 1058.5 of the Water Code is amended to read:

1058.5. (a) This section applies to any emergency regulation adopted by the board for which the board makes both of the following findings:

(1) The emergency regulation is adopted to prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter’s priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports.



(2) The emergency regulation is adopted in response to conditions which exist, or are threatened, in a critically dry year immediately preceded by two or more consecutive below normal, dry, or critically dry years or during a period for which the Governor has issued a proclamation of a state of emergency under the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2 of the Government Code) based on drought conditions.

(b) Notwithstanding Sections 11346.1 and 11349.6 of the Government Code, any findings of emergency adopted by the board, in connection with the adoption of an emergency regulation under this section, are not subject to review by the Office of Administrative Law.

(c) An emergency regulation adopted by the board under this section may remain in effect for up to one year, as determined by the board, and is deemed repealed immediately upon a finding by the board that due to changed conditions it is no longer necessary for the regulation to remain in effect. An emergency regulation adopted by the board under this section may be renewed if the board determines that the conditions specified in paragraph (2) of subdivision (a) are still in effect.

(d) In addition to any other applicable civil or criminal penalties, any person or entity who violates a regulation adopted by the board pursuant to this section is guilty of an infraction punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs.

(e) (1) Notwithstanding subdivision (b) of Section 1551 or subdivision (e) of Section 1848, a civil liability imposed under Chapter 12 (commencing with Section 1825) of Part 2 of Division 2 by the board or a court for a violation of an emergency conservation regulation adopted pursuant to this section shall be deposited, and separately accounted for, in the Water Rights Fund. Funds deposited in accordance with this subdivision shall be available, upon appropriation, for water conservation activities and programs.

(2) For purposes of this subdivision, an "emergency conservation regulation" means an emergency regulation that requires an end user of water, a water retailer, or a water wholesaler to conserve water or report to the board on water conservation. Water conservation includes restrictions or limitations on particular uses



of water or a reduction in the amount of water used or served, but does not include curtailment of diversions when water is not available under the diverter’s priority of right or reporting requirements related to curtailments.

SEC. 4. Section 1120 of the Water Code is amended to read:

1120. This chapter applies to any decision or order issued under this part or Section 275, Part 2 (commencing with Section 1200), Part 2 (commencing with Section 10500) of Division 6, Part 2.55 (commencing with Section 10608) of Division 6, or Chapter 11 (commencing with Section 10735) of Part 2.74 of Division 6, Article 7 (commencing with Section 13550) of Chapter 7 of Division 7, or the public trust doctrine.

SEC. 5. Section 10608.12 of the Water Code is amended to read:

10608.12. Unless the context otherwise requires, the following definitions govern the construction of this part:

(a) “Agricultural water supplier” means a water supplier, either publicly or privately owned, providing water to 10,000 or more irrigated acres, excluding recycled water. “Agricultural water supplier” includes a supplier or contractor for water, regardless of the basis of right, that distributes or sells water for ultimate resale to customers. “Agricultural water supplier” does not include the department.

(b) “Base daily per capita water use” means any of the following:

(1) The urban retail water supplier’s estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous 10-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(2) For an urban retail water supplier that meets at least 10 percent of its 2008 measured retail water demand through recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier, the urban retail water supplier may extend the calculation described in paragraph (1) up to an additional five years to a maximum of a continuous 15-year period ending no earlier than December 31, 2004, and no later than December 31, 2010.

(3) For the purposes of Section 10608.22, the urban retail water supplier’s estimate of its average gross water use, reported in gallons per capita per day and calculated over a continuous



five-year period ending no earlier than December 31, 2007, and no later than December 31, 2010.

(c) "Baseline commercial, industrial, and institutional water use" means an urban retail water supplier's base daily per capita water use for commercial, industrial, and institutional users.

(d) "CII water use" means water used by commercial water users, industrial water users, institutional water users, and large landscape water users.

(e) "Commercial water user" means a water user that provides or distributes a product or service.

(f) "Compliance daily per capita water use" means the gross water use during the final year of the reporting period, reported in gallons per capita per day.

(g) "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the statewide annual median household income.

(h) "Gross water use" means the total volume of water, whether treated or untreated, entering the distribution system of an urban retail water supplier, excluding all of the following:

(1) Recycled water that is delivered within the service area of an urban retail water supplier or its urban wholesale water supplier.

(2) The net volume of water that the urban retail water supplier places into long-term storage.

(3) The volume of water the urban retail water supplier conveys for use by another urban water supplier.

(4) The volume of water delivered for agricultural use, except as otherwise provided in subdivision (f) of Section 10608.24.

(i) "Industrial water user" means a water user that is primarily a manufacturer or processor of materials as defined by the North American Industry Classification System code sectors 31 to 33, inclusive, or an entity that is a water user primarily engaged in research and development.

(j) "Institutional water user" means a water user dedicated to public service. This type of user includes, among other users, higher education institutions, schools, courts, churches, hospitals, government facilities, and nonprofit research institutions.

(k) "Interim urban water use target" means the midpoint between the urban retail water supplier's base daily per capita water use and the urban retail water supplier's urban water use target for 2020.



(l) "Large landscape" means a nonresidential landscape as described in the performance measures for CII water use adopted pursuant to Section 10609.10.

(m) "Locally cost effective" means that the present value of the local benefits of implementing an agricultural efficiency water management practice is greater than or equal to the present value of the local cost of implementing that measure.

(n) "Performance measures" means actions to be taken by urban retail water suppliers that will result in increased water use efficiency by CII water users. Performance measures may include, but are not limited to, educating CII water users on best management practices, conducting water use audits, and preparing water management plans. Performance measures do not include process water.

(o) "Potable reuse" means direct potable reuse, indirect potable reuse for groundwater recharge, and reservoir water augmentation as those terms are defined in Section 13561.

(p) "Process water" means water used by industrial water users for producing a product or product content or water used for research and development. Process water includes, but is not limited to, continuous manufacturing processes, and water used for testing, cleaning, and maintaining equipment. Water used to cool machinery or buildings used in the manufacturing process or necessary to maintain product quality or chemical characteristics for product manufacturing or control rooms, data centers, laboratories, clean rooms, and other industrial facility units that are integral to the manufacturing or research and development process is process water. Water used in the manufacturing process that is necessary for complying with local, state, and federal health and safety laws, and is not incidental water, is process water. Process water does not mean incidental water uses.

(q) "Recycled water" means recycled water, as defined in subdivision (n) of Section 13050.

(r) "Regional water resources management" means sources of supply resulting from watershed-based planning for sustainable local water reliability or any of the following alternative sources of water:

- (1) The capture and reuse of stormwater or rainwater.
- (2) The use of recycled water.
- (3) The desalination of brackish groundwater.



(4) The conjunctive use of surface water and groundwater in a manner that is consistent with the safe yield of the groundwater basin.

(s) "Reporting period" means the years for which an urban retail water supplier reports compliance with the urban water use targets.

(t) "Urban retail water supplier" means a water supplier, either publicly or privately owned, that directly provides potable municipal water to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes.

(u) "Urban water use objective" means an estimate of aggregate efficient water use for the previous year based on adopted water use efficiency standards and local service area characteristics for that year, as described in Section 10609.20.

(v) "Urban water use target" means the urban retail water supplier's targeted future daily per capita water use.

(w) "Urban wholesale water supplier," means a water supplier, either publicly or privately owned, that provides more than 3,000 acre-feet of water annually at wholesale for potable municipal purposes.

SEC. 6. Section 10608.20 of the Water Code is amended to read:

10608.20. (a) (1) Each urban retail water supplier shall develop urban water use targets and an interim urban water use target by July 1, 2011. Urban retail water suppliers may elect to determine and report progress toward achieving these targets on an individual or regional basis, as provided in subdivision (a) of Section 10608.28, and may determine the targets on a fiscal year or calendar year basis.

(2) It is the intent of the Legislature that the urban water use targets described in paragraph (1) cumulatively result in a 20-percent reduction from the baseline daily per capita water use by December 31, 2020.

(b) An urban retail water supplier shall adopt one of the following methods for determining its urban water use target pursuant to subdivision (a):

(1) Eighty percent of the urban retail water supplier's baseline per capita daily water use.

(2) The per capita daily water use that is estimated using the sum of the following performance standards:

(A) For indoor residential water use, 55 gallons per capita daily water use as a provisional standard. Upon completion of the department's 2016 report to the Legislature pursuant to Section 10608.42, this standard may be adjusted by the Legislature by statute.

(B) For landscape irrigated through dedicated or residential meters or connections, water efficiency equivalent to the standards of the Model Water Efficient Landscape Ordinance set forth in Chapter 2.7 (commencing with Section 490) of Division 2 of Title 23 of the California Code of Regulations, as in effect the later of the year of the landscape's installation or 1992. An urban retail water supplier using the approach specified in this subparagraph shall use satellite imagery, site visits, or other best available technology to develop an accurate estimate of landscaped areas.

(C) For commercial, industrial, and institutional uses, a 10-percent reduction in water use from the baseline commercial, industrial, and institutional water use by 2020.

(3) Ninety-five percent of the applicable state hydrologic region target, as set forth in the state's draft 20x2020 Water Conservation Plan (dated April 30, 2009). If the service area of an urban water supplier includes more than one hydrologic region, the supplier shall apportion its service area to each region based on population or area.

(4) A method that shall be identified and developed by the department, through a public process, and reported to the Legislature no later than December 31, 2010. The method developed by the department shall identify per capita targets that cumulatively result in a statewide 20-percent reduction in urban daily per capita water use by December 31, 2020. In developing urban daily per capita water use targets, the department shall do all of the following:

- (A) Consider climatic differences within the state.
- (B) Consider population density differences within the state.
- (C) Provide flexibility to communities and regions in meeting the targets.
- (D) Consider different levels of per capita water use according to plant water needs in different regions.
- (E) Consider different levels of commercial, industrial, and institutional water use in different regions of the state.



(F) Avoid placing an undue hardship on communities that have implemented conservation measures or taken actions to keep per capita water use low.

(c) If the department adopts a regulation pursuant to paragraph (4) of subdivision (b) that results in a requirement that an urban retail water supplier achieve a reduction in daily per capita water use that is greater than 20 percent by December 31, 2020, an urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may limit its urban water use target to a reduction of not more than 20 percent by December 31, 2020, by adopting the method described in paragraph (1) of subdivision (b).

(d) The department shall update the method described in paragraph (4) of subdivision (b) and report to the Legislature by December 31, 2014. An urban retail water supplier that adopted the method described in paragraph (4) of subdivision (b) may adopt a new urban daily per capita water use target pursuant to this updated method.

(e) An urban retail water supplier shall include in its urban water management plan due in 2010 pursuant to Part 2.6 (commencing with Section 10610) the baseline daily per capita water use, urban water use target, interim urban water use target, and compliance daily per capita water use, along with the bases for determining those estimates, including references to supporting data.

(f) When calculating per capita values for the purposes of this chapter, an urban retail water supplier shall determine population using federal, state, and local population reports and projections.

(g) An urban retail water supplier may update its 2020 urban water use target in its 2015 urban water management plan required pursuant to Part 2.6 (commencing with Section 10610).

(h) (1) The department, through a public process and in consultation with the California Urban Water Conservation Council, shall develop technical methodologies and criteria for the consistent implementation of this part, including, but not limited to, both of the following:

(A) Methodologies for calculating base daily per capita water use, baseline commercial, industrial, and institutional water use, compliance daily per capita water use, gross water use, service area population, indoor residential water use, and landscaped area water use.



(B) Criteria for adjustments pursuant to subdivisions (d) and (e) of Section 10608.24.

(2) The department shall post the methodologies and criteria developed pursuant to this subdivision on its Internet Web site, and make written copies available, by October 1, 2010. An urban retail water supplier shall use the methods developed by the department in compliance with this part.

