

MEETING OF THE
BOARD OF DIRECTORS OF THE
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
Jointly with the
PUBLIC AFFAIRS AND LEGISLATION COMMITTEE
November 16, 2015, 8:30 a.m.
Conference Room 101

Committee:

Director Barbre, Chairman
Director Tamaribuchi
Director Hinman

Staff: R. Hunter, K. Seckel, J. Volzke,
P. Meszaros, H. Baez

Ex Officio Member: L. Dick

MWDOC Committee meetings are noticed and held as joint meetings of the Committee and the entire Board of Directors and all members of the Board of Directors may attend and participate in the discussion. Each Committee has designated Committee members, and other members of the Board are designated alternate committee members. If less than a quorum of the full Board is in attendance, the Board meeting will be adjourned for lack of a quorum and the meeting will proceed as a meeting of the Committee with those Committee members and alternate members in attendance acting as the Committee.

PUBLIC PARTICIPATION

Public comments on agenda items and items under the jurisdiction of the Committee should be made at this time.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED - Determine there is a 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 a unanimous vote of the Committee)

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING --

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the District's business office located at 18700 Ward Street, Fountain Valley, California 92708, during regular business hours. When practical, these public records will also be made available on the District's Internet Web site, accessible at <http://www.mwdoc.com>.

DISCUSSION ITEMS

1. LEGISLATIVE ACTIVITIES
 - a. Federal Legislative Report (Barker)
 - b. State Legislative Report (Townsend)
 - c. County Legislative Report (Lewis)
 - d. Legal and Regulatory Report (Ackerman)
 - e. MWDOC Legislative Matrix
 - f. Metropolitan Legislative Matrix

ACTION ITEMS

2. SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES IN SACRAMENTO
3. SELECTION OF A FIRM FOR LEGISLATIVE ADVOCACY SERVICES IN WASHINGTON, DC
4. MWDOC LEGISLATIVE POLICY PRINCIPLES ANNUAL UPDATE
5. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) ELECTION OF PRESIDENT AND VICE PRESIDENT AND BYLAW AMENDMENTS

INFORMATION ITEMS (THE FOLLOWING ITEMS ARE FOR INFORMATIONAL PURPOSES ONLY – BACKGROUND INFORMATION IS INCLUDED IN THE PACKET. DISCUSSION IS NOT NECESSARY UNLESS REQUESTED BY A DIRECTOR.)

6. UPDATE ON THE TRANSFER OF ORANGE COUNTY SANITATION DISTRICT AREA 7
7. UPDATE ON POTENTIAL CONSOLIDATION OF SAN JUAN CAPISTRANO UTILITIES
8. SCHOOL PROGRAM PARTICIPATION REPORT
9. PUBLIC AFFAIRS ACTIVITIES REPORT

OTHER ITEMS

10. REVIEW ISSUES RELATED TO LEGISLATION, OUTREACH, PUBLIC INFORMATION ISSUES, AND MET

ADJOURNMENT

NOTE: At the discretion of the Committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated, and may be subject to action by the Committee. On those items designated for Board action, the Committee reviews the items and makes a recommendation for final action to the full Board of Directors; final action will be taken by the Board of Directors. Agendas for Committee and Board meetings may be obtained from the District Secretary. Members of the public are advised that the Board consideration process includes consideration of each agenda item by one or more Committees indicated on the Board Action Sheet. Attendance at Committee meetings and the Board meeting considering an item consequently is advised.

Accommodations for the Disabled. Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Maribeth Goldsby, District Secretary, at (714) 963-3058, or writing to Municipal Water District of Orange County at P.O. Box 20895, Fountain Valley, CA 92728. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

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Nicholas Crockett
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*Municipal Water District of Orange County, California
 Washington Update
 November 9, 2015*

A quick rewind of the drama that has dominated the US House of Representatives since late September.

In order to pass the last Continuing Resolution to keep our federal government "open" at the end of September, the funding resolution passed through the House due to the votes of the Democratic House Members, not the GOP Members. 151 GOP House Members voted against the CR and only 97 voted for it. In short, Speaker Boehner lost control over a majority of his caucus.

It appeared that Congressman Kevin McCarthy (R-Ca) would become the next Speaker and then he withdrew after determining that "he wasn't the right person for the job".

After 10 days of reflection, Congressman Paul Ryan said that he would accept the position and earlier this month, he received a majority of votes on the House Floor to become Speaker. He did not however have the full endorsement of the Freedom Caucus—the most conservative caucus within the House GOP body—a group of some 50-65 Members. To garner such an endorsement, Ryan needed 80% of the group to support him and it is believed that he received a simple majority vote—in the neighborhood of 50-60 per cent of that group. Such support, if it continues, only provides Speaker Ryan with a razor thin margin to prevail on tough votes, assuming he is able to keep his coalition in place.

Prior to Speaker's Boehner's departure, he was able to pass through the House Floor a debt limit extension (this allows the federal government borrowing authority) and an agreement with key Congressional leaders to break through the funding caps imposed by the Budget Control Act—the bill that passed in the middle of the Great Recession which was to rein in federal spending. (This legislation again passed with a minority of House GOP votes – a vote that mirrored the previous Continuing Resolution vote.)

The spending or dollar allocations for the various appropriations committees have not been released publicly as of yet, but it is believed that programs within the Energy and Water Appropriations Committee and within the Interior and Environment Appropriations Committee will have "slight plus-ups"—meaning marginally more federal funds for water related programs. Breaking through the caps should help the "Wild Fire Accounts", among other programs. The Defense Appropriations bill is one of the bills that will benefit the most from the extra spending allocations.

The next key date in the Appropriations process is December 11th. That is the date that the current

Continuing Resolution tolls. Congress will be working towards the goal of passing its appropriations bills by the 11th or if not by the 11th, by Christmas break.

Update on Western Drought Legislation:

More than 100 groups have written the Senate Energy Committee asking that the Committee to pass a west wide drought relief bill.

California House and Senate Member Offices have been meeting since the late summer trying to find common ground for a bill. The negotiations are kept confidential – in an effort to encourage “out of the box thinking” and for people to speak freely to try and find a resolution.

The House bill, HR 2898, introduced by Congressman Valadao (R-Ca) loosens environmental restrictions and would generally allow more water to go through the Delta to Central Valley farmers and municipalities in the South. Meanwhile, Senator Feinstein’s and Senator Boxer’s bill, S 1894, would provide more flexibility to federal agencies to increase water flows. The Senate bill also has new federal programs for desalination and water recycling (as discussed in previous reports).

There is a real concern here that a wet winter in California may diminish the urgency of passing legislation –that is very much needed for the present *and for the future*.

The Federal Water Loan Program—Update on WIFIA:

A quick refresher. Congress passed the WIFIA loan program during the last session of Congress but the final language contained a provision which prevented water districts from using the WIFIA loan program with tax free municipal bond financing—making the WIFIA loan program very impractical. Ever since WIFIA passed, this has been a MWDOC priority and a priority for many water agencies to seek corrective language in the law.

The Senate passed as part of the Surface Transportation Bill -- language which mirrored the TIFIA loan program (the transportation program similar to WIFIA) and this language allows water entities to use both the WIFIA Loans program and tax free municipal bond financing. This transportation bill is now in a House / Senate Conference and MWDOC is working on protecting and securing the Senate WIFIA language in the final bill. The House version of the bill is silent on WIFIA.

General News Items and Political Updates of Interest

Presidential Nomination Updates:

Since our last report, here are the latest polling numbers per “*Real Clear Politics Media*”*:

Nationally

Clinton 55%

Sanders 33

In Iowa (first caucus state)

Clinton 54%

Sanders 30

In New Hampshire (first primary state)

Sanders 44%

Clinton 43

Note: Vice President Joe Biden dropped out of the race since our last report.

For the Republican Nomination:

Nationally

Trump 25%

Carson 25

Rubio 12

Iowa (First Caucus State)

Trump 24%

Carson 24

Rubio 13

New Hampshire (First Primary State)

Trump 28%

Carson 14

Rubio 11

*Real Clear Politics takes polling averages from different respected polling organizations over a common period of time in recent days/weeks—ending approximately the first week of November.

To: Municipal Water District of Orange County
From: Townsend Public Affairs, Inc.
Date: November 9, 2015
Subject: Monthly Political and Activity Report

State Political Update

On September 11 the Legislature adjourned the first year of the 2015-16 legislative session; they will reconvene for the second year of the two year session on January 4, 2016. With the legislative recess, most legislators have returned to their districts; however, some have traveled back to the Capitol to participate in informational hearings, such as those occurring within the active Special Sessions of the Legislature to deal with transportation and healthcare.