(i) (1) The department shall adopt regulations for implementation of the provisions relating to process water in accordance with Section 10608.12, subdivision (e) of Section 10608.24, and subdivision (d) of Section 10608.26.

(2) The initial adoption of a regulation authorized by this subdivision is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for that purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. After the initial adoption of an emergency regulation pursuant to this subdivision, the department shall not request approval from the Office of Administrative Law to readopt the regulation as an emergency regulation pursuant to Section 11346.1 of the Government Code.

(j) (1) An urban retail water supplier is granted an extension to July 1, 2011, for adoption of an urban water management plan pursuant to Part 2.6 (commencing with Section 10610) due in 2010 to allow the use of technical methodologies developed by the department pursuant to paragraph (4) of subdivision (b) and subdivision (h). An urban retail water supplier that adopts an urban water management plan due in 2010 that does not use the methodologies developed by the department pursuant to subdivision (h) shall amend the plan by July 1, 2011, to comply with this part.

(2) An urban wholesale water supplier whose urban water management plan prepared pursuant to Part 2.6 (commencing with Section 10610) was due and not submitted in 2010 is granted an extension to July 1, 2011, to permit coordination between an urban wholesale water supplier and urban retail water suppliers.

SEC. 7. Section 10608.35 is added to the Water Code, to read:

10608.35. (a) The department, in coordination with the board, shall conduct necessary studies and investigations and make a recommendation to the Legislature, by January 1, 2020, on the



feasibility of developing and enacting water loss reporting requirements for urban wholesale water suppliers.

(b) The studies and investigations shall include an evaluation of the suitability of applying the processes and requirements of Section 10608.34 to urban wholesale water suppliers.

(c) In conducting necessary studies and investigations and developing its recommendation, the department shall solicit broad public participation from stakeholders and other interested persons.

SEC. 8. Section 10609.20 is added to the Water Code, immediately following Section 10609.18, to read:

10609.20. (a) Each urban retail water supplier shall calculate its urban water use objective no later than November 1, 2023, and by November 1 every year thereafter.

(b) The calculation shall be based on the urban retail water supplier's water use conditions for the previous calendar or fiscal year.

(c) Each urban water supplier's urban water use objective shall be composed of the sum of the following:

- (1) Aggregate estimated efficient indoor residential water use.
- (2) Aggregate estimated efficient outdoor residential water use.
- (3) Aggregate estimated efficient outdoor irrigation of landscape areas with dedicated irrigation meters or equivalent technology in connection with CII water use.
- (4) Aggregate estimated efficient water losses.
- (5) Aggregate estimated water use in accordance with variances, as appropriate.

(d) (1) An urban retail water supplier that delivers water from a groundwater basin, reservoir, or other source that is augmented by potable reuse water may adjust its urban water use objective by a bonus incentive calculated pursuant to this subdivision.

(2) The water use objective bonus incentive shall be the volume of its potable reuse delivered to residential water users and to landscape areas with dedicated irrigation meters in connection with CII water use, on an acre-foot basis.

(3) The bonus incentive pursuant to paragraph (1) shall be limited in accordance with one of the following:

(A) The bonus incentive shall not exceed 15 percent of the urban water supplier's water use objective for any potable reuse water produced at an existing facility.



(B) The bonus incentive shall not exceed 10 percent of the urban water supplier’s water use objective for any potable reuse water produced at any facility that is not an existing facility.

(4) For purposes of this subdivision, “existing facility” means a facility that meets all of the following:

(A) The facility has a certified environmental impact report, mitigated negative declaration, or negative declaration on or before January 1, 2019.

(B) The facility begins producing and delivering potable reuse water on or before January 1, 2022.

(C) The facility uses microfiltration and reverse osmosis technologies to produce the potable reuse water.

(e) (1) The calculation of the urban water use objective shall be made using landscape area and other data provided by the department and pursuant to the standards, guidelines, and methodologies adopted by the board. The department shall provide data to the urban water supplier at a level of detail sufficient to allow the urban water supplier to verify its accuracy at the parcel level.

(2) Notwithstanding paragraph (1), an urban retail water supplier may use alternative data in calculating the urban water use objective if the supplier demonstrates to the department that the alternative data are equivalent, or superior, in quality and accuracy to the data provided by the department. The department may provide technical assistance to an urban retail water supplier in evaluating whether the alternative data are appropriate for use in calculating the supplier’s urban water use objective.

SEC. 9. Section 10609.22 is added to the Water Code, to read:

10609.22. (a) An urban retail water supplier shall calculate its actual urban water use no later than November 1, 2023, and by November 1 every year thereafter.

(b) The calculation shall be based on the urban retail water supplier’s water use for the previous calendar or fiscal year.

(c) Each urban water supplier’s urban water use shall be composed of the sum of the following:

- (1) Aggregate residential water use.
- (2) Aggregate outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CII water use.
- (3) Aggregate water losses.

SEC. 10. Section 10609.24 is added to the Water Code, to read:



10609.24. (a) An urban retail water supplier shall submit a report to the department no later than November 1, 2023, and by November 1 every year thereafter. The report shall include all of the following:

(1) The urban water use objective calculated pursuant to Section 10609.20 along with relevant supporting data.

(2) The actual urban water use calculated pursuant to Section 10609.22 along with relevant supporting data.

(3) Documentation of the implementation of the performance measures for CII water use.

(4) A description of the progress made towards meeting the urban water use objective.

(b) The department shall post the reports and information on its Internet Web site.

(c) The board may issue an information order or conservation order to, or impose civil liability on, an entity or individual for failure to submit a report required by this section.

SEC. 11. Section 10609.26 is added to the Water Code, to read:

10609.26. (a) (1) On and after November 1, 2023, the board may issue informational orders pertaining to water production, water use, and water conservation to an urban retail water supplier that does not meet its urban water use objective required by this chapter. Informational orders are intended to obtain information on supplier activities, water production, and conservation efforts in order to identify technical assistance needs and assist urban water suppliers in meeting their urban water use objectives.

(2) In determining whether to issue an informational order, the board shall consider the degree to which the urban retail water supplier is not meeting its urban water use objective, information provided in the report required by Section 10609.24, and actions the urban retail water supplier has implemented or will implement in order to help meet the urban water use objective.

(3) The board shall share information received pursuant to this subdivision with the department.

(4) An urban water supplier may request technical assistance from the department. The technical assistance may, to the extent available, include guidance documents, tools, and data.

(b) On and after November 1, 2024, the board may issue a written notice to an urban retail water supplier that does not meet its urban water use objective required by this chapter. The written



notice may warn the urban retail water supplier that it is not meeting its urban water use objective described in Section 10609.20 and is not making adequate progress in meeting the urban water use objective, and may request that the urban retail water supplier address areas of concern in its next annual report required by Section 10609.24. In deciding whether to issue a written notice, the board may consider whether the urban retail water supplier has received an informational order, the degree to which the urban retail water supplier is not meeting its urban water use objective, information provided in the report required by Section 10609.24, and actions the urban retail water supplier has implemented or will implement in order to help meet its urban water use objective.

(c) (1) On and after November 1, 2025, the board may issue a conservation order to an urban retail water supplier that does not meet its urban water use objective. A conservation order may consist of, but is not limited to, referral to the department for technical assistance, requirements for education and outreach, requirements for local enforcement, and other efforts to assist urban retail water suppliers in meeting their urban water use objective.

(2) In issuing a conservation order, the board shall identify specific deficiencies in an urban retail water supplier’s progress towards meeting its urban water use objective, and identify specific actions to address the deficiencies.

(3) The board may request that the department provide an urban retail water supplier with technical assistance to support the urban retail water supplier’s actions to remedy the deficiencies.

(d) A conservation order issued in accordance with this chapter may include requiring actions intended to increase water-use efficiency, but shall not curtail or otherwise limit the exercise of a water right, nor shall it require the imposition of civil liability pursuant to Section 377.

SEC. 12. Section 10609.28 is added to the Water Code, to read:

10609.28. The board may issue a regulation or informational order requiring a wholesale water supplier, an urban retail water supplier, or a distributor of a public water supply, as that term is used in Section 350, to provide a monthly report relating to water production, water use, or water conservation.

SEC. 13. Section 10609.30 is added to the Water Code, to read:



10609.30. On or before January 10, 2024, the Legislative Analyst shall provide to the appropriate policy committees of both houses of the Legislature and the public a report evaluating the implementation of the water use efficiency standards and water use reporting pursuant to this chapter. The board and the department shall provide the Legislative Analyst with the available data to complete this report.

(a) The report shall describe all of the following:

(1) The rate at which urban retail water users are complying with the standards, and factors that might facilitate or impede their compliance.

(2) The accuracy of the data and estimates being used to calculate urban water use objectives.

(3) Indications of the economic impacts, if any, of the implementation of this chapter on urban water suppliers and urban water users, including CII water users.

(4) The frequency of use of the bonus incentive, the volume of water associated with the bonus incentive, value to urban water suppliers of the bonus incentive, and any implications of the use of the bonus incentive on water use efficiency.

(5) The early indications of how implementing this chapter might impact the efficiency of statewide urban water use.

(6) Recommendations, if any, for improving statewide urban water use efficiency and the standards and practices described in this chapter.

(7) Any other issues the Legislative Analyst deems appropriate.

SEC. 14. Section 10609.32 is added to the Water Code, to read:

10609.32. It is the intent of the Legislature that the chairperson of the board and the director of the department appear before the appropriate policy committees of both houses of the Legislature on or around January 1, 2026, and report on the implementation of the water use efficiency standards and water use reporting pursuant to this chapter. It is the intent of the Legislature that the topics to be covered include all of the following:

(a) The rate at which urban retail water suppliers are complying with the standards, and factors that might facilitate or impede their compliance.

(b) What enforcement actions have been taken, if any.

(c) The accuracy of the data and estimates being used to calculate urban water use objectives.



(d) Indications of the economic impacts, if any, of the implementation of this chapter on urban water suppliers and urban water users, including CII water users.

(e) The frequency of use of the bonus incentive, the volume of water associated with the bonus incentive, value to urban water suppliers of the bonus incentive, and any implications of the use of the bonus incentive on water use efficiency.

(f) An assessment of how implementing this chapter is affecting the efficiency of statewide urban water use.

SEC. 15. Section 10609.34 is added to the Water Code, to read:

10609.34. Notwithstanding Section 15300.2 of Title 14 of the California Code of Regulations, an action of the board taken under this chapter shall be deemed to be a Class 8 action, within the meaning of Section 15308 of Title 14 of the California Code of Regulations, provided that the action does not involve relaxation of existing water conservation or water use standards.

SEC. 16. Section 10609.36 is added to the Water Code, to read:

10609.36. (a) Nothing in this chapter shall be construed to determine or alter water rights. Sections 1010 and 1011 apply to water conserved through implementation of this chapter.

(b) Nothing in this chapter shall be construed to authorize the board to update or revise water use efficiency standards authorized by this chapter except as explicitly provided in this chapter. Authorization to update the standards beyond that explicitly provided in this chapter shall require separate legislation.

(c) Nothing in this chapter shall be construed to limit or otherwise affect the use of recycled water as seawater barriers for groundwater salinity management.

SEC. 17. Section 10609.38 is added to the Water Code, to read:

10609.38. The board may waive the requirements of this chapter for a period of up to five years for any urban retail water supplier whose water deliveries are significantly affected by changes in water use as a result of damage from a disaster such as an earthquake or fire. In establishing the period of a waiver, the board shall take into consideration the breadth of the damage and the time necessary for the damaged areas to recover from the disaster.

SEC. 18. Section 10610.2 of the Water Code is amended to read:



10610.2. (a) The Legislature finds and declares all of the following:

(1) The waters of the state are a limited and renewable resource subject to ever-increasing demands.

(2) The conservation and efficient use of urban water supplies are of statewide concern; however, the planning for that use and the implementation of those plans can best be accomplished at the local level.

(3) A long-term, reliable supply of water is essential to protect the productivity of California's businesses and economic climate, and increasing long-term water conservation among Californians, improving water use efficiency within the state's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change.

(4) As part of its long-range planning activities, every urban water supplier should make every effort to ensure the appropriate level of reliability in its water service sufficient to meet the needs of its various categories of customers during normal, dry, and multiple dry water years now and into the foreseeable future, and every urban water supplier should collaborate closely with local land-use authorities to ensure water demand forecasts are consistent with current land-use planning.

(5) Public health issues have been raised over a number of contaminants that have been identified in certain local and imported water supplies.

(6) Implementing effective water management strategies, including groundwater storage projects and recycled water projects, may require specific water quality and salinity targets for meeting groundwater basins water quality objectives and promoting beneficial use of recycled water.

(7) Water quality regulations are becoming an increasingly important factor in water agencies' selection of raw water sources, treatment alternatives, and modifications to existing treatment facilities.

(8) Changes in drinking water quality standards may also impact the usefulness of water supplies and may ultimately impact supply reliability.

(9) The quality of source supplies can have a significant impact on water management strategies and supply reliability.



(b) This part is intended to provide assistance to water agencies in carrying out their long-term resource planning responsibilities to ensure adequate water supplies to meet existing and future demands for water.

SEC. 19. Section 10610.4 of the Water Code is amended to read:

10610.4. The Legislature finds and declares that it is the policy of the state as follows:

(a) The management of urban water demands and efficient use of water shall be actively pursued to protect both the people of the state and their water resources.

(b) The management of urban water demands and efficient use of urban water supplies shall be a guiding criterion in public decisions.

(c) Urban water suppliers shall be required to develop water management plans to achieve the efficient use of available supplies and strengthen local drought planning.

SEC. 20. Section 10612 of the Water Code is amended and renumbered to read:

10611.3. "Customer" means a purchaser of water from a water supplier who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses.

SEC. 21. Section 10612 is added to the Water Code, to read:

10612. "Drought risk assessment" means a method that examines water shortage risks based on the driest five-year historic sequence for the agency's water supply, as described in subdivision (b) of Section 10635.

SEC. 22. Section 10617.5 is added to the Water Code, to read:

10617.5. "Water shortage contingency plan" means a document that incorporates the provisions detailed in subdivision (a) of Section 10632 and is subsequently adopted by an urban water supplier pursuant to this article.

SEC. 23. Section 10618 is added to the Water Code, to read:

10618. "Water supply and demand assessment" means a method that looks at current year and one or more dry year supplies and demands for determining water shortage risks, as described in Section 10632.1.

SEC. 24. Section 10620 of the Water Code is amended to read:



10620. (a) Every urban water supplier shall prepare and adopt an urban water management plan in the manner set forth in Article 3 (commencing with Section 10640).

(b) Every person that becomes an urban water supplier shall adopt an urban water management plan within one year after it has become an urban water supplier.

(c) An urban water supplier indirectly providing water shall not include planning elements in its water management plan as provided in Article 2 (commencing with Section 10630) that would be applicable to urban water suppliers or public agencies directly providing water, or to their customers, without the consent of those suppliers or public agencies.

(d) (1) An urban water supplier may satisfy the requirements of this part by participation in areawide, regional, watershed, or basinwide urban water management planning where those plans will reduce preparation costs and contribute to the achievement of conservation, efficient water use, and improved local drought resilience.

(2) Notwithstanding paragraph (1), each urban water supplier shall develop its own water shortage contingency plan, but an urban water supplier may incorporate, collaborate, and otherwise share information with other urban water suppliers or other governing entities participating in an areawide, regional, watershed, or basinwide urban water management plan, an agricultural management plan, or groundwater sustainability plan development.

(3) Each urban water supplier shall coordinate the preparation of its plan with other appropriate agencies in the area, including other water suppliers that share a common source, water management agencies, and relevant public agencies, to the extent practicable.

(e) The urban water supplier may prepare the plan with its own staff, by contract, or in cooperation with other governmental agencies.

(f) An urban water supplier shall describe in the plan water management tools and options used by that entity that will maximize resources and minimize the need to import water from other regions.

SEC. 25. Section 10621 of the Water Code is amended to read:

10621. (a) Each urban water supplier shall update its plan at least once every five years on or before July 1, in years ending in



six and one, incorporating updated and new information from the five years preceding each update.

(b) Every urban water supplier required to prepare a plan pursuant to this part shall, at least 60 days before the public hearing on the plan required by Section 10642, notify any city or county within which the supplier provides water supplies that the urban water supplier will be reviewing the plan and considering amendments or changes to the plan. The urban water supplier may consult with, and obtain comments from, any city or county that receives notice pursuant to this subdivision.

(c) An urban water supplier regulated by the Public Utilities Commission shall include its most recent plan and water shortage contingency plan as part of the supplier's general rate case filings.

(d) The amendments to, or changes in, the plan shall be adopted and filed in the manner set forth in Article 3 (commencing with Section 10640).

(e) Each urban water supplier shall update and submit its 2015 plan to the department by July 1, 2016.

(f) (1) Each urban water supplier shall update and submit its 2020 plan to the department by July 1, 2021.

(2) By January 1, 2024, each urban retail water supplier shall adopt and submit to the department a supplement to the adopted 2020 plan that includes information required pursuant to subparagraph (B) of paragraph (1) of subdivision (e) of Section 10631. This supplement is not an update or an amendment to the plan and, therefore, an urban water supplier is not required to comply with the public notice, hearing, and adoption requirements of Section 10642 before submitting the information to the department.

SEC. 26. Section 10630 of the Water Code is amended to read:

10630. It is the intention of the Legislature, in enacting this part, to permit levels of water management planning commensurate with the numbers of customers served and the volume of water supplied, while accounting for impacts from climate change.

SEC. 27. Section 10630.5 is added to the Water Code, to read:

10630.5. Each plan shall include a simple lay description of how much water the agency has on a reliable basis, how much it needs for the foreseeable future, what the agency's strategy is for meeting its water needs, the challenges facing the agency, and any



other information necessary to provide a general understanding of the agency's plan.

SEC. 28. Section 10631 of the Water Code is amended to read:

10631. A plan shall be adopted in accordance with this chapter that shall do all of the following:

(a) Describe the service area of the supplier, including current and projected population, climate, and other social, economic, and demographic factors affecting the supplier's water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available. The description shall include the current and projected land uses within the existing or anticipated service area affecting the supplier's water management planning. Urban water suppliers shall coordinate with local or regional land use authorities to determine the most appropriate land use information, including, where appropriate, land use information obtained from local or regional land use authorities, as developed pursuant to Article 5 (commencing with Section 65300) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a), providing supporting and related information, including all of the following:

(1) A detailed discussion of anticipated supply availability under a normal water year, single dry year, and droughts lasting at least five years, as well as more frequent and severe periods of drought, as described in the drought risk assessment. For each source of water supply, consider any information pertinent to the reliability analysis conducted pursuant to Section 10635, including changes in supply due to climate change.

(2) When multiple sources of water supply are identified, a description of the management of each supply in correlation with the other identified supplies.

(3) For any planned sources of water supply, a description of the measures that are being undertaken to acquire and develop those water supplies.

(4) If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information:



(A) The current version of any groundwater sustainability plan or alternative adopted pursuant to Part 2.74 (commencing with Section 10720), any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management for basins underlying the urban water supplier’s service area.

(B) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For basins that a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For a basin that has not been adjudicated, information as to whether the department has identified the basin as a high- or medium-priority basin in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to coordinate with groundwater sustainability agencies or groundwater management agencies listed in subdivision (c) of Section 10723 to maintain or achieve sustainable groundwater conditions in accordance with a groundwater sustainability plan or alternative adopted pursuant to Part 2.74 (commencing with Section 10720).

(C) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(D) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

(c) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.

(d) (1) For an urban retail water supplier, quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, based upon information developed pursuant to



subdivision (a), identifying the uses among water use sectors, including, but not necessarily limited to, all of the following:

- (A) Single-family residential.
- (B) Multifamily.
- (C) Commercial.
- (D) Industrial.
- (E) Institutional and governmental.
- (F) Landscape.
- (G) Sales to other agencies.
- (H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.

(I) Agricultural.

(J) Distribution system water loss.

(2) The water use projections shall be in the same five-year increments described in subdivision (a).

(3) (A) The distribution system water loss shall be quantified for each of the five years preceding the plan update, in accordance with rules adopted pursuant to Section 10608.34.

(B) The distribution system water loss quantification shall be reported in accordance with a worksheet approved or developed by the department through a public process. The water loss quantification worksheet shall be based on the water system balance methodology developed by the American Water Works Association.

(C) In the plan due July 1, 2021, and in each update thereafter, data shall be included to show whether the urban retail water supplier met the distribution loss standards enacted by the board pursuant to Section 10608.34.

(4) (A) Water use projections, where available, shall display and account for the water savings estimated to result from adopted codes, standards, ordinances, or transportation and land use plans identified by the urban water supplier, as applicable to the service area.

(B) To the extent that an urban water supplier reports the information described in subparagraph (A), an urban water supplier shall do both of the following:

(i) Provide citations of the various codes, standards, ordinances, or transportation and land use plans utilized in making the projections.



(ii) Indicate the extent that the water use projections consider savings from codes, standards, ordinances, or transportation and land use plans. Water use projections that do not account for these water savings shall be noted of that fact.

(e) Provide a description of the supplier's water demand management measures. This description shall include all of the following:

(1) (A) For an urban retail water supplier, as defined in Section 10608.12, a narrative description that addresses the nature and extent of each water demand management measure implemented over the past five years. The narrative shall describe the water demand management measures that the supplier plans to implement to achieve its water use targets pursuant to Section 10608.20.

(B) For the supplement required of urban retail water suppliers by paragraph (2) of subdivision (f) of Section 10621, a narrative that describes the water demand management measures that the supplier plans to implement to achieve its urban water use objective by January 1, 2027, pursuant to Chapter 9 (commencing with Section 10609) of Part 2.55.

(C) The narrative pursuant to this paragraph shall include descriptions of the following water demand management measures:

- (i) Water waste prevention ordinances.
- (ii) Metering.
- (iii) Conservation pricing.
- (iv) Public education and outreach.
- (v) Programs to assess and manage distribution system real loss.
- (vi) Water conservation program coordination and staffing support.

(vii) Other demand management measures that have a significant impact on water use as measured in gallons per capita per day, including innovative measures, if implemented.

(2) For an urban wholesale water supplier, as defined in Section 10608.12, a narrative description of the items in clauses (ii), (iv), (vi), and (vii) of subparagraph (C) of paragraph (1), and a narrative description of its distribution system asset management and wholesale supplier assistance programs.

(f) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use, as established pursuant to subdivision (a) of Section 10635. The urban water



supplier shall include a detailed description of expected future projects and programs that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in normal and single-dry water years and for a period of drought lasting five consecutive water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.

(g) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.

(h) An urban water supplier that relies upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the same five-year increments, and during various water-year types in accordance with subdivision (f). An urban water supplier may rely upon water supply information provided by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (f).

SEC. 29. Section 10631.2 of the Water Code is amended to read:

10631.2. (a) In addition to the requirements of Section 10631, an urban water management plan shall include any of the following information that the urban water supplier can readily obtain:

(1) An estimate of the amount of energy used to extract or divert water supplies.

(2) An estimate of the amount of energy used to convey water supplies to the water treatment plants or distribution systems.

(3) An estimate of the amount of energy used to treat water supplies.

(4) An estimate of the amount of energy used to distribute water supplies through its distribution systems.



(5) An estimate of the amount of energy used for treated water supplies in comparison to the amount used for nontreated water supplies.

(6) An estimate of the amount of energy used to place water into or withdraw from storage.

(7) Any other energy-related information the urban water supplier deems appropriate.