On October 11 the Governor concluded with his actions on pending legislation passed by the Legislature this year, after which the Capitol community shifted its focus to policy issues for the upcoming session. One issue that needs to be addressed at the beginning of the year is what to do about the emergency water conservation regulations, passed in response to the Governor's Executive Order on the drought, which are set to expire in February 2016. The State Water Resources Control Board (SWRCB), in an effort to be more comprehensive in their approach towards the regulations, has convened a stakeholder group to consider how the emergency regulations may be modified should they be renewed in February. The SWRCB has already started looking at possible proposals, amendments, and modifications to the conservation measure exacted by the Governor, in an effort to address stakeholder concern while attempting to maintain a healthy California water system. The stakeholder group was hand-picked by the SWRCB and includes agencies from across the state that represent a broad field of water interests, including statewide associations, utilities, environmental groups, manufacturing, water retailers, and water wholesalers. The stakeholder group is working with SWRCB staff to develop proposals that may be incorporated into regulation modifications, including topics of additional credits for infrastructure investment, regional compliance for conservation, growth adjustments, and adjustments for groundwater. The SWRCB has announced that there will be a public workshop on December 7, to be held in Sacramento, to discuss the possibility of an extension of the regulations and what amendments to the emergency framework may be appropriate.

Like the SWRCB, legislators are beginning to look forward to issues that may be upcoming in 2016. One such issue, which came up at the end of the 2015 legislative session and will likely

continue to be talked about in 2016, is a public goods charge on water. At the end of the legislative session, Senator Fran Pavley amended SB 20 and inserted language that would create the “California Water Resiliency Investment Fund.” While the bill does not currently include a proposal as to how funds would be allocated into the Fund, it is likely that the bill will be used as a vehicle to discuss a statewide public goods charge on water. The current language in the bill would allow funding to be used for: emergency drought response, integrated regional water resiliency, safe drinking water for disadvantaged communities, environmental protections for fish and wildlife, and for improved data collection and management. The Senator is planning to conduct two informational hearings, the first to be held on November 16 and another to be held in January, to further discuss the State’s ongoing water funding needs and the subject of a public goods charge. The hearing on November 16, which is to be held as an informational hearing of the Senate Natural Resources and Water committee, is titled “California’s Water Challenges in the 21st Century: Assessing California’s Chronically Under Funded Water Needs.”

Senator Pavley has also been engaged on ensuring that Southern California is prepared for possible flood events caused by El Niño. On October 28, Senator Pavley hosted an informational hearing relating to flood management, what El Niño means for Southern California, and the readiness of Los Angeles County to manage El Niño. This informational hearing was well attended by the public as well as broadcasted live online. Senator Pavley oversaw panelists from Jet Propulsion Laboratory, the City of Los Angeles, the County of Los Angeles, the U.S. Army Corps of Engineers, and the Department of Water Resources, who discussed how each of their agencies have been preparing for El Niño. The hearing also provided the public with information on what they can do to prepare for the upcoming winter on their own.

In additional drought related news, a recent poll conducted by Save Our Water and the Field Research Corporation, 76 percent of Californian’s view the state’s drought as “extremely serious”. This is up nearly 10 percent when the same poll was conducted in May of this year. The results of this poll indicate that Californian’s are continuing to recognize the severity of this drought and are doing their part to mitigate its effect. The poll was designed to gauge Californian’s attitude toward continued water conservation into fall and winter and their willingness to make permanent landscape changes. The poll also showed that fewer than 40 percent of voters believe that the state’s business and commercial water users are doing their part to help the state get through the current drought.

In looking ahead to the November 2016 General Election and what items will be presented to the voters for their consideration, on November 2, the Secretary of State certified an initiative requiring voter approval before the State can issue certain lease revenue bonds had collected enough signatures to be placed on the ballot. If voters approve this proposed constitutional amendment, any public works project involving the State that would require more than \$2 billion in revenue bonds would need to receive voter approval before the bonds could be issued. Additionally, this measure would prevent the state from breaking large projects into smaller projects in an effort to bypass voter approval for revenue bonds. This initiative has the ability to impact many large scale state projects, including transportation projects, college facilities projects, and the proposed Delta tunnels project. The initiative was put forward by a businessman and farmer from the Stockton area, Dean Cortopassi. While Cortopassi has indicated that his measure is aimed at issues of state debt and limiting future debt, it is also worth noting that he has been very vocal in his opposition



to the Delta tunnels project, proposed by the Governor. While the election to consider this initiative is still a year away, a number of elected officials and interest groups are already lining up to express their opposition to the initiative, including Governor Jerry Brown. Additionally, a group, led by the California Chamber of Commerce and the State Building and Construction Trades Council, has already formed a ballot committee to oppose the initiative.

Drought Update

State Water Use: September 2015

For the fourth month in a row, California beat the Governor's 25 percent mandate, reducing their overall water use by 26.1 percent in September. Californians have now saved a total of 777,739 acre-feet, equating to about 65 percent of its goal of 1.2 million acre-feet of water saved by February 2016. The cumulative water savings from June, July, August, and September when compared to the same months in 2013, is now 28.1 percent. The SWRCB is urging Californians to continue their efforts to conserve throughout the winter months, regardless of the assumed increase in rainfall. The SWRCB has also been focused on informing residents about the importance of protecting their trees in times of drought, and to water them "slowly and carefully".

In September:

- Suppliers reported 77,763 compliance and enforcement actions taken in September, a significant decrease from the 92,868 actions reported in August.
- The Office of Enforcement continues to work with suppliers that have not met their conservation standard. Since June, the State Water Board has issued:
 - Eight conservation orders
 - 99 information orders
 - 68 warning letters
 - Seven alternative compliance orders
- Of the 389 suppliers reporting for September, six were more than 15 percentage points away from meeting their conservation standard



The County of Orange Report

November 16, 2015
by Lewis Consulting Group

Anti Water Tunnel Initiative Qualifies for Ballot

The “NO Blank Checks Initiative” has qualified for the November 2016 ballot. The initiative aims to block construction of Governor Brown’s water initiative by undermining the financing plans for the \$15 billion project.

Wealthy Stockton residents, Dan and Joan Contopassi, contributed \$4 million to ensure the qualification of the measure.

The initiative would require revenue bonds to be subject to a public vote. While the successful passage of the measure would make financing of the “twin tunnels” plans problematic, it could also create roadblocks for the massive high speed rail project as well as other significant public work projects in California.

This is the fourth initiative to qualify for the November 2016 ballot. There are still more than two-dozen other initiatives attempting to qualify as well. The November ballot could be lengthy and complex.

Local Districts Report Conservation Results

Water cutbacks have been announced for Orange County’s Water Districts and for the most part the conservation efforts have been impressive.

Using the month of September 2013 as the base year, water usage reported for last September (2015), shows that all but five districts met their September conservation goal. Usage cutback district goals ranged from 8% in Seal Beach to 36% for four (4) East County Water Districts. Three Districts, East Orange County Water District, Yorba Linda Water District and Serrano Water District, led the list with cutbacks exceeding 40%.

Yorba Linda Water Rate Battle Intensifies

It used to be said that you knew it was going to be a bad day when Dan Rather showed up on your doorstep. Perhaps the modern day equivalence are KFI talk show hosts John Kobylt and Ken Chiampou. The pair showed up at the November 5th meeting of the Yorba Linda Water District Board to help whip up opposition to the District’s proposed water hike. Reports say about 300 people showed up for the meeting.

As a result of the District's water consumption being cut in excess of their 36% goal, the District figured to lose about \$9 million in water sales revenue. Because of this beginning October 1, 2015, the District raised their basic service charge from \$16.77 to \$41.57.

An activist group, the Yorba Linda Taxpayers Association, launched a petition drive in an attempt to referend the rate increase and force an election. The group successfully collected over 4,000 valid signatures which they thought was in excess of the number needed to allow the District to either repeal the rate hike or place before voters.

However, District counsel believes the referendum process is not compatible with water rates filed in accordance with California's Proposition 218. The Yorba Linda Water Board followed counsel's advice leaving the higher rates intact with no election.

Members of the Yorba Linda Taxpayers Association have vowed to continue the fight in court.