(b) The department shall include in its guidance for the preparation of urban water management plans a methodology for the voluntary calculation or estimation of the energy intensity of urban water systems. The department may consider studies and calculations conducted by the Public Utilities Commission in developing the methodology.

(c) The Legislature finds and declares that energy use is only one factor in water supply planning and shall not be considered independently of other factors.

SEC. 30. Section 10631.7 of the Water Code is repealed.

SEC. 31. Section 10632 of the Water Code is repealed.

SEC. 32. Section 10632 is added to the Water Code, to read:

10632. (a) Every urban water supplier shall prepare and adopt a water shortage contingency plan as part of its urban water management plan that consists of each of the following elements:

(1) The analysis of water supply reliability conducted pursuant to Section 10635.

(2) The procedures used in conducting an annual water supply and demand assessment that include, at a minimum, both of the following:

(A) The written decisionmaking process that an urban water supplier will use each year to determine its water supply reliability.

(B) The key data inputs and assessment methodology used to evaluate the urban water supplier's water supply reliability for the current year and one dry year, including all of the following:

(i) Current year unconstrained demand, considering weather, growth, and other influencing factors, such as policies to manage current supplies to meet demand objectives in future years, as applicable.

(ii) Current year available supply, considering hydrological and regulatory conditions in the current year and one dry year. The annual supply and demand assessment may consider more than one dry year solely at the discretion of the urban water supplier.



(iii) Existing infrastructure capabilities and plausible constraints.
(iv) A defined set of locally applicable evaluation criteria that are consistently relied upon for each annual water supply and demand assessment.

(v) A description and quantification of each source of water supply.

(3) (A) Six standard water shortage levels corresponding to progressive ranges of up to 10, 20, 30, 40, and 50 percent shortages and greater than 50 percent shortage. Urban water suppliers shall define these shortage levels based on the suppliers' water supply conditions, including percentage reductions in water supply, changes in groundwater levels, changes in surface elevation or level of subsidence, or other changes in hydrological or other local conditions indicative of the water supply available for use. Shortage levels shall also apply to catastrophic interruption of water supplies, including, but not limited to, a regional power outage, an earthquake, and other potential emergency events.

(B) An urban water supplier with an existing water shortage contingency plan that uses different water shortage levels may comply with the requirement in subparagraph (A) by developing and including a cross-reference relating its existing categories to the six standard water shortage levels.

(4) Shortage response actions that align with the defined shortage levels and include, at a minimum, all of the following:

(A) Locally appropriate supply augmentation actions.

(B) Locally appropriate demand reduction actions to adequately respond to shortages.

(C) Locally appropriate operational changes.

(D) Additional, mandatory prohibitions against specific water use practices that are in addition to state-mandated prohibitions and appropriate to the local conditions.

(E) For each action, an estimate of the extent to which the gap between supplies and demand will be reduced by implementation of the action.

(5) Communication protocols and procedures to inform customers, the public, interested parties, and local, regional, and state governments, regarding, at a minimum, all of the following:

(A) Any current or predicted shortages as determined by the annual water supply and demand assessment described pursuant to Section 10632.1.



(B) Any shortage response actions triggered or anticipated to be triggered by the annual water supply and demand assessment described pursuant to Section 10632.1.

(C) Any other relevant communications.

(6) For an urban retail water supplier, customer compliance, enforcement, appeal, and exemption procedures for triggered shortage response actions as determined pursuant to Section 10632.2.

(7) (A) A description of the legal authorities that empower the urban water supplier to implement and enforce its shortage response actions specified in paragraph (4) that may include, but are not limited to, statutory authorities, ordinances, resolutions, and contract provisions.

(B) A statement that an urban water supplier shall declare a water shortage emergency in accordance with Chapter 3 (commencing with Section 350) of Division 1.

(C) A statement that an urban water supplier shall coordinate with any city or county within which it provides water supply services for the possible proclamation of a local emergency, as defined in Section 8558 of the Government Code.

(8) A description of the financial consequences of, and responses for, drought conditions, including, but not limited to, all of the following:

(A) A description of potential revenue reductions and expense increases associated with activated shortage response actions described in paragraph (4).

(B) A description of mitigation actions needed to address revenue reductions and expense increases associated with activated shortage response actions described in paragraph (4).

(C) A description of the cost of compliance with Chapter 3.3 (commencing with Section 365) of Division 1.

(9) For an urban retail water supplier, monitoring and reporting requirements and procedures that ensure appropriate data is collected, tracked, and analyzed for purposes of monitoring customer compliance and to meet state reporting requirements.

(10) Reevaluation and improvement procedures for systematically monitoring and evaluating the functionality of the water shortage contingency plan in order to ensure shortage risk tolerance is adequate and appropriate water shortage mitigation strategies are implemented as needed.



(b) For purposes of developing the water shortage contingency plan pursuant to subdivision (a), an urban water supplier shall analyze and define water features that are artificially supplied with water, including ponds, lakes, waterfalls, and fountains, separately from swimming pools and spas, as defined in subdivision (a) of Section 115921 of the Health and Safety Code.

(c) The urban water supplier shall make available the water shortage contingency plan prepared pursuant to this article to its customers and any city or county within which it provides water supplies no later than 30 days after adoption of the water shortage contingency plan.

SEC. 33. Section 10632.1 is added to the Water Code, to read:

10632.1. An urban water supplier shall conduct an annual water supply and demand assessment pursuant to subdivision (a) of Section 10632 and, on or before June 1 of each year, submit an annual water shortage assessment report to the department with information for anticipated shortage, triggered shortage response actions, compliance and enforcement actions, and communication actions consistent with the supplier's water shortage contingency plan. An urban water supplier that relies on imported water from the State Water Project or the Bureau of Reclamation shall submit its annual water supply and demand assessment within 14 days of receiving its final allocations, or by June 1 of each year, whichever is later.

SEC. 34. Section 10632.2 is added to the Water Code, to read:

10632.2. An urban water supplier shall follow, where feasible and appropriate, the prescribed procedures and implement determined shortage response actions in its water shortage contingency plan, as identified in subdivision (a) of Section 10632, or reasonable alternative actions, provided that descriptions of the alternative actions are submitted with the annual water shortage assessment report pursuant to Section 10632.1. Nothing in this section prohibits an urban water supplier from taking actions not specified in its water shortage contingency plan, if needed, without having to formally amend its urban water management plan or water shortage contingency plan.

SEC. 35. Section 10632.3 is added to the Water Code, to read:

10632.3. It is the intent of the Legislature that, upon proclamation by the Governor of a state of emergency under the California Emergency Services Act (Chapter 7 (commencing with



Section 8550) of Division 1 of Title 2 of the Government Code) based on drought conditions, the board defer to implementation of locally adopted water shortage contingency plans to the extent practicable.

SEC. 36. Section 10635 of the Water Code is amended to read:

10635. (a) Every urban water supplier shall include, as part of its urban water management plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This water supply and demand assessment shall compare the total water supply sources available to the water supplier with the long-term total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and a drought lasting five consecutive water years. The water service reliability assessment shall be based upon the information compiled pursuant to Section 10631, including available data from state, regional, or local agency population projections within the service area of the urban water supplier.

(b) Every urban water supplier shall include, as part of its urban water management plan, a drought risk assessment for its water service to its customers as part of information considered in developing the demand management measures and water supply projects and programs to be included in the urban water management plan. The urban water supplier may conduct an interim update or updates to this drought risk assessment within the five-year cycle of its urban water management plan update. The drought risk assessment shall include each of the following:

(1) A description of the data, methodology, and basis for one or more supply shortage conditions that are necessary to conduct a drought risk assessment for a drought period that lasts five consecutive water years, starting from the year following when the assessment is conducted.

(2) A determination of the reliability of each source of supply under a variety of water shortage conditions. This may include a determination that a particular source of water supply is fully reliable under most, if not all, conditions.

(3) A comparison of the total water supply sources available to the water supplier with the total projected water use for the drought period.

(4) Considerations of the historical drought hydrology, plausible changes on projected supplies and demands under climate change



conditions, anticipated regulatory changes, and other locally applicable criteria.

(c) The urban water supplier shall provide that portion of its urban water management plan prepared pursuant to this article to any city or county within which it provides water supplies no later than 60 days after the submission of its urban water management plan.

(d) Nothing in this article is intended to create a right or entitlement to water service or any specific level of water service.

(e) Nothing in this article is intended to change existing law concerning an urban water supplier's obligation to provide water service to its existing customers or to any potential future customers.

SEC. 37. Section 10640 of the Water Code is amended to read:

10640. (a) Every urban water supplier required to prepare a plan pursuant to this part shall prepare its plan pursuant to Article 2 (commencing with Section 10630). The supplier shall likewise periodically review the plan as required by Section 10621, and any amendments or changes required as a result of that review shall be adopted pursuant to this article.

(b) Every urban water supplier required to prepare a water shortage contingency plan shall prepare a water shortage contingency plan pursuant to Section 10632. The supplier shall likewise periodically review the water shortage contingency plan as required by paragraph (10) of subdivision (a) of Section 10632 and any amendments or changes required as a result of that review shall be adopted pursuant to this article.

SEC. 38. Section 10641 of the Water Code is amended to read:

10641. An urban water supplier required to prepare a plan or a water shortage contingency plan may consult with, and obtain comments from, any public agency or state agency or any person who has special expertise with respect to water demand management methods and techniques.

SEC. 39. Section 10642 of the Water Code is amended to read:

10642. Each urban water supplier shall encourage the active involvement of diverse social, cultural, and economic elements of the population within the service area prior to and during the preparation of both the plan and the water shortage contingency plan. Prior to adopting either, the urban water supplier shall make both the plan and the water shortage contingency plan available



for public inspection and shall hold a public hearing or hearings thereon. Prior to any of these hearings, notice of the time and place of the hearing shall be published within the jurisdiction of the publicly owned water supplier pursuant to Section 6066 of the Government Code. The urban water supplier shall provide notice of the time and place of a hearing to any city or county within which the supplier provides water supplies. Notices by a local public agency pursuant to this section shall be provided pursuant to Chapter 17.5 (commencing with Section 7290) of Division 7 of Title 1 of the Government Code. A privately owned water supplier shall provide an equivalent notice within its service area. After the hearing or hearings, the plan or water shortage contingency plan shall be adopted as prepared or as modified after the hearing or hearings.

SEC. 40. Section 10644 of the Water Code is amended to read:

10644. (a) (1) An urban water supplier shall submit to the department, the California State Library, and any city or county within which the supplier provides water supplies a copy of its plan no later than 30 days after adoption. Copies of amendments or changes to the plans shall be submitted to the department, the California State Library, and any city or county within which the supplier provides water supplies within 30 days after adoption.

(2) The plan, or amendments to the plan, submitted to the department pursuant to paragraph (1) shall be submitted electronically and shall include any standardized forms, tables, or displays specified by the department.

(b) If an urban water supplier revises its water shortage contingency plan, the supplier shall submit to the department a copy of its water shortage contingency plan prepared pursuant to subdivision (a) of Section 10632 no later than 30 days after adoption, in accordance with protocols for submission and using electronic reporting tools developed by the department.

(c) (1) (A) Notwithstanding Section 10231.5 of the Government Code, the department shall prepare and submit to the Legislature, on or before July 1, in the years ending in seven and two, a report summarizing the status of the plans and water shortage contingency plans adopted pursuant to this part. The report prepared by the department shall identify the exemplary elements of the individual plans and water shortage contingency plans. The department shall provide a copy of the report to each urban water supplier that has



submitted its plan and water shortage contingency plan to the department. The department shall also prepare reports and provide data for any legislative hearings designed to consider the effectiveness of plans and water shortage contingency plans submitted pursuant to this part.

(B) The department shall prepare and submit to the board, on or before September 30 of each year, a report summarizing the submitted water supply and demand assessment results along with appropriate reported water shortage conditions and the regional and statewide analysis of water supply conditions developed by the department. As part of the report, the department shall provide a summary and, as appropriate, urban water supplier specific information regarding various shortage response actions implemented as a result of annual supplier-specific water supply and demand assessments performed pursuant to Section 10632.1.

(C) The department shall submit the report to the Legislature for the 2015 plans by July 1, 2017, and the report to the Legislature for the 2020 plans and water shortage contingency plans by July 1, 2022.

(2) A report to be submitted pursuant to subparagraph (A) of paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(d) The department shall make available to the public the standard the department will use to identify exemplary water demand management measures.

SEC. 41. Section 10645 of the Water Code is amended to read:

10645. (a) Not later than 30 days after filing a copy of its plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.

(b) Not later than 30 days after filing a copy of its water shortage contingency plan with the department, the urban water supplier and the department shall make the plan available for public review during normal business hours.

SEC. 42. Section 10650 of the Water Code is amended to read:

10650. Any actions or proceedings, other than actions by the board, to attack, review, set aside, void, or annul the acts or decisions of an urban water supplier on the grounds of noncompliance with this part shall be commenced as follows:



(a) An action or proceeding alleging failure to adopt a plan or a water shortage contingency plan shall be commenced within 18 months after that adoption is required by this part.

(b) Any action or proceeding alleging that a plan or water shortage contingency plan, or action taken pursuant to either, does not comply with this part shall be commenced within 90 days after filing of the plan or water shortage contingency plan or an amendment to either pursuant to Section 10644 or the taking of that action.

SEC. 43. Section 10651 of the Water Code is amended to read:

10651. In any action or proceeding to attack, review, set aside, void, or annul a plan or a water shortage contingency plan, or an action taken pursuant to either by an urban water supplier on the grounds of noncompliance with this part, the inquiry shall extend only to whether there was a prejudicial abuse of discretion. Abuse of discretion is established if the supplier has not proceeded in a manner required by law or if the action by the water supplier is not supported by substantial evidence.

SEC. 44. Section 10653 of the Water Code is amended to read:

10653. The adoption of a plan shall satisfy any requirements of state law, regulation, or order, including those of the board and the Public Utilities Commission, for the preparation of water management plans, water shortage contingency plans, or conservation plans; provided, that if the board or the Public Utilities Commission requires additional information concerning water conservation, drought response measures, or financial conditions to implement its existing authority, nothing in this part shall be deemed to limit the board or the commission in obtaining that information. The requirements of this part shall be satisfied by any urban water demand management plan that complies with analogous federal laws or regulations after the effective date of this part, and which substantially meets the requirements of this part, or by any existing urban water management plan which includes the contents of a plan required under this part.

SEC. 45. Section 10654 of the Water Code is amended to read:

10654. An urban water supplier may recover in its rates the costs incurred in preparing its urban water management plan, its drought risk assessment, its water supply and demand assessment, and its water shortage contingency plan and implementing the



reasonable water conservation measures included in either of the plans.

SEC. 46. Section 10656 of the Water Code is amended to read:

10656. An urban water supplier is not eligible for a water grant or loan awarded or administered by the state unless the urban water supplier complies with this part.

SEC. 47. Section 10657 is added to the Water Code, to read:

10657. The department may adopt regulations regarding the definitions of water, water use, and reporting periods, and may adopt any other regulations deemed necessary or desirable to implement this part. In developing regulations pursuant to this section, the department shall solicit broad public participation from stakeholders and other interested persons.

SEC. 48. This act shall become operative only if Assembly Bill 1668 of the 2017–18 Regular Session is enacted and becomes effective.



Approved _____, 2018

Governor



AMENDED IN ASSEMBLY MAY 25, 2018
AMENDED IN ASSEMBLY APRIL 25, 2018
AMENDED IN ASSEMBLY APRIL 4, 2018
AMENDED IN ASSEMBLY MARCH 22, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2649

Introduced by Assembly Member Arambula

February 15, 2018

An act to amend Sections 1242 and 1426 of, and to add Section 1432 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 2649, as amended, Arambula. Water rights: water management. Under existing law, the State Water Resources Control Board administers a water rights program pursuant to which the board grants permits and licenses to appropriate water. Existing law allows a person who has an urgent need to divert and use water to apply for, and the board to issue, a temporary permit, as prescribed. Existing law requires an applicant to pay an application fee and a permit fee, if a temporary permit is issued, both computed as specified.

This bill would require the board to prioritize a temporary permit for a project that enhances the ability of a local or state agency to capture water during high precipitation events for local storage or recharge, with certain conditions and consistent with water rights priorities and protections for fish and wildlife. The bill would exempt temporary permits for these projects from the California Environmental Quality



Act. The bill would require the board to set a reduced application fee for an applicant for a temporary permit for these projects.

The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. Under existing law, the right to water or to the use of water is limited to that amount of water that may be reasonably required for the beneficial use to be served. Existing law provides for the reversion of water rights to which a person is entitled when the person fails to beneficially use the water for a period of 5 years. Existing law provides that the storing of water underground, including the diversion of streams and the flowing of water on lands necessary to the accomplishment of the storage, constitutes a beneficial use of water if the stored water is thereafter applied to the beneficial purposes for which the appropriation for storage was made.

This bill would instead provide ~~that the that~~, consistent with the applicable permit or license, any diversion of water to underground storage constitutes a diversion of water for beneficial use ~~for which an appropriation may be made~~ if the diverted water is put to beneficial use, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1242 of the Water Code is amended to
- 2 read:
- 3 1242. ~~The~~ Consistent with the applicable permit or license,
- 4 any diversion of water to underground storage, including the
- 5 diversion of water for groundwater recharge, constitutes a diversion
- 6 of water for beneficial use ~~for which an appropriation may be made~~
- 7 if the diverted water is put to beneficial use consistent with this
- 8 division. The beneficial use of water diverted to underground
- 9 storage is not limited to uses requiring subsequent extraction or
- 10 release of the stored water and may include beneficial uses such
- 11 as protection of water quality made while the water is in
- 12 underground storage. The forfeiture periods in Sections 1240 and
- 13 1241 do not include any period when the water is being used in
- 14 the aquifer or storage area or is being held in underground storage
- 15 for later application to beneficial use.



1 SEC. 2. Section 1426 of the Water Code is amended to read:

2 1426. (a) The application for a temporary permit shall be
3 completed in accordance with the provisions of Section 1260 and
4 shall be accompanied by such maps, drawings, and other data as
5 may be required by the board.

6 (b) An applicant for a temporary permit shall pay an application
7 fee, and a permit fee if a temporary permit is issued, both computed
8 in accordance with the provisions of Chapter 8 (commencing with
9 Section 1525) of this part. The board shall set a reduced application
10 fee for an applicant for a temporary permit for a project that
11 enhances the ability of a local or state agency to capture high
12 precipitation events for local storage or recharge.

13 SEC. 3. Section 1432 is added to the Water Code, to read:

14 1432. (a) The board shall prioritize a temporary permit for a
15 project that enhances the ability of a local or state agency to capture
16 *water during* high precipitation events for local storage or recharge,
17 consistent with water rights priorities and protections for fish and
18 wildlife.

19 (b) *The board shall condition any temporary permit issued*
20 *pursuant to this section to prohibit the diversion of water at any*
21 *time natural flow is insufficient to meet senior water rights,*
22 *instream flow, and water quality objectives or standards.*

23 (~~b~~)

24 (c) Division 13 (commencing with Section 21000) of the Public
25 Resources Code does not apply to actions by the board on a
26 temporary permit for a project that enhances the ability of a local
27 or state agency to capture high precipitation events for local storage
28 or recharge.

O



AMENDED IN ASSEMBLY MAY 25, 2018
AMENDED IN ASSEMBLY APRIL 26, 2018
AMENDED IN ASSEMBLY APRIL 10, 2018
AMENDED IN ASSEMBLY MARCH 15, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2447

Introduced by Assembly Member Reyes

February 14, 2018

An act to amend Section 21092 of, and to add Chapter 2.8 (commencing with Section 21099.50) to Division 13 of, the Public Resources Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

AB 2447, as amended, Reyes. California Environmental Quality Act: land use: environmental justice.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA prohibits a lead agency from approving or carrying out a project for which a certified EIR identifies one or more significant



effects on the environmental unless the lead agency makes certain findings.

This bill would require the Office of Environmental Health Hazard Assessment, by June 30, 2019, to publish a list of subject land uses, as specified, and a map that identifies disadvantaged communities and areas within a 1/2 mile radius of the disadvantaged communities. The bill would require a lead agency that is preparing an EIR or a negative declaration to provide certain notices required by CEQA to owners and occupants of property located within one-half mile of any parcel or parcels, and to any schools located within one mile of any parcel or parcels, on which is located a project involving a subject land use. The bill would require the lead agency to call at least one scoping meeting for those projects, as provided. The bill would apply these requirements to projects for which environmental review commences on or after July 1, 2019. Because the bill would impose additional duties on a lead agency, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 21092 of the Public Resources Code is
- 2 amended to read:
- 3 21092. (a) A lead agency that is preparing an environmental
- 4 impact report or a negative declaration or making a determination
- 5 pursuant to subdivision (c) of Section 21157.1 shall provide public
- 6 notice of that fact within a reasonable period of time prior to
- 7 certification of the environmental impact report, adoption of the
- 8 negative declaration, or making the determination pursuant to
- 9 subdivision (c) of Section 21157.1.
- 10 (b) (1) The notice shall specify the period during which
- 11 comments will be received on the draft environmental impact
- 12 report or negative declaration, and shall include the date, time, and
- 13 place of any public meetings or hearings on the proposed project,
- 14 a brief description of the proposed project and its location, the



1 significant effects on the environment, if any, anticipated as a result
2 of the project, the address where copies of the draft environmental
3 impact report or negative declaration, and all documents referenced
4 in the draft environmental impact report or negative declaration,
5 are available for review, and a description of how the draft
6 environmental impact report or negative declaration can be
7 provided in an electronic format.

8 (2) This section shall not be construed in any manner that results
9 in the invalidation of an action because of the alleged inadequacy
10 of the notice content if there has been substantial compliance with
11 the notice content requirements of this section.

12 (3) The notice required by this section shall be given to the last
13 known name and address of all organizations and individuals who
14 have previously requested notice, and shall also be given by at
15 least one of the following procedures:

16 (A) Publication, no fewer times than required by Section 6061
17 of the Government Code, by the public agency in a newspaper of
18 general circulation in the area affected by the proposed project. If
19 more than one area will be affected, the notice shall be published
20 in the newspaper of largest circulation from among the newspapers
21 of general circulation in those areas.

22 (B) Posting of notice by the lead agency onsite and offsite in
23 the area where the project is to be located.

24 (C) Direct mailing to the owners and occupants of contiguous
25 property shown on the latest equalized assessment roll.

26 (c) For a project involving the burning of municipal wastes,
27 hazardous waste, or refuse-derived fuel, including, but not limited
28 to, tires, meeting the qualifications of subdivision (d), notice shall
29 be given to all organizations and individuals who have previously
30 requested notice and shall also be given by at least the procedures
31 specified in subparagraphs (A), (B), and (C) of paragraph (3) of
32 subdivision (b). In addition, notification shall be given by direct
33 mailing to the owners and occupants of property within one-fourth
34 of a mile of any parcel or parcels on which is located a project
35 subject to this subdivision.

36 (d) The notice requirements of subdivision (c) apply to both of
37 the following:

38 (1) The construction of a new facility.

39 (2) The expansion of an existing facility that burns hazardous
40 waste which would increase its permitted capacity by more than



1 10 percent. For purposes of this paragraph, the amount of expansion
2 of an existing facility shall be calculated by comparing the
3 proposed facility capacity with whichever of the following is
4 applicable:

5 (A) The facility capacity approved in the facility's hazardous
6 waste facilities permit pursuant to Section 25200 of the Health and
7 Safety Code or its grant of interim status pursuant to Section
8 25200.5 of the Health and Safety Code, or the facility capacity
9 authorized in any state or local agency permit allowing the
10 construction or operation of a facility for the burning of hazardous
11 waste, granted before January 1, 1990.