LAFCO Staff Recommends IRWD

Releasing a decision, which surprised no one LAFCO staff has recommended that the Irvine Ranch Water District be allowed to assume control of Sewer District 7 from the Orange county Sanitation Department. Previously OCSD and East Orange County Water District had come to an agreement where by EOCWD would assume control of the sewer district.

Staff's recommendation was largely based on two factors - experience and price. No one can dispute IRWD's excellent reputation and years of experience. However,

LAFCO staff appeared to give short shrift to EOCWD's manager Lisa Ohlund's 30 years of relevant experience. Also EOCWD's agreement to continue to use OCSD's existing contracted sewer maintenance crew was largely downplayed.

Staff also gave high marks for IRWD's proposed 50% rate cut for customers but seemed to downplay that savings were largely generated by inspecting and cleaning the sewer lines half as frequently as OCSD currently does and as East Orange County proposes.

Perhaps the most perplexing aspect of the staff recommendation was the timing. An October 28th meeting had been scheduled in North Tustin to receive community input. It was assumed LAFCO would consider the community input an important factor. Instead, staff used the evening to unveil and "sell" this recommendation to those who attended. By formatting the schedule in this matter each of the competing Districts were allowed to make their presentations, but the official presentations precluded from rebutting staff recommendation.

DROUGHT RELIEF MOVES WEST

We previously displayed U.S. Drought Monitor maps showing rapid relief in South Carolina, North Carolina and Virginia following a several day deluge partly fueled by Atlantic Ocean tropical water. This time, the Gulf Stream gets the credit for a two-week torrent that drastically improved the drought situation in numerous states, including Texas, Arkansas, Mississippi and Louisiana. Could California's turn be coming soon?

U.S. Drought Monitor **CONUS**

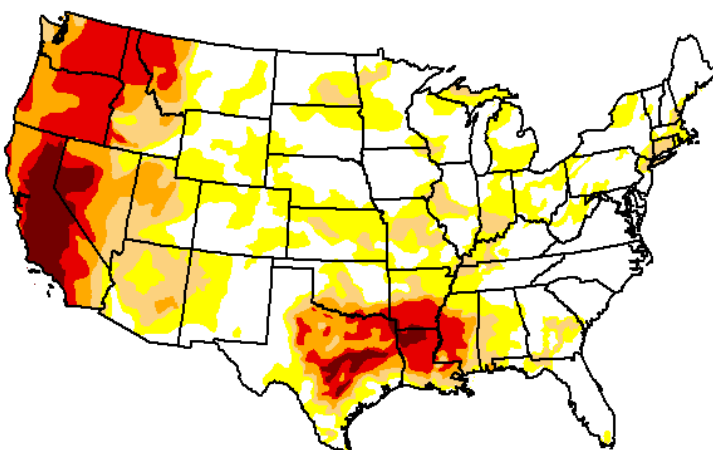
October 20, 2015

(Released Thursday, Oct. 22, 2015)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	41.04	58.96	34.78	23.23	14.42	3.76
Last Week <i>10/13/2015</i>	46.61	53.39	32.62	22.51	13.25	3.27
3 Months Ago <i>7/21/2015</i>	64.01	35.99	26.06	16.74	7.48	2.83
Start of Calendar Year <i>12/02/2014</i>	53.20	46.80	28.68	16.93	8.96	2.54
Start of Water Year <i>9/29/2015</i>	44.91	55.09	31.36	20.09	11.45	3.00
One Year Ago <i>10/21/2014</i>	56.16	43.84	29.80	18.04	9.09	3.87



Intensity:

 D0 Abnormally Dry	 D3 Extreme Drought
 D1 Moderate Drought	 D4 Exceptional Drought
 D2 Severe Drought	

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author(s):

Brad Rippey

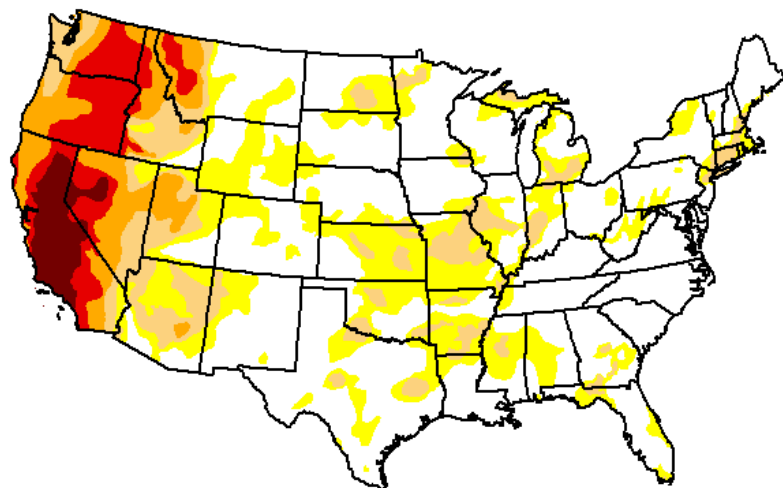
U.S. Department of Agriculture



<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor CONUS

November 3, 2015
(Released Thursday, Nov. 5, 2015)
Valid 7 a.m. EST



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	51.84	48.16	26.17	15.46	8.84	2.72
Last Week 10/27/2015	46.24	53.76	30.27	17.21	10.34	3.00
3 Months Ago 8/4/2015	57.71	42.29	27.13	17.44	8.79	2.83
Start of Calendar Year 12/30/2014	53.20	46.80	28.68	16.93	8.96	2.54
Start of Water Year 9/29/2015	44.91	55.09	31.36	20.09	11.45	3.00
One Year Ago 11/4/2014	54.74	45.26	29.86	17.70	8.91	3.81

Intensity:

D0 Abnormally Dry	D3 Extreme Drought
D1 Moderate Drought	D4 Exceptional Drought
D2 Severe Drought	

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author(s):

David Miskus
NOAA/NWS/NCEP/CPC



<http://droughtmonitor.unl.edu/>

ACKERMAN CONSULTING

Legal and Regulatory

November 16, 2015

1. **No Blank Check Initiative:** A well healed Stockton farmer Dean Cortopassi is spending \$4 million to qualify a constitutional amendment initiative that could stop the Delta tunnels project. The measure would require any public works project that wanted to use revenue bonds for construction, to go to a public vote. Cortopassi personally opposes the twin tunnels project for the Delta. He believes it would negatively impact his property holdings in the area. The proposal if passed could adversely impact many public works projects other than the twin tunnels. It will be vigorously opposed by a coalition, Citizens to Protect California Infrastructure, composed of labor, business and farmers outside the Delta. The money trail on this one will be interesting to watch. Because of the measures far reaching impact, I think the anti-coalition will be very strong.

2. **Public Shaming and “Traffic” School:** The State Water Board, social media and various water agencies are stepping up efforts to shame the public into water conservation. Some of this shaming has a price tag. The State Board has fined various southern California water districts, Beverly Hills, Indio, Redlands, the Coachella Valley Water District, with fines in excess of \$60,000. The Board has told these districts to go after the excessive water users in their areas or face further fines. The Districts are considering appeals and other actions. Alameda and Contra Costa water districts have published the names of high users which have included many CEOs and professional athletes. Sacramento, which has been historically a high water use area, has started a “Traffic School” for drought violators. The City of Sacramento, the Sacramento Regional Water Authority (on behalf of its 16 local water districts), and even local schools have commenced programs where people who have received a fine for water use violations, excessive run off, washing car without a nozzle, not fixing leaks, can attend a one hour class and have the fined removed. Many landlords have been included for violations of their tenants. The program seems to be catching on and is being used to help educate the public on drought conditions and measures. City water use, which had a reduction goal of 28%, has achieved an average of 33%.

3. **Enhanced Underground Mapping:** Stanford University has led an effort employing state of the art imaging to provide detailed mapping on underground formations. This is making well drilling much more reliable and removing some of the guesswork. A Danish company, SkyTEM, has developed the technology using electromagnetic impulses sent from an antenna array carried on a helicopter. The accuracy of the 3D map produced is much better than prior techniques.

The cost is not cheap, starting at \$250,000. But the results are worth it judging from comments of satisfied customers. Commentators, however, complain that this process does not help the larger groundwater situation. The mapping is only done on the property of the individual landowner as opposed to the entire underground aquifer. Thus the collective impact is not determined or measured.

4. **Salmon Imperiled by Drought:** As reported earlier, the salmon population in California has taken a drastic hit during the drought. The reduction in water supply in the major spawning rivers, the increased water temperature and failed water management techniques have all resulted in reduction in the salmon population. This year, as last year, state and federal authorities have released stored water in an attempt to reduce the water temperature to 56 degrees. Both this year and last year, those attempts have failed, resulting in a release of water that neither farmers nor people could take advantage of. The Golden Gate Salmon Association, an advocate for the states vast fishing industry, has blamed state and federal agencies for mismanagement of water resources as a major cause of the collapse of the salmon industry.
5. **Irvine Water App:** An Irvine based company, Smart Utility Systems, has developed a mobile app, Smart H2O, which can be installed on your personal device. This app allows immediate transmission of information to the correct utility or water district, thus producing quicker results and savings of water. Inadvertent and non-reported water leaks are a major contributor to wasted water. Many water districts are promoting Smart H2O or similar programs to help them manage this situation.
6. **Drought vs Gold Miners:** A new law, SB 637, has put gold dredging out of business. The bill shifts regulation of these operations to the hands of the State Water Resources Control Board. The Board has adopted regulations which make it impossible for gold dredgers to get a permit. The Western Mining Alliance has challenged the regulations as being unnecessary but have been unsuccessful thus far in court and before the Board.
7. **Congress Demands El Nino Plan:** Republican members of the California Congressional delegation have written a letter to President Obama and Governor Brown demanding a plan to capture the anticipated run off created by El Nino. This run off will ordinarily escape to the Pacific Ocean. They are also demanding lifting of regulations that inhibit water transfers within the State. Thus far, no official response has been received. Two of our local representative, Congressman Royce and Congressman Rohrabacher, have been vocal on the request.
8. **Storage in Valley Mixed:** While storage reports from around the State ate generally very bad, some areas are reporting better conditions. Irrigation districts in Northern San Joaquin Valley,

Turlock, Oakdale and Southern San Joaquin are reporting good conditions, some in fact, enough to carry them into 2016. Strong conservation efforts, additional releases from upstream supplies, reduced demand, additional water transfers, have helped produce a positive condition for these districts. However, other districts right next door, like Modesto Irrigation District and other west side districts, are in a very negative condition. Their allotments have seriously reduced or eliminated and they are hoping El Nino will save them.

9. **Folsom Lake 17%:** Folsom Lake is at its lowest level in over 20 years. It is presently at 17% of capacity trending downward. Folsom is important not only in supplying residents in the Sacramento region and agricultural needs, but in helping maintain the Delta balance inhibiting salt water intrusion and maintain the ecosystem in the area. Processes are in place to move the location of pumps in the Lake to lower areas to take advantage of the remaining water. They also are hoping for help from El Nino.

10. **Salton Sea Restoration:** While there is still no long term plan to fix the Salton Sea, Governor Brown signed a bill to fund the Red Hill Bay project on the southeastern shore of the Sea. This \$3.5 project will restore 420 acres by diverting water from the nearby Alamo River to flood the area, the continuing reduction in water running into the Sea in making worse the exposure of more lake bottom and the accompanying dust and foul smell. The US Fish and Wildlife Service and the Governor are hopeful that his project will inspire other ones for the Sea. Stay tuned.



Municipal Water District of Orange County Priority Legislation

BILL	AUTHOR	HIGH PRIORITY	SUMMARY	LATEST ACTION	POLICY AREA	MWDOC POSITION	OTHER POSITIONS
Proposed Legislation							
AB 1	Brown [D]		Drought: local governments: fines. Would prohibit a city, county, or city and county from imposing a fine under any local maintenance ordinance or other relevant ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.	AB 1 has been signed into law by the Governor	Local Water Resource	Support	
AB 10	Gatto [D]		Political Reform Act of 1974: economic interest disclosures. Would increase the thresholds at which a public official has a disqualifying financial interest in sources of income from \$500 to \$1,000, in investments in business entities from \$2,000 to \$5,000, and in interests in real property from \$2,000 to \$10,000. This bill contains other related provisions and other existing laws.	AB 10 has been vetoed by the Governor	Governance		ACWA - Favor
AB 149	Chavez [R]		Urban water management plans. The Urban Water Management Planning Act requires an urban water supplier to submit to the Department of Water Resources a copy of its urban water management plan and requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act. This bill, commencing January 1, 2017, would instead require an urban water supplier to update its plan at least once every 5 years on or before December 31 in years ending in 6 and one. The bill would instead require the department to submit its report to the Legislature, on or before December 31, in years ending in 7 and two.	AB 149 has been signed into law by the Governor	Governance	Support	ACWA - Favor MET-Support
AB 300 (Two Year Bill)	Alejo [D]		Safe Water and Wildlife Protection Act of 2015. Would enact the Safe Water and Wildlife Protection Act of 2015, which would require the State Coastal Conservancy to establish and coordinate the Algal Bloom Task Force, in consultation with the Secretary of the Natural Resources Agency, and would prescribe the composition and functions and duties of the task force. The bill would require the task force to review the risks and negative impacts of toxic blooms and microcystin pollution and to submit a summary of its findings and recommendations to the secretary by January 1, 2017.	AB 300 is a two-year bill	Water Quality		



Municipal Water District of Orange County Priority Legislation

AB 349	Gonzalez [D]		Common interest developments: property use and maintenance. Current law makes void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies in a common interest development declaration that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified. This bill would also make void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of low water-using landscapes that require not more than a specified amount of water. This bill contains other existing laws.	AB 349 has been signed into law by the Governor	Water Use Efficiency	ACWA- Favor
AB 434	Garcia, E [D]		Drinking water: point-of-entry and point-of-use treatment. Would specifically make the emergency regulations adopted by the State Department of Public Health before January 1, 2014, operative and would require that the emergency regulations remain in effect until repealed or amended by the State Water Resources Control Board. The bill would authorize the State Water Resources Control Board to award a grant for point-of-entry and point-of-use treatment, in lieu of centralized treatment, by a public water system that meets certain requirements. This bill contains other related provisions.	AB 434 has been signed into law by the Governor	Water Quality	ACWA - Favor
AB 585	Melendez [R]		Outdoor Water Efficiency Act of 2015: personal income tax credits: outdoor water efficiency. The Personal Income Tax Law allows various credits against the taxes imposed by that law. This bill, for taxable years beginning on or after January 1, 2015, and before January 1, 2021, or an earlier specified date, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements made to outdoor landscapes on qualified real property in this state, not to exceed \$2,500 per taxable year, as specified. This bill contains other related provisions.	8/27/15 In committee: Held under submission.	Water Use Efficiency	MET-Support ACWA- Favor
AB 603 (Two year bill)	Salas [D]		Income taxes: turf removal tax credit. Would, under Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on and after January 1, 2015, allow a credit to a taxpayer participating in a lawn replacement program, as defined, in an amount equal to \$2 per square foot of conventional lawn removed from the taxpayer's property. The bill would make findings and declarations in this regard. This bill contains other related provisions.	AB 603 is a two-year bill	Water Use Efficiency	MET-Support ACWA- Favor



Municipal Water District of Orange County Priority Legislation

AB 606	Levine [D]			Water conservation. Would require the Department of General Services to identify each public property added to the department's state property inventory beginning January 1, 2015, where it is feasible for water consumption to be reduced and water efficiencies to be achieved through replacement of landscaping, irrigation timers, or spray sprinkler heads, or any combination thereof, and would require the appropriate replacements where feasible, except as specified.	AB 606 has been signed into law by the Governor	Water Use Efficiency		MET-Support ACWA- Favor
AB 647 (Two year bill)	Eggman [D]			Beneficial use: diversion of water underground. Would declare that the diversion of water underground constitutes a beneficial use of water for which an appropriation may be made if the diverted water is stored and thereafter applied to beneficial use or if beneficial use of the water, including, but not limited to, protection of water quality or recovery of groundwater levels, is made while the water is underground. This bill would provide that the period for the reversion of a water right does not apply to water being beneficially used in the aquifer or being held in storage for later beneficial use.	AB 647 is a two-year bill	Water Transfers		
AB 656	Garcia, C [D]			Joint powers agreements: mutual water companies. Current law authorizes local public entities, as defined, to enter into a joint powers agreement for the purposes of providing risk-pooling, as specified. This bill would specifically authorize 2 or more mutual water companies, or 2 or more mutual water companies and one or more public agencies that operate a public water system, to participate in joint powers agreement for risk-pooling, technical support, and other similar services.	AB 656 has been signed into law by the Governor	Governance		
AB 723 (Two Year Bill)	Rendon [D]			Plumbing fixtures: WaterSense standards. Would, beginning January 1, 2017, prohibit manufacturers selling water closets, urinals, bathroom faucets, and shower heads from installing or selling any of the aforementioned plumbing fixtures that do not meet WaterSense standards set by the federal Environmental Protection Agency, as specified. The bill would require these manufacturers, by January 30 of each year, to inform, in writing, the California Energy Commission, the department, and the California Building Standards Commission of the number of WaterSense certified models it is offering for sale that year as compared to the years 2010 to 2014, inclusive.	AB 723 is a two-year bill	Water Use Efficiency		ACWA- Favor
AB 888	Bloom [D]			Waste Management: plastic microbeads. Would prohibit, on and after January 1, 2020, a person, as defined, from selling or offering for promotional purposes in this state a personal care product containing intentionally added plastic microbeads, as specified. The bill would exempt from those prohibitions the sale or promotional offer of a product containing less than 1 part per million (ppm) by weight of plastic microbeads, as provided. This bill contains other related provisions.	AB 888 has been signed into law by the Governor	Water Quality		