12 (B) The facility capacity authorized in the facility's original
13 hazardous waste facilities permit, grant of interim status, or any
14 state or local agency permit allowing the construction or operation
15 of a facility for the burning of hazardous waste, granted on or after
16 January 1, 1990.

17 (e) (1) For a project that is subject to Chapter 2.8 (commencing
18 with Section 21099.50), the lead agency shall give notice to all
19 organizations and individuals who have previously requested notice
20 and shall also give notice by at least the procedures specified in
21 subparagraphs (A), (B), and (C) of paragraph (3) of subdivision
22 (b). In addition, the lead agency shall give notice by direct mailing
23 to the owners and occupants of property within one-half of a mile
24 of any parcel or parcels on which is located a project subject to
25 this subdivision and to all schools located within one mile of any
26 parcel or parcels on which is located a project subject to this
27 subdivision. In addition to English, the notice provided pursuant
28 to this subdivision shall be provided in all threshold languages, as
29 defined in Section 1810.410 of Title 9 of the California Code of
30 Regulations.

31 (2) ~~The~~ *This* subdivision applies to a project for which an
32 environmental review is commenced on or after July 1, 2019.

33 (f) The notice requirements specified in subdivision (b) or (c)
34 shall not preclude a public agency from providing additional notice
35 by other means if the agency so desires, or from providing the
36 public notice required by this section at the same time and in the
37 same manner as public notice otherwise required by law for the
38 project.

39 SEC. 2. Chapter 2.8 (commencing with Section 21099.50) is
40 added to Division 13 of the Public Resources Code, to read:

CHAPTER 2.8. SPECIAL REQUIREMENTS FOR SUBJECT LAND
USES

21099.50. For purposes of this chapter, the following definitions apply:

(a) "Disadvantaged community" means a community identified as a disadvantaged community pursuant to Section 39711 of the Health and Safety Code.

(b) "Project" means a project for which the lead agency is preparing an environmental impact report or negative declaration that includes any either of the following:

(1) The siting, expansion, construction, or intensification of a subject land use.

~~(2) The construction or expansion of a structure that is intended or designed for use as or to facilitate a subject land use.~~

~~(3)~~

(2) The adoption of municipal regulations, zoning, or land use designations that authorize a subject land use.

(c) "Subject land use" means a land use identified in the list published pursuant to Section 21099.51 and that is located within one-half mile of a disadvantaged community.

(d) "Threshold language" has the same definition as set forth in Section 1810.410 of Title 9 of the California Code of Regulations.

21099.51. No later than June 30, 2019, the Office of Environmental Health Hazard Assessment shall do both of the following:

(a) (1) Publish a map that identifies disadvantaged communities and areas within one-half mile radius surrounding the disadvantaged communities.

(2) The Office of Environmental Health Hazard Assessment shall update the map concurrently with any revisions of the identification of disadvantaged communities made pursuant to Section 39711 of the Health and Safety Code.

~~(b) (1) Publish a list of industrial-like land uses, including, but not limited to, warehouses, factories, refineries, rendering plants, waste storage or staging facilities, waste disposal and transfer facilities, and other similar land uses.~~

~~(2) In determining the industrial-like~~



1 ~~(b) (1) Publish a list of industrial or similar land uses to be~~
 2 ~~listed, the Office of Environmental Health Hazard Assessment~~
 3 ~~shall consider whether or not the land uses generate or result in~~
 4 ~~public exposure to uses, that contain or produce onsite or offsite~~
 5 ~~criteria air pollutant or toxic air contaminants, odors, water~~
 6 ~~contamination, or hazardous materials, or other environmental~~
 7 ~~pollution or impacts materials that can lead to, or are associated~~
 8 ~~with, negative public health effects or adversely affect the quality~~
 9 ~~of life or the use and enjoyment of housing in the vicinity of the~~
 10 ~~land use. effects.~~

11 ~~(3)~~

12 (2) The Office of Environmental Health Hazard Assessment
 13 shall not list land uses for any residential development, including
 14 single family and multifamily, or mixed-use residential land uses.

15 21099.52. (a) In addition to any notices required pursuant to
 16 this division, within 30 days of the receipt of an application for a
 17 project and prior to making any determination regarding the level
 18 of environmental review for the project or the eligibility of the
 19 project for an exemption, an addendum to a certified environmental
 20 impact report or adopted negative declaration, a supplemental
 21 environmental impact report, or a subsequent environmental impact
 22 report, the a lead agency that is preparing an environmental impact
 23 report or negative declaration for a project shall do both of the
 24 following:

25 (1) Provide a notice of application to the last known name and
 26 address of all organizations and individuals who have previously
 27 requested notice.

28 (2) Provide a notice of application, by direct mail, to the owners
 29 and occupants of property located within one-half mile of any
 30 parcel or parcels, and to any schools located within one mile of
 31 any parcel or parcels, on which is located a project subject to this
 32 section.

33 (b) The notice shall include all of the following:

34 (1) A brief description of the project and its location.

35 (2) A description of any opportunities to provide oral or written
 36 comments on the project.

37 (3) A description of how oral and written comments on the
 38 project may be provided to the lead agency.

39 (4) A description of how additional information or materials
 40 relating to the project may be obtained.



1 (c) In addition to English, the notice shall be provided in all
2 threshold languages.

3 (d) The notice required pursuant to this section shall be provided
4 within a reasonable period of time prior to certification of the
5 environmental impact report or adoption of the negative
6 declaration.

7 ~~(d)~~

8 (e) This section applies to a project for which the environmental
9 review commences on or after July 1, 2019.

10 21099.53. (a) Notwithstanding Section 21080.4, 21104, or
11 21153, a lead agency shall call at least one scoping meeting for a
12 project.

13 (b) (1) The lead agency shall mail or deliver notice of the
14 scoping meeting to all of the following:

15 (A) Entities specified in paragraphs (1) to (5), inclusive, of
16 subdivision (b) of Section 21083.9.

17 (B) All owners and occupants of properties located within
18 one-half mile of the project site.

19 (C) All schools located within one mile of the project site.

20 (2) The notice shall include all of the following:

21 (A) A brief description of the proposed project and its location.

22 (B) The date, time, and location of the scoping meeting for the
23 project.

24 (C) A brief description of the purpose of the scoping meeting.

25 (D) Any other opportunities for the public to provide written
26 and oral comments on the project.

27 (3) In addition to English, the notice provided pursuant to
28 subparagraph (B) or (C) of paragraph (1) shall be provided in all
29 threshold languages.

30 (c) (1) (A) The lead agency shall conduct a scoping meeting
31 at a location within one mile of the project site.

32 (B) If, after making a good faith effort, the lead agency is unable
33 to secure a location for the scoping meeting within one mile of the
34 project site, the lead agency may hold the meeting at another
35 location that meets both of the following requirements:

36 (i) The meeting location is readily accessible to residents of
37 disadvantaged communities located in or next to the project site.

38 (ii) The meeting location is located within one-half ~~miles~~ mile
39 of a transit stop.



1 (2) If the scoping meeting is held on a weekday, the scoping
2 meeting shall be held between the hours of 5 p.m. and 8 p.m.

3 (d) At the scoping meeting, the lead agency shall do both of the
4 following:

5 (1) Provide a description of the project and any information
6 known about the project’s potential environmental impacts.

7 (2) Take public comments regarding potential project impacts,
8 project alternatives, and mitigation measures that would avoid or
9 reduce any project impacts.

10 (e) The lead agency shall make an audio or audio-visual
11 recording of the scoping meeting. Oral and written comments
12 obtained at the scoping meeting conducted pursuant to this section
13 shall be deemed a part of the record of proceedings and shall be
14 considered by the lead agency prior to the approval of the project.

15 (f) This section applies to a project for which the environmental
16 review commences on or after July 1, 2019.

17 21099.54. The lead agency may consolidate the notices required
18 pursuant to Section 21099.52 or 21099.53 with other appropriate
19 notices that are required pursuant to this division.

20 SEC. 3. No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 a local agency or school district has the authority to levy service
23 charges, fees, or assessments sufficient to pay for the program or
24 level of service mandated by this act, within the meaning of Section
25 17556 of the Government Code.

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AMENDED IN SENATE APRIL 12, 2018
AMENDED IN SENATE MARCH 14, 2018

SENATE BILL

No. 963

Introduced by Senator Allen

January 31, 2018

An act to amend ~~Section~~ *Sections 60292 and 60315 of, and to repeal Section 60328.1 of, and to repeal Chapter 5 (commencing with Section 60290) of Part 5 of Division 18 Sections 60290, 60291, and 60328.1* of, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 963, as amended, Allen. Water replenishment districts.

Existing law authorizes a water replenishment district, for the purposes of replenishing the groundwater supplies within the district, to buy and sell water; exchange water; distribute water to persons in exchange for ceasing or reducing groundwater extractions; spread, sink, and inject water into the underground; store, transport, recapture, recycle, purify, treat, or otherwise manage and control water for the beneficial use of persons or property within the district; and build the necessary works to achieve groundwater replenishment.

Existing law authorizes a water replenishment district to establish an annual reserve fund not to exceed \$10,000,000, as adjusted annually to reflect percentage increases or decreases in the blended cost of water from district supply sources and, beginning in the 2019–20 fiscal year, requires a minimum of 80% of the reserve to be used for water purchases. Existing law excepts from this limitation the unexpended balance of any appropriated funds in a capital improvement project construction account established to pay the cost of a project or projects under construction.



This bill would repeal this reserve fund authorization and would make conforming changes.

Existing law requires a water replenishment district to order, review, and maintain on file an independent, audited financial statement not later than 60 days from the conclusion of the district’s fiscal year and require copies of the statements to be submitted to the Governor, the Legislature, and the California State Auditor on or before November 1 of each year.

This bill would ~~repeal these requirements~~, require the statements to be submitted to the appropriate policy committees of the Legislature instead of the Legislature generally.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. ~~Chapter 5 (commencing with Section 60290) of~~
2 ~~Part 5 of Division 18 of the Water Code is repealed.~~

3 SECTION 1. Section 60290 of the Water Code is repealed.

4 ~~60290. The district may establish an annual reserve fund in an~~
5 ~~amount not to exceed ten million dollars (\$10,000,000)~~
6 ~~commencing with the 2000-01 fiscal year. The maximum~~
7 ~~allowable reserve fund may be adjusted annually commencing~~
8 ~~with the 2001-02 fiscal year to reflect percentage increases or~~
9 ~~decreases in the blended cost of water from district supply sources.~~
10 ~~Beginning in the 2019-20 fiscal year, a minimum of 80 percent~~
11 ~~of the reserve shall be for water purchases.~~

12 SEC. 2. Section 60291 of the Water Code is repealed.

13 ~~60291. The limitation on the reserve established in Section~~
14 ~~60290 does not apply to the unexpended balance of any~~
15 ~~appropriated funds in a capital improvement project construction~~
16 ~~account established to pay the cost of a project or projects under~~
17 ~~construction.~~

18 SEC. 3. Section 60292 of the Water Code is amended to read:

19 60292. (a) The district shall order, review, and maintain on
20 file an independent, audited financial statement not later than 60
21 days from the conclusion of the district’s fiscal year. The
22 independent audited financial statement shall be prepared by a
23 certified public accountant or a public accountant, licensed by the
24 California Board of Accountancy. The independent audited



1 financial statement shall be consistent with standards provided in
2 the "Standards for Audits of Governmental Organizations,
3 Programs, Activities, and Functions" prepared by the Comptroller
4 General of the United States. The independent audited financial
5 statement shall include all of the following:

6 (1) The balances in all accounts established for the maintenance
7 of the district's funds.