Municipal Water District of Orange County Priority Legislation

AB 935 (Two Year Bill)	Salas [D]		Integrated Regional Water Management Plans: conveyance projects: grants and expenditures. Would require the Department of Water Resources to provide grants and expenditures, consistent with an integrated regional water management plan, for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management and provide certain benefits. The bill would authorize the department to adopt regulations to implement these provisions.	AB 935 is a two-year bill	Water Infrastructure Financing	
AB 1077	Holden [D]		Mutual water companies: open meetings. Would prohibit a mutual water company from meeting solely in an executive session without holding a meeting. The bill would require a board of directors of a mutual water company to allow an eligible person to personally attend a meeting of the board, if the eligible person gave the board at least 24 hours advance written notice of his or her intent to personally attend the meeting. This bill contains other existing laws.	AB 1077 has been signed into law by the Governor	Governance	ACWA - Not Favor
AB 1164	Gatto (D)		Water conservation: drought tolerant landscaping. This bill would prohibit a city, including a charter city, county, and city and county, from enacting or enforcing any ordinance or regulation that prohibits the installation of synthetic grass or artificial turf on residential property, as specified . The bill would continuously appropriate \$300,000,000 from the General Fund to the Department of Water Resources in equal amounts of \$100,000,000 for each of the 2015-16, 2016-17, and 2017-18 fiscal years, to provide matching funds to specified local agencies to provide incentives to residents to replace water inefficient landscaping with drought tolerant landscaping. Amended to remove fiscal appropriation.	AB 1164 has been signed into law by the Governor	Turf Removal	ACWA- Favor
AB 1242 (Two Year Bill)	Gray [D]		Water quality: impacts on groundwater basins: mitigation measures. Would require the State Water Resources Control Board to take into consideration any applicable groundwater sustainability plan or alternative in formulating state policy for water quality control and adopting or approving a water quality control plan that affects a groundwater basin. This bill contains other related provisions and other existing laws.	AB 1242 is a two-year bill	Water Quality	ACWA- Favor
AB 1244 (Two Year Bill)	Gray [D]		Water rights: small irrigation use. Current law authorizes any person to obtain a right to appropriate water for a small irrigation use upon registering the use with the State Water Resources Control Board and thereafter applying the water to reasonable and beneficial use with due diligence. This bill would require the board to adopt general conditions, in consultation with the Department of Food and Agriculture, the University of California Cooperative Extension, and others, including, but not limited to the Department of Fish and Wildlife, for small irrigation use, unless the board determines that sufficient funds are not available for that purpose.	AB 1244 is a two-year bill	Water Use Efficiency	



Municipal Water District of Orange County Priority Legislation

SB 7 (Two Year Bill)	Wolk [D]		Housing: water meters: multiunit structures. Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.	SB 7 is a two-year bill	Water Use Efficiency		
SB 47 (Two Year Bill)	Hill [D]		Environmental health: synthetic turf. Would require the Office of Environmental Health Hazard Assessment, by July 1, 2017, in consultation with the Department of Resources Recycling and Recovery, the State Department of Public Health, and the Department of Toxic Substances Control, to prepare and provide to the Legislature and post on the office's Internet Web site a study analyzing synthetic turf, as defined, for potential adverse health impacts. The bill would require the study to include certain information, including a hazard analysis of exposure to the chemicals that may be found in synthetic turf, as provided.	SB 47 is a two-year bill	Water Use Efficiency		
SB 122 (Two Year Bill)	Jackson [D]		California Environmental Quality Act: record of proceedings. CEQA establishes a procedure for the preparation and certification of the record of proceedings upon the filing of an action or proceeding challenging a lead agency's action on the grounds of noncompliance with CEQA. This bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. This bill contains other related provisions.	SB 122 is a two-year bill	CEQA		ACWA - Not favor unless amended (Would open final EIR to public comment) changed to Watch
SB 127 (Two Year Bill)	Vidak [R]		Environmental quality: Water Quality, Supply, and Infrastructure Improvement Act of 2014. CEQA establishes a procedure by which a person may seek judicial review of the decision of the lead agency made pursuant to CEQA and a procedure for the preparation and certification of the record of proceedings upon the filing of an action or proceeding challenging a lead agency's action on the grounds of noncompliance with CEQA. This bill would require the public agency, in certifying the environmental impact report and in granting approvals for projects funded, in whole or in part, by Proposition 1, including the concurrent preparation of the record of proceedings and the certification of the record of proceeding within 5 days of the filing of a specified notice, to comply with specified procedures.	SB 127 is a two-year bill	CEQA		ACWA - Not Favor unless amended
SB 143 (Two Year Bill)	Stone [R]		Diamond Valley Reservoir: recreational use. Current law, with certain exceptions, prohibits recreational use, in which there is bodily contact with water, in a reservoir in which water is stored for domestic use and establishes water standards for those exempted reservoirs. This bill would exempt from this prohibition recreational activity in which there is bodily contact with water by any participant in the Diamond Valley Reservoir if certain standards are met. This bill contains other related provisions.	SB 143 is a two-year bill	MET	Oppose	MET- Oppose ACWA- Not Favor



Municipal Water District of Orange County Priority Legislation

SB 208	Lara [D]		Integrated regional water management plans: grants: advanced payment. Would require a regional water management group, within 90 days of notice that a grant has been awarded, to provide the state entity administering the grant with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization, as defined or a disadvantaged community, as defined, or the project benefits a disadvantaged community. This bill contains other existing laws.	SB 208 has been signed into law by the Governor	Fiscal Policy		ACWA - Favor
SB 355	Lara [D]		San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy. Would require that only one member of the Orange County Division of the League of California Cities be a voting member of the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy, and would require that a resident of a city bordering the Lower Los Angeles River, appointed by the Senator Committee on Rules, be a voting member. The bill would also increase the number of nonvoting members to 9, and would require that one Member of the Senate, appointed by the Senate Committee on Rules, and one Member of the Assembly, appointed by the Speaker of the Assembly, serve as those nonvoting members. Amended to preserve OC seats.	SB 355 has been signed into law by the Governor	Fiscal Policy	Oppose	
SB 385	Hueso [D]		Primary drinking water standards: variances: hexavalent chromium. Would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system, to grant a variance from the primary drinking water standard for hexavalent chromium if the public water system prepares and submits a compliance plan, the state board approves the compliance plan, the public water system provides specified notice requirements regarding the compliance plan to its customers, and the public water system sends annual reports to the state board that updates the status of the approved compliance plan.	SB 385 has been signed into law by the Governor	Water Quality		ACWA - Support/ Sponsor MET-Support
SB 553 (Two Year Bill)	Wolk [D]		Water conservation. Would require the Department of General Services to identify each public property in the department's state property inventory where it is feasible for water consumption to be reduced and water efficiencies to be achieved through implementation of the relevant recommendations made in the model water efficient landscape ordinance and would require the department to implement the relevant recommendations where feasible, except as specified. This bill contains other existing laws.	SB 553 is a two-year bill	Water Use Efficiency		MET-Support ACWA-Favor
SB 555	Wolk [D]		Department of Water Resources: urban retail water suppliers: water loss audits. Would require each urban retail water supplier, on or before July 1, 2017, to conduct a water loss audit as prescribed by rules adopted by the Department of Water Resources on or before July 1, 2016. This bill would require an urban retail water supplier to submit a validated audit report to the department within 60 days of completion and the department to post the report on its Internet Web site in a timely manner after its receipt. This bill would require the department to provide technical assistance to guide urban retail water suppliers' water loss detection programs.	SB 555 has been signed into law by the Governor	Governance		



Municipal Water District of Orange County Priority Legislation

Groundwater Legislation						
AB 452 (Two Year Bill)	Bigelow [R]		Water Rights Fund: Groundwater Regulation Subaccount. Would establish the Groundwater Regulation Subaccount in the Water Rights Fund and would provide that moneys in the subaccount are available, upon appropriation by the Legislature, to the State Water Resources Control Board for the purpose of board enforcement of the provisions of the Sustainable Groundwater Management Act. This bill contains other related provisions and other existing laws.	AB 452 is a two-year bill	Governance	ACWA - Favor
AB 453 (Two Year Bill)	Bigelow [R]		Groundwater management. Would authorize, until a groundwater sustainability plan is adopted, a local agency to amend an existing groundwater management plan in furtherance of, and consistent with, the groundwater management plan's objectives.	AB 453 is a two-year bill	Local Water Resource	ACWA - Favor
AB 454 (Two Year Bill)	Bigelow [R]		Sustainable groundwater management. Would require a high- or medium-priority basin that is not subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plan by January 31, 2023. This bill contains other related provisions and other existing laws.	AB 454 is a two-year bill	Local Water Resource	ACWA - Favor changed to watch
AB 455 (Two Year Bill)	Bigelow [R]		Groundwater sustainability plans: environmental impact reports. Would require the Judicial Council, on or before July 1, 2016, to adopt a rule of court to establish procedures applicable to actions or proceedings brought to attack, review, set aside, void, or annul the certification of an EIR for projects covered by a groundwater sustainability plan that require the actions or proceedings be resolved within 270 days of certification of the record of proceeding. The bill would also prohibit the court from staying or enjoining the construction or operation of the project unless the court makes a certain finding. This bill contains other existing laws.	AB 455 is a two-year bill	Local Water Resource	
AB 936 (Two Year Bill)	Salas [D]		Groundwater monitoring. If there is insufficient interest in establishing a management plan or ground watering association, and the county decides not to perform groundwater monitoring and reporting functions, the Department of Water Resources is required to perform the groundwater monitoring functions. In that event, specified entities with authority to assume groundwater monitoring functions with regard to a basin or subbasin for which the department has assumed those functions are not eligible for a water grant or loan awarded or administered by the state. This bill would create an exception from this eligibility restriction if the entity submits to the department for approval documentation demonstrating the water grant or loan project includes those actions needed to comply with groundwater monitoring functions.	AB 936 is a two-year bill	Local Water Resource	ACWA - Favor



Municipal Water District of Orange County Priority Legislation

AB 937 (Two Year Bill)	Salas [D]		Groundwater recharge. Under current 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. Current law declares 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 relating to groundwater recharge.	AB 937 is a two-year bill	Local Water Resource		ACWA - Favor
AB 938 (Two Year Bill)	Salas [D]		Groundwater: basin reprioritization: establishment of groundwater sustainability agency. The Sustainable Groundwater Management Act requires a local agency, any time the Department of Water Resources changes basin priorities and elevates a basin to a medium- or high-priority basin after January 31, 2015, to either establish a groundwater sustainability agency within 2 years of reprioritization and adopt a groundwater sustainability plan within 5 years of reprioritization, or to submit an alternative to the department that the local agency believes satisfies the objectives of these provisions within 2 years of reprioritization. This bill would impose the requirement to establish a groundwater sustainability agency or submit an alternative after reprioritization on a local agency or combination of local agencies overlying a groundwater basin.	AB 938 is a two-year bill	Local Water Resource		ACWA - Favor
AB 939	Salas [D]		Groundwater sustainability agency: financial authority. The Sustainable Groundwater Management Act authorizes a groundwater sustainability agency to impose fees to fund the costs of a groundwater sustainability program and requires a groundwater sustainability agency to hold at least one public meeting prior to imposing or increasing a fee. The act requires, at least 10 days prior to the meeting, a groundwater sustainability agency to make available to the public data upon which the proposed fee is based. This bill would require a groundwater sustainability agency to make the data upon which the proposed fee is based available 20 days prior to the public meeting to impose or increase a fee.	AB 939 has been signed into law by the Governor	Local Water Resource		
AB 1243 (Two Year Bill)	Gray [D]		Groundwater recharge: grants. Would establish the Groundwater Recharge Grant Fund and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the State Water Resources Control Board to provide grants to local governments and water districts for groundwater recharge infrastructure projects. This bill contains other related provisions and other existing laws.	AB 1243 is a two-year bill	Local Water Resource		
SB 13	Pavley [D]		Groundwater. Would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the State Water Resources Control Board to designate a groundwater basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin. This bill contains other related provisions and other existing laws.	SB 13 has been signed into law by the Governor	Local Water Resource		ACWA - Favor and Amend



Municipal Water District of Orange County Priority Legislation

SB 173 (Two Year Bill)	Nielsen [R]		Groundwater: de minimis extractors. Current law generally excepts a de minimis extractor from the requirement that a person who extracts groundwater on a probationary basin, as prescribed, or extracts groundwater on or after July 1, 2017, in an area within a basin that is not within the management area of a groundwater sustainability agency and where the county does not assume responsibility to be the groundwater sustainability agency has to file a report of groundwater extraction by December 15 of each year for extractions made in the preceding water year with the State Water Resources Control Board. This bill would define a de minimis extractor for the purposes of these provisions as a person who extracts, for domestic purposes, 10 acre-feet or less per year.	SB 173 is a two-year bill	Local Water Resource	ACWA - Not Favor Unless Amended
SB 226	Pavley [D]		Sustainable Groundwater Management Act: groundwater rights. Would provide, under the Sustainable Groundwater Management Act, that a groundwater sustainability plan or coordinated groundwater sustainability plans establishes a timely method for determining rights to groundwater in furtherance of the objectives of the act. This bill would require the process to be available to any court of competent jurisdiction. This bill would require the boundaries of a basin to be as identified in Bulletin 118, unless other basin boundaries are established, as specified.	SB 226 has been signed into law by the Governor	Local Water Resource	ACWA - Not Favor Unless Amended
SB 228 (Two Year Bill)	Cannella [R]		Groundwater storage: beneficial use. Would declare that the recharging of a groundwater basin by a local groundwater management agency or a local groundwater sustainability agency for the purposes of repelling saline intrusion and recovering basin groundwater levels constitutes a beneficial use of water if the recharge is consistent with the local agency's groundwater management plan or groundwater sustainability plan.	SB 228 is a two-year bill	Local Water Resource	
SB 487 (Two Year Bill)	Nielsen [R]		Sustainable Groundwater Management Act: California Environmental Quality Act: exemptions. Would exempt from the requirements of CEQA the formation of a groundwater sustainability agency, the amendment of a groundwater sustainability plan or coordinated groundwater sustainability plan, and the implementation of those plans, except to the extent that the implementation requires the construction or installation of a new facility. Because a lead agency would be required to determine the applicability of this exemption, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.	SB 487 is a two-year bill	CEQA	ACWA - Favor
SB 568 (Two Year Bill)	Fuller [R]		Groundwater management. Would declare the intent of the Legislature to enact legislation relating to the Sustainable Groundwater Management Act.	SB 568 is a two-year bill	Local Water Resource	



Municipal Water District of Orange County Priority Legislation

SB 789 (Two Year Bill)	Wieckowski (D)		<p>Sale of water by local public entities: excise tax: Would authorize a local public entity that supplies water at retail or wholesale for the benefit of persons within the service area or area of jurisdiction of that public entity to impose, by ordinance, an excise tax on an excessive user of water, at a rate not to exceed 300% of the purchase price of the water, if the ordinance proposing the tax is approved by 2/3 of the electors voting on the measure and the revenue from the tax is equally distributed between the public entity and the State Water Resources Control Board for water conservation efforts within the jurisdiction of the public entity.</p>	SB 789 is a two-year bill	Sale of Water	Oppose	
ACWA Monitored Legislation							
SB 20 (Two Year Bill)	Pavley [D]		<p>Wells: reports: public availability. Current law requires a person who digs, bores, or drills a water well, cathodic protection well, or a monitoring well, or abandons or destroys a well, or deepens or re-perforates a well, to file a report of completion with the Department of Water Resources. Current law prohibits those reports from being made available to the public, except under certain circumstances. This bill would instead require the department to, upon request, make the reports available to the public. The bill would require the department to provide specified disclaimers when providing the reports to the public.</p>	SB 20 is a two-year bill	Water Quality		