8 (2) A report describing the amount of district funds to be
9 expended for any capital improvement project authorized to be
10 constructed or funded by the district and a detailed description of
11 the capital improvement project.

12 (3) A report detailing the source of funds to be expended on
13 any authorized capital improvement project, and whether the source
14 of funds is the water replenishment assessment levied in accordance
15 with Part 6 (commencing with Section 60300).

16 (4) A report describing the propriety of the district's operating
17 expenses.

18 (5) A summary of independent audited financial statement
19 exceptions and management improvement recommendations.

20 (6) A description of correction or plan of correction shall be
21 incorporated in the independent audited financial statement,
22 describing the specific actions that are planned to be taken, or that
23 have been taken, to correct the problem identified by the auditor.
24 The descriptions of specific actions to be taken or that have been
25 taken shall not solely consist of general comments such as "will
26 implement," "accepted the recommendation," or "will discuss at
27 a later date."

28 (b) Copies of the independent audited financial statements shall
29 be submitted to the Governor, the appropriate policy committees
30 of the Legislature, including the Senate Committee on Governance
31 and Finance or its successor, and the State Auditor on or before
32 November 1 of each year.

33 ~~SEC. 2.~~

34 SEC. 4. Section 60315 of the Water Code is amended to read:

35 60315. Upon completing the hearing, but no later than the
36 second Tuesday in May, the board shall, by resolution, find all of
37 the following:

- 38 (a) The annual overdraft for the preceding water year.
- 39 (b) The estimated annual overdraft for the current water year.
- 40 (c) The estimated annual overdraft for the ensuing water year.



- 1 (d) The accumulated overdraft as of the last day of the preceding
2 water year.
- 3 (e) The estimated accumulated overdraft as of the last day of
4 the current water year.
- 5 (f) The total production of groundwater from the groundwater
6 supplies within the district during the preceding water year.
- 7 (g) The estimated total production of groundwater from the
8 groundwater supplies within the district for the current water year.
- 9 (h) The estimated total production of groundwater from the
10 groundwater supplies within the district for the ensuing water year.
- 11 (i) The changes during the preceding water year in the pressure
12 levels or piezometric heights of the groundwater contained within
13 pressure-level areas of the district, and the effects thereof upon
14 the groundwater supplies within the district.
- 15 (j) The estimated changes during the current water year in the
16 pressure levels or piezometric heights of the groundwater contained
17 within pressure-level areas of the district, and the estimated effects
18 thereof upon the groundwater supplies within the district.
- 19 (k) The quantity of water that should be purchased for the
20 replenishment of the groundwater supplies of the district during
21 the ensuing water year.
- 22 (l) The source and estimated cost of water available for the
23 replenishment.
- 24 (m) The estimated costs of replenishing the groundwater supplies
25 with the water so purchased.
- 26 (n) The estimated costs of purchasing, in water years succeeding
27 the ensuing water year, that portion of the quantity of water which
28 should be purchased for the replenishment of the groundwater
29 supplies of the district during the ensuing water year, but which
30 is estimated to be unavailable for purchase during the ensuing
31 water year; estimated costs shall be based on the estimated price
32 of water for replenishment purposes during the ensuing water year.
- 33 (o) The estimated rate of the replenishment assessment required
34 to be levied upon the production of groundwater from the
35 groundwater supplies within the district during the ensuing fiscal
36 year for the purposes of accomplishing the replenishment and
37 providing a reserve fund to purchase in future years, when
38 available, that portion of the quantity of water which should be
39 purchased for the replenishment of the groundwater supplies of



1 the district during the ensuing water year, but which is estimated
2 to be unavailable for purchase during that ensuing water year.

3 (p) Whether any contaminants should be removed from
4 groundwater supplies during the ensuing fiscal year, and whether
5 any other actions under Section 60224 should be undertaken during
6 the ensuing fiscal year, the estimated costs thereof, and the
7 estimated additional rate of replenishment assessment required to
8 be levied upon the production of groundwater from the
9 groundwater supplies within the district during the ensuing fiscal
10 year for those purposes.

11 (q) Whether any program for removal of contaminants or other
12 actions under Section 60224 should be a multiyear program or is
13 a continuation of a previously authorized multiyear program.

14 ~~SEC. 3.~~

15 SEC. 5. Section 60328.1 of the Water Code is repealed.

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AGENDA ITEM SUBMITTAL

Meeting Date: June 7, 2018

To: Communications/Leg. Liaison Cte
Board of Directors

From: Mike Markus

Staff Contact: E. Torres/A. Dunkin

Budgeted: N/A

Budgeted Amount: N/A

Cost Estimate: N/A

Funding Source: N/A

Program/Line Item No.: N/A

General Counsel Approval: N/A

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

POLICY ISSUE: FEDERAL LEGISLATIVE UPDATE

SUMMARY

Orange County Water District (OCWD; the District) Board of Directors, staff and federal consultants James McConnell, Eric Sapirstein of ENS Resources and Holland and Knight will provide a verbal update on the May Senate and House Fiscal Year 2019 Appropriations bills and discuss the upcoming visit to Washington D.C. in late June.

Attachment(s):

- James McConnell May 2018 Federal Report
- ENS Resources May 2018 Federal Report
- Holland & Knight May 2018 Federal Report

RECOMMENDATION

Agendize for June 20 Board meeting: Take action as appropriate.

RELEVANT STANDARDS

- Forge long-term, positive and proactive relationships with elected officials and policy makers.
- Keep abreast of federal funding opportunities and legislation that may impact OCWD, other water agencies and/or special districts.

DISCUSSION/ANALYSIS

This May, both the Senate and House Appropriations Committees marked up their Fiscal Year 2019 appropriations bills. Also, the House Interior and the Environment Appropriations Subcommittee marked up its Fiscal Year 2019 bill this May, providing an equal amount of State Revolving Loan Funds (SRFs) as the provided in Fiscal Year 2018. The Clean Water SRF received \$1.55 billion and the Drinking Water SRF received \$1 billion. The Water Infrastructure Finance and Innovation Act (WIFIA) received \$75 million and \$40 million was provided for the cleanup of Superfund sites.



Forecast Informed Reservoir Operations (FIRO) received a boost in funding from the existing funding of \$5.5 million increased to \$6.5 million in the Senate and \$7.5 million in the House for research into atmospheric rivers.

Late June, OCWD Board President Denis Bilodeau and General Manger Mike Markus will visit Washington D.C. to meet with the Assistant Secretary of the Army to familiarize him and staff with Prado Dam, brief on the Orange County Delegation on topics of interest to the District, and possibly meet with Senator Boozman to support SRF funding and relevant legislation.



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ORANGE COUNTY WATER DISTRICT
Washington Report
May 2018

Congress moved forward during May on Fiscal Year 2019 appropriations with both the Senate and House Appropriations Committees marking up their respective bills. The Energy and Water Development Appropriations bill provided a classic example of the old budgetary adage, “The President proposes; Congress disposes.”

In the current fiscal year, the construction budget for the Army Corps of Engineers is \$2.085 billion. The Office of Management and Budget (OMB) in submitting the President’s FY 2019 budget to Congress three months ago proposed cutting the Corps’ construction budget by 60 percent—to \$871 million next year. Instead the House Appropriations Committee reported its 2019 bill (H.R. 5895; H.Rept. 115-697) with \$2.323 billion in construction funds—a 267 percent increase over OMB’s request, and an 11 percent increase over FY 2018. The Senate bill this month (S. 2975; S.Rept. 115-258) while not quite as generous as the House still recommended \$2.161 for Corps construction projects next year.

The House Interior and the Environment Appropriations Subcommittee, chaired by Representative Ken Calvert (R-Corona), also marked up its FY 2019 bill this month. It, too, provided generous increases to programs of interest to OCWD.

The bill provides a total of \$2.6 billion for the Clean Water and Drinking Water State Revolving Loan Funds (SRFs), which states and localities use for water infrastructure projects. The Clean Water SRF is funded at \$1.4 billion (with an additional \$150 million available, bringing the total to \$1.55 billion) and the Drinking Water SRF at \$863 million (with an additional \$150 million available to bring the total to more than \$1 billion) making the combined amounts equal to the record levels provided in FY 2018.

There is also a total of \$75 million for the Water Infrastructure Finance and Innovation Act (WIFIA) program to leverage federal dollars to provide financing for more than \$8 billion in water infrastructure projects. And, an increase of \$40 million to accelerate the cleanup of Superfund sites to return them to productive use and spur economic development, bringing that program to \$1.1 billion in total funding in FY 2019.



I met with Congressman Calvert's staff this month to discuss the North Basin cleanup effort in Orange County. In addition, I had a personal meeting with Representative Lou Correa to bring him up to date on all of OCWD's federal efforts. I was one of eight people at a dinner with Congresswoman Mimi Walters earlier this month, as well, and likewise had a chance to talk to her at length about OCWD.

Both the House Transportation and Infrastructure Committee (T&I) and Senate Environment and Public Works Committee (EPW) moved ahead in May with plans for Water Resources Development Act (WRDA) authorization legislation this year. The Senate committee released its draft bill (S. 2800), America's Water Infrastructure Act of 2018 (AWIA).

The bipartisan Senate bill proposes revamping the way water infrastructure projects are authorized. The legislation comes as Members have expressed exasperation at the process for authorizing water resource projects since Congress banned earmarks in 2011. Currently, local project sponsors first submit proposals to the Army Corps of Engineers, which in turn submits an OMB-approved list to Congress. WRDA legislation can then approve only those requested projects by name. That leaves Congress dependent on the Corps and OMB to determine what projects they can authorize.

S. 2800 would require Army Corps headquarters and districts to provide Congress with a work plan and four-year projected budget on an annual basis. It would require multiple studies by different agencies aimed at making the authorization and appropriations process more transparent.

It also directs the Government Accountability Office (GAO) to study the cost-benefit analysis the Corps and OMB use to determine which projects to recommend Congress authorize. The study should look at "benefits that the Secretary and Director do and do not include in the benefit-cost calculation."

AWIA orders the National Academy of Sciences to examine whether Congress should use a systemwide authorization process for water resource development projects rather than their current project-based process. This study is an attempt to compromise with the House, where Transportation and Infrastructure Chairman Bill Shuster (R-PA), has proposed that the Corps' Civil Works Division would run better if it were not a part of the Defense Department—a hugely controversial proposal overturning centuries of tradition. (Anyone visiting the Chief of Engineers' office in Washington will see the timeline of chiefs from present day America back a thousand years to Gundulf of Rochester, chief engineer to William the Conqueror and builder of the Tower of London.)

The Senate bill would also create a board of appeals for water storage projects composed of two representatives from state water development commissions and agencies, two representatives from the Corps, and one representative agreed upon by both the Corps and the states.

AWIA includes a modified version of a bill that some water utilities had expressly asked the EPW Committee to exclude from the water infrastructure reauthorization: the



"Securing Required Funding for Water Infrastructure Now Act," or SRF WIN Act, (S. 2364). The utilities called the bill "fundamentally flawed" and "inequitable" because it would expedite the processing of federally-backed infrastructure funding through the WIFIA loan program to the state revolving funds, which, they say, could in turn slow processing other project specific loan requests to the WIFIA low-interest loan program.

The SRF WIN Act would authorize \$200 million to subsidize \$10.85 billion in WIFIA loans annually over five years to support SRF projects and encourage states to bundle their WIFIA projects by waiving the \$100,000 application fee and streamlining the application process to a maximum 180-day turnaround. The bill would simplify the federal approval process by allowing thousands of vetted drinking water and wastewater projects to receive funding, eliminating the need for EPA to process additional loan applications.

One new provision added to SRF WIN language in S. 2800 would allow projects to apply for WIFIA financing either through the SRF bundle or separately. State infrastructure authorities would still have to choose one mechanism from which to receive funding and would have to withdraw from the financing authorities it does not select.