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 149 Chavez (R) Sponsor: San Diego County Water Authority	Amended 6/11/15 Signed by Governor; Chapter 49, Statutes of 2015	Urban Water Management Plans: Amends UWMP Act to require urban water suppliers to submit 2020 plan to DWR by July 1, 2021. All requires DWR to submit its 2015 report to Legislature by July 1, 2017, and its 2020 report by July 1, 2022.	SUPPORT [based upon past support for AB 2067 (Weber) from 2013/14 legislative session]	Delay of UWMP submittal is necessary to capture retail water use data for full year of 2020 to meet requirements of SBX7-7 (2009). Additionally, updated population data from 2020 census will be available in spring of 2021. Delaying UWMP submittal will provide time to accommodate inclusion of comprehensive census data by wholesale and retail water suppliers.
AB 291 Medina (D) Sponsor: ACWA and McGeorge Law School Policy and Legislative Clinic	Amended 6/10/15 Senate Environmental Quality Committee; two- year bill	CEQA: Local Agencies: Notice of Determination: Amends CEQA to authorize local agency for multi-county water transfers to file notice of determination with county clerk in county of local agency's principal office and with Office of Planning and Research.	SUPPORT (based upon April 2013 board-adopted CEQA policy principles)	Would streamline filing of CEQA notices of determination for multi-county water transfers and improve public access to those notices. Notice of multi-county water transfers would be made available on CEQAnet for broader public access.
AB 349 Gonzalez (D) Sponsor: San Diego County Water Authority	Amended 8/17/15 Signed by Governor; Chapter 266, Statutes of 2015	Common Interest Developments: Amends Davis-Stirling Common Interest Development Act to prevent homeowners' associations from prohibiting use of artificial turf or any other synthetic surface that resembles grass.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Removes existing loophole with homeowners' associations in regards to converting water intensive landscape to more sustainable landscapes. Would encourage conservation and, at association level, could save significant amounts of water.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 501 Levine (D) Sponsor: Author	Amended 4/22/15 Assembly Appropriations Committee; suspense file; two-year bill	Resources: Delta Research: Requires person conducting state-funded research to take specified actions to share primary data, samples, physical collections and other supporting materials created or gathered in the course of the research with the Delta Science Program (DSP).	SUPPORT IF AMENDED (based upon June 2007 board-adopted Delta Action Plan)	Metropolitan has strongly supported, and has argued for, more transparency regarding data collected or used for Delta science. Metropolitan will seek amendments to ensure data comparability; to confirm that data is easily discoverable, accessible and usable; to ensure existing state repositories are used by the DSP; and include the development of web services for larger state databases in existence.
AB 585 Melendez (D) Sponsor: Author	Amended 7/15/15 Assembly Appropriations Committee; suspense file; two-year bill	Outdoor Water Efficiency: Personal Income Tax Credit: For taxable years beginning on January 1, 2015 to January 1, 2021, or until Governor rescinds current drought state of emergency, authorizes personal income tax credit equal to 25% of amount paid for water-efficiency improvements for outdoor landscapes.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Will incentivize homeowners to make improvements to outdoor landscapes during current drought emergency, which would reduce residential water demand.
AB 603 Salas (D) Sponsor: Author	Amended 5/21/15 Assembly Appropriations Committee; suspense file; two-year bill	Income Taxes: Turf Removal Tax Credit: Allows tax credit equal to \$2 per square foot of lawn removed by taxpayer who participates in water utility's incentive program.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Will incentivize homeowners and businesses to make improvements to outdoor landscapes, which would reduce residential and commercial water demand.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 606 Levine (D) Sponsor: Author	Amended 8/25/15 Signed by Governor; Chapter 665, Statutes of 2015	Water Conservation: Requires Dept. of General Services to increase water efficiencies when building, purchasing land, or making irrigation changes on state property.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Would reduce water use on state-owned properties where irrigation equipment is installed or replaced.
AB 647 Eggman (D) Sponsor: Author	Amended 6/30/15 Senate Natural Resources and Water Committee; two- year bill	Beneficial Use: Storing of Water Underground: Would amend California Water Code to state that diversion of water underground to protect water quality, prevent land subsidence or prevent or remediate chronic lowering of groundwater levels is a beneficial use. Also states that existing forfeiture provisions for non-use of water for period of longer than five years would not apply to water being beneficially used for these specific purposes.	SUPPORT (PENDING)	Recent amendment includes safeguards to ensure that permanent underground storage is implemented in reasonable manner. Amendments provide that SWRCB must confirm that flows are not already appropriated or diverted at times when federal Central Valley Project, State Water Project or other permitted reservoir releases are required to release supplemental project water to meet water quality objectives in Delta watershed.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 888 Bloom (D) Sponsors: Californians Against Waste, CASA, Clean Water Action	Amended 9/3/15 Signed by Governor; Chapter 594 , Statutes of 2015	Waste Management: Plastic Microbeads - Prohibits sale of personal care products containing plastic microbeads by January 1, 2020, as specified.	SUPPORT (based upon board action in June 2015)	Would protect Sacramento/San Joaquin Bay Delta, Colorado River and other watersheds from microbead pollution and mitigate impacts to the aquatic environment.
AB 935 Salas (D) Sponsor: Author	Amended 9/4/15 Senate Inactive File; two-year bill	Water Projects: Requires DWR to fund two specified projects on Friant-Kern Canal and San Joaquin River, under certain conditions. Funding shall not exceed \$75 million and is subject to future appropriation by Legislature.	OPPOSE UNLESS AMENDED (based upon June 2007 board- adopted Delta Action Plan)	Projects named in bill have potential to negatively impact State Water Project's ability to deliver water supply through Delta due to potential effects on hydrology, hydropower, water quality, fisheries and other aquatic resources in the Delta. Measure contains no best available science requirement or any public hearing prerequisite to give potentially impacted parties a chance to weigh in before projects move forward.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 1139 Campos (D) Sponsor: Author	Amended 3/26/15 Assembly Revenue and Taxation Committee; two- year bill	Personal Income Tax Credit: Turf Removal: For taxable years beginning on January 1, 2015, authorizes tax credit to taxpayer participating in lawn replacement program in amount equal to \$2 per square foot of conventional lawn removed up to \$50,000 per taxable year.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Will incentivize homeowners to make improvements to outdoor landscapes, which would reduce residential water demand.
AB 1164 Gatto (D) Sponsor: Author	Amended 9/4/15 Signed by Governor; Chapter 671, Statutes of 2015	Water Conservation: Prohibits cities and counties from enacting or enforcing any ordinance or regulation that prohibits installation of drought tolerant landscaping, synthetic grass or artificial turf on residential property.	WATCH	Metropolitan supported prior version of bill which provided \$100 million, for three fiscal years, from General Fund for turf removal rebates. Amended bill lifts outdated bans on use of artificial turf on front lawns.
AB 1201 Salas (D) Sponsor: Author	Amended 7/16/15 Senate Appropriations Committee – two-year bill	Delta: Predation: Directs Department of Fish and Wildlife to develop science-based approach that addresses predation in the Delta.	SUPPORT (based upon June 2007 board- adopted Delta Action Plan)	Aligns with Metropolitan's broader efforts to base management decisions in Delta on science. Places responsibility on appropriate state agency to manage statewide problem.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
AB 1325 Salas (D) Sponsor: Author	Introduced 2/27/15 Assembly Water, Parks and Wildlife Committee; failed passage; granted reconsideration; two year-bill	Delta Smelt Preservation: Would establish Delta Smelt Preservation and Restoration Act of 2016 to require Dept. of Fish and Wildlife to develop delta smelt fish hatchery program to help preserve species.	SUPPORT IN CONCEPT [based upon board action in May 2008 on SB 994 (Florez)]	Delta smelt generally live only one year, making its long-term survival dependent on each year's offspring. Recent monitoring trawls indicate smelt population has declined to lowest levels in recorded history.
SB 143 Stone (R) Sponsor: Author	Introduced 1/27/15 Senate Environmental Quality Committee; two- year bill	Diamond Valley Lake: Recreational Use: Would exempt Diamond Valley Lake (DVL) in Riverside County from statutory protections for drinking water reservoirs.	OPPOSE (based upon board action in February 2015)	Body-contact recreation at DVL will increase risk of waterborne disease to downstream consumers. By excluding body-contact recreation at DVL, as was decided by Metropolitan's Board in 1998, Metropolitan has provided high- quality boating experience while protecting public health of downstream water consumers.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
SB 385 Hueso (D) Sponsor: ACWA	Amended 6/18/15 Signed by Governor; Chapter 272, Statutes of 2015	Primary Drinking Water Standards: Hexavalent Chromium: Compliance Plan: Authorizes SWRCB to grant public water system period of time to achieve compliance with hexavalent chromium, as specified. Will protect public water system from being deemed in violation while implementing SWRCB-approved compliance plan.	SUPPORT (based upon board action in April 2015)	An extended implementation period is sound public policy that balances need to protect public health with practical implementation constraints.
SB 471 Pavley (D) Sponsor: Author	Amended 8/17/15 Assembly Appropriations Committee – two-year bill	Water, Energy and Reduction of Greenhouse Gas Emissions (GHG): Would authorize SWRCB, in cooperation with the CEC, CARB, PUC and DWR to establish grant and loan program for water projects that result in net reduction of water-related GHGs. Also directs CEC, in cooperation with SWRCB, CARB, PUC and DWR, to conduct study of water-related energy use in California.	SUPPORT AND SEEK AMENDMENTS (based upon August 2008 board-adopted energy policy principles)	While energy use has always been key factor in water resource planning, measure would provide new opportunities for accessing funding for projects that reduce water-related GHG emissions.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
SB 485 Hernandez (D) Sponsor: LA County Sanitation District	Amended 8/27/15 Signed by Governor; Chapter 678, Statutes of 2015	County of Los Angeles: Sanitation Districts (LACSD) – Allows sanitation districts in LA County to divert, manage and treat stormwater and dry weather runoff. Water would then be discharged into stormwater system or receiving water body for beneficial use. Would clarify that bill does not alter any existing water rights or water rights law.	SUPPORT (based upon board action in May 2015)	Provides another alternative for cities and Los Angeles County Flood Control District (LACFCD) to comply with LA Region Municipal Separate Storm Sewer System (MS4) permit. Metropolitan does discharge into storm drain system as conditionally exempt essential public service and through approval by LACFCD. By managing stormwater and dry-weather runoff, LACSD could help reduce concentration of various constituents via treatment prior to discharge into receiving water body.
SB 553 Wolk (D) Sponsor: Author	Introduced 2/26/15 Senate Appropriations Committee; suspense file; two-year bill	Water Conservation: Requires Dept. of General Services to identify each public property in department's property inventory and, where feasible, implement water demand reductions to comply with model water efficient landscape ordinance developed by Dept. of Water Resources.	SUPPORT (based upon August 2011 board-adopted water use efficiency policy principles)	Will result in state-owned property contributing to statewide water savings by utilizing water efficient improvements for outdoor irrigation.