The House legislation under development (H.R. 8), WRDA 2018, would authorize the Corps to begin work on dozens of flood control and reservoir projects across the country. Similar water resources legislation typically comes out every two years and serves as a vehicle in Congress to move wide-ranging water policy measures.

The legislation would not include language from the Trump Administration's \$1.5 trillion infrastructure plan. However, House committee staff have indicated that an eventual House-Senate conference committee could add infrastructure measures broader than what has been included in the current version of H.R. 8.

Planning began this month for an OCWD trip to Washington in June to brief Congress and agency staff on federal issues and projects of importance to the District.





MEMORANDUM

TO: Alicia Dunkin
FROM: Eric Sapirstein
DATE: May 30, 2018
SUBJECT: Washington Update

Activities over the past month centered on House and Senate committee efforts to finalize recommendations for the fiscal year 2019 budget that begins on October 1. In addition, congressional efforts to renew the Water Resources Development Act made significant progress. In both instances, OCWD priorities were addressed and are detailed below.

Fiscal Year 2018 Appropriations Move Forward

In what may become a once in a generation occurrence, Congress continues on track to pass spending bills that could in turn lead to final enactment of the fiscal year 2019 budget on October 1, 2018. The progress in moving the twelve individual spending bills that fund the entire federal government in large measure is a function of a congressional agreement last year that defined overall spending levels. Under the House Committee on Appropriations approved USEPA spending bill, the all-important SRF program was funded at \$2.7 billion, meeting OCWD's calls for maximum funding of the program and to avoid spending reductions. In addition, the WIFIA program secured \$75 million, a record spending amount. The Senate version of the spending bill is slated to be acted upon by the Senate Committee on Appropriations in mid-June and all indications suggest that funding levels for these programs will be similar. The House bill is also notable for one policy rider. The committee bill includes a provision that would override federal and state laws and rules that might be employed to delay the final approval of the Governor's Water Fix program. The rider has generated opposition from a number of stakeholders and it is unclear whether the Senate bill will adopt similar language.

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The congressional priority to support drought programs continues at the U.S. Department of the Interior and specifically the U.S. Bureau of Reclamation. Under the House and Senate bills, key water resources programs continue with robust funding levels, compared with the Administration's budget request. The water recycling programs (Title XVI and WIIN) would receive \$54 million under the Senate version and the House would provide \$65 million. The WaterSmart Program that provides grants to support local water agencies' efforts to implement water conservation projects would secure \$34 million in each bill. Lastly, language is included detailing that the CALFED Program would receive \$35 million and that \$134 million should be set-aside to support ongoing studies related to California water storage project studies consistent with the Water Fix Program.

Within the U.S. Army Corps of Engineers, funding of programs would continue to be provided at record levels. The Forecast Informed Reservoir Operations program, which OCWD strongly supported, would be funded at an increased level and could lead to enhanced management capabilities at Prado Dam that, in turn, would improve the ability to conserve water and promote water supply reliability. Under the pending legislation, an additional funding amount of \$2.5 million is provided to assist in examining and researching the impacts of atmospheric rivers in regions beyond the current program priorities.

Water Resources Development Act Reauthorization Moves in Senate and House Committees

The House Committee on Transportation & Infrastructure and Senate Committee on Environment and Public Works both approved unanimously versions of bills to renew the Water Resources Development Act. The America's Water Infrastructure Act (S. 2800) is notable for provisions that OCWD advocated to be part of the bill. Specifically, S. 2800 incorporated the SRF-WIN concept to provide low cost funding assistance to water agencies. Under the program, State SRF's could seek U.S. Treasury loans that in turn would be made available to support water supply projects including water recycling. A total of \$100 million over two years would be made available that could be used to leverage at least \$10 billion in new spending. In addition, the bill also provides for a limited \$25 million, two-year climate resiliency grants assistance program that could support water agencies' efforts to provide safe and reliable water supplies. Last, the bill would authorize USEPA to enter into integrated permits under the Clean Water Act to allow for more efficient compliance with water quality mandates. This provision is unlikely to impact OCWD, but could impact cities that must address numerous mandates ranging from stormwater to water supply compliance.

Unlike the Senate bill, the House bill, the Water Resources Development Act of 2018 (H.R. 8), avoids addressing any of the water supply policy issues. Instead, H.R. 8 generally provides for authorization of new flood and navigation projects and calls for a series of water resources studies. According to committee staff, a separate effort to address non-USACE issues such as those in the S. 2800 may be considered later this year in anticipation of a conference committee negotiation with the Senate on S. 2800. Regardless of the outcome of this effort, both the Senate and House are expected to begin floor debates on S. 2800 and H.R. 8 in June. If this schedule is met,



it is possible that a final WRDA rewrite could be sent to the President as early as September.

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LEGISLATIVE INTENT SERVICE



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Orange County Water District

May 2018 Report

House Puts Together First Appropriations Minibus: The House Rules Committee announced on May 24 that the chamber plans to bring three FY 2019 appropriations bills to the House floor in a [minibus package](#). The three bills will be: Energy and Water, Military Construction-Veterans Affairs (VA), and Legislative Branch Appropriations bills. The Rules Committee set a May 30 deadline for amendments to the package, an indicator that it will likely be on the floor in early June. The House Appropriations Committee has advanced six out of 12 spending bills out of committee so far, including Transportation-Housing and Urban Development (THUD) last week. After the Memorial Day congressional recess, the House Appropriations Committee is expected to take up the Interior-Environment FY 2019 Appropriations bill.

On the Senate side, appropriators have begun discussing how to bring minibus packages to the floor. The Senate Appropriations Committee is slated to consider its THUD and Military Construction-VA bills after the Memorial Day recess.

House and Senate Appropriations Committees Pass FY 2019 Energy-Water Appropriations Bill:

On May 16, the House Appropriations Committee approved the fiscal year (FY) 2019 Energy and Water Development and Related Agencies Appropriations bill by a vote of 29-20. The bill provides the highest level for the Army Corps of Engineers--\$7.278 billion, which is a \$451 million (6.6 percent) higher than current funding levels.

The Senate Appropriations Committee approved a \$43.77 billion Energy-Water appropriations bill by a 30-1 vote on May 24. The bill also provides increased funding for the Army Corps--\$6.927 billion, a \$100 million increase over current funding.

Summary of the funding in the House and Senate Energy and Water Appropriations bills for the District's programmatic priorities:

Bureau of Reclamation Title XVI Water Reclamation & Reuse Grants

House: \$65 million, \$31 million increase over current funding

Senate: \$54.406 million, \$20.4 million increase over current funding

Army Corps of Engineers

- House: \$7.278 billion, \$451 million increase over current funding
- Senate: \$6.927 billion, \$100 million increase over current funding



House Appropriations Committee Introduces FY 2019 Interior Appropriations Bill: On May 14, the House Appropriations Committee passed the FY 2019 Interior Appropriations bill which provides funding for the Department of Interior and Environmental Protection Agency (EPA).

EPA: \$7.958 billion, \$100 million below current funding level

- **Drinking Water SRF**: \$1,013,233,000, \$150 million decrease over current funding
- **Clean Water SRF**: \$1,543,887,000, \$150 million decrease over current funding
- **Water Infrastructure Finance and Innovation Act (WIFIA)**: \$75 million, increase of \$12 million over current funding.
- **Supersfund: \$1.127 billion, \$35 million increase over current funding.**

WRDA Bills Gain Momentum in Both Chambers: The House Transportation and Infrastructure (T&I) Committee unanimously approved bipartisan legislation, the [Water Resources Development Act \(WRDA\) of 2018](#), on May 23. The bill provides improvements to ports, inland waterways, locks, dams, flood protection, ecosystem restoration, and other critical water infrastructure. The bill includes several de-authorizations of currently idle infrastructure programs to help offset costs for newly authorized water projects. T&I Committee Chairman Bill Shuster (R-PA) said that the bill will be considered on the floor the first week of June.

On May 22, the Senate Environment and Public Works (EPW) Committee unanimously approved its own WRDA bill, [America's Water Infrastructure Act of 2018](#). The bill would direct the National Academy of Sciences to produce reports evaluating how the Corps can better improve transparency in working with local governments, stakeholders, and Congress. It further increases water storage, seeks to protect communities from ice jam floods, and looks to upgrade old water systems. Additionally, the [legislation](#) would:

- Assist local communities in compliance with the Safe Drinking Water Act, by upgrading aging drinking water, wastewater, and irrigation systems
- Seek to ensure competitiveness of coastal and inland ports and maintain navigability of inland waterways
- Create a new framework for more Corps projects to be budgeted at regional and local levels with stakeholder input
- Reauthorizes the WIFIA program at \$50 million in FY 2020 and FY 2021
- Change rules in the Corps on outside parties' cost-sharing on projects
- Codifies EPA's Integrated Planning and requires EPA to develop affordability metrics that do not rely on median household income.
- Requires the Government Accountability Office (GAO) to study how to improve opportunities for small, rural and disadvantaged communities to access WIFIA financing.
- A Sense of Congress that the SRF program should continue receiving robust federal support.
- Authorizes EPA's WaterSense Program.
- Requires EPA to establish a voluntary stormwater infrastructure funding task force to develop recommendations to improve stormwater funding and financing.



**Ojai Basin Groundwater Management Agency
Meeting July 26, 2018**

Meeting 5:00 pm

Council Chambers, Ojai City Hall
401 South Ventura Street, Ojai, CA 93023

Phone: (805) 640-1207 **Web site:** obgma.com

Email address: obgma@aol.com

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 640-1207. (Govt. Code Section 5454.1 and 54954.2 (a)).

Those wishing to address the Agency Board on Agenda items are requested to complete a "Speaker's Card" and file it with the Agency Secretary prior to the start of the meeting. Cards are available in the lobby. All comments should be limited to three minutes unless the Board President grants additional time.

**REVISED AGENDA
July 26, 2018**

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. DIRECTOR ANNOUNCEMENTS/REPORTS

- Mutuels:
- Ojai Water Conservation District:
- City of Ojai:
- Casitas Municipal Water District:
 - CMWD Ojai Service Area:
 - Lake Level:

4. BASIN STATUS REPORTS

- Current Status of Basin: Input, Output and Storage

5. GENERAL MANAGER REPORT

6. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

The board will receive comments from the public at this time. Other than for emergency items, no action can be taken during this period. Matters raised at this time may be briefly discussed by the board and will generally be referred to staff and/or placed on a subsequent agenda.



7. CONSENT ITEMS: Directors may pull an item off of consent item for discussion and action

- a. **Approve minutes from May 31, 2018**
- b. **Treasurer's report for May 2018 and June 2018, Budget Spreadsheet and Extraction Charges by Period**

8. ACTION ITEMS:

- a. **General Manager Goals and Objectives**

Board to review Goals and Objectives and provide feedback to General Manager.

- b. **Amendment to Memorandum of Understanding (MOU) to Participate in the Watersheds Coalition of Ventura County's Integrated Regional Water Management (IRWM) Planning Efforts**

Board to review and approve Amendment to MOU.

- c. **Community Facilities Resident Director Appointment Process**

Board to review candidate selection process and direct staff to schedule the selection of a candidate for the August 30, 2018 Regular Meeting.

- d. **Approve Water Well Permit #0038 for 4424 Thacher Road LLC**

Board to review and approve Well Permit #0038 with the conditions that all alluvium be sealed out.

- e. **Ojai Day**

Board to discuss participation in Ojai Day 2018 and direct staff.

- f. **Groundwater Management Plan**

Board to review and approve.

9. INFORMATIONAL ITEMS:

- a. **Update on the Groundwater Management Plan**

Board to receive verbal update on Groundwater Management Plan.

- b. **Update on AB 1794**

10. ADJOURNMENT: Next regular board meeting August 30, 2018 at Council Chambers, Ojai City Hall, 401 South Ventura Street, Ojai, CA 93023.