**Metropolitan Water District of Southern California
State Legislation Matrix 10/11/2015**

Bill Number Author	Amended Date; Location	Title-Summary	MWD Position	Effects on Metropolitan
SB 637 Allen (D) Sponsor: Sierra Fund	Amended 9/10/15 Signed by Governor; Chapter 680, Statutes of 2015	Suction Dredge Mining Permits: Prohibits Dept. of Fish and Wildlife (DFW) from issuing permit for suction dredge mining until application is complete and all required water quality permits are issued. DFW to issue permit if it determines suction dredge will not cause significant effects to fish and wildlife. SWRCB or RWQCBs must adopt waste discharge requirements that address mercury effects of suction dredge mining.	SUPPORT (based upon June 2007 board-adopted Delta Action Plan)	Regulation of suction dredge mining permits could benefit listed salmon and steelhead runs in the Sacramento and Central Valleys. Could also help minimize new influxes of mercury into the Delta, where methylation is an ongoing problem that requires further study and mitigation to avoid impacts to tidal marsh restoration efforts.



Item No. 2

ACTION ITEM November 18, 2015

TO: Board of Directors

FROM: Public Affairs & Legislation Committee
(Directors Barbre, Hinman, & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: Selection of a Firm for Legislative Advocacy Services in Sacramento

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the General Manager to enter into a professional services contract with Best, Best & Krieger (BB&K) to provide state legislative advocacy services.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAIL REPORT

In June of this year, the MWDOC Board approved updates to the Administrative Code. Pursuant to section 8000 of the Administrative Code, "It is MWDOC's policy that purchasing and contracting shall be conducted in a fair, open, and transparent manner so as to maximize benefits to MWDOC. All contracts should be reviewed and re-bid at least every five (5) years, except in situations with documented significant benefits to MWDOC." The state advocacy services contract has not been re-bid within the past five years, therefore a competitive RFP process was implemented.

With this in mind, staff led the effort in preparing and issuing a Request for Proposals (RFP) for state advocacy services under the schedule below:

PREPARATION OF 2015 URBAN WATER MANAGEMENT PLANS FOR MWDOC AND A GROUP OF MWDOC MEMBER AGENCIES	
Task Item	Completion Date
1. MWDOC completion of draft in-house RFP	September 16
2. Issue Draft RFP to Potential Consultants (issued to 14 firms)	September 23
3. Closing date for submittal of comments and questions by Consultants and Agencies	October 9
4. Proposals Due (7 proposals were received)	October 16 5:00 PM
5. Ad-Hoc Committee met to review and shortlist consultants for interviews	October 21
6. Interviews with shortlisted firms	October 28-29
7. Ad-Hoc Committee rankings due	November 4
8. Recommendation to the Public Affairs & Legislation Committee	November 16
9. Authorization by MWDOC Board	November 18
10. Contract start	January 1, 2016

Proposals and Proposal Evaluation

MWDOC received seven proposals by the closing date:

- Best, Best & Krieger
- Chris Kahn Consulting
- Edelstein, Gilbert, Robson & Smith
- JGC Government Affairs & Carpenter Sievers
- Mercury Public Affairs & The Onate Group
- Public Policy Advocates
- Townsend Public Affairs

All seven proposals received met the initial qualifying criteria and were reviewed by the Ad-Hoc Committee consisting of: Directors Barbre, Osborne and Tamaribuchi, Rob Hunter, Heather Baez, and Kathy Cole of Metropolitan Water District of Southern California.

The Ad-Hoc Committee convened to review and rank the proposals and approach. From there, agencies were “shortlisted” for interviews. The committee interviewed the following four firms: Best, Best & Krieger; Edelstein, Gilbert, Robson & Smith; JGC Government Affairs & Carpenter Sievers; and Townsend Public Affairs. The quality of the proposals was quite high and the interviews highlighted both common elements and distinct

differences between the shortlisted firms. The members of the Ad-Hoc Committee independently ranked the firms. Based on the combined rankings, Best, Best & Krieger was selected.

Recommendation

Staff's recommendation is to proceed with a contract with BB&K to provide state advocacy services. All four firms interviewed were quality firms. Ultimately BB&K was chosen by the majority of the committee. Their proposal stood out based on the following qualities the committee felt was important for MWDOC to be successful in Sacramento.

1. They will assist MWDOC in developing a strong comprehensive, strategic plan to help achieve short and long-term goals with objectives and deadlines.
2. While all firms offer bill tracking and identifying bills of interest to MWDOC and its member agencies, where BB&K stood out was their ability to utilize their legal team and lobbying firm to spot issues, and have recommended positions ready early in the process so that MWDOC can be proactive in our advocacy approach.
3. They will also proactively identify and source opportunities to build strategic relationships that will benefit MWDOC and its member agencies.



Item No. 3

ACTION ITEM November 18, 2015

TO: Board of Directors

FROM: Public Affairs & Legislation Committee
(Directors Barbre, Hinman, & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: Selection of a Firm for Legislative Advocacy Services in Washington D.C.

STAFF RECOMMENDATION

Staff recommends the Board of Directors authorize the General Manager to enter into a professional services contract with James C. Barker to provide federal legislative advocacy services.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAIL REPORT

In June of this year, the MWDOC Board approved updates to the Administrative Code. Pursuant to section 8000 of the Administrative Code, "It is MWDOC's policy that purchasing and contracting shall be conducted in a fair, open, and transparent manner so as to maximize benefits to MWDOC. All contracts should be reviewed and re-bid at least every five (5) years, except in situations with documented significant benefits to MWDOC." The state advocacy services contract has not been re-bid within the past five years, therefore a competitive RFP process was implemented.

With this in mind, staff led the effort in preparing and issuing a Request for Proposals (RFP) for state advocacy services under the schedule below:

PREPARATION OF 2015 URBAN WATER MANAGEMENT PLANS FOR MWDOC AND A GROUP OF MWDOC MEMBER AGENCIES	
Task Item	Completion Date
1. MWDOC completion of draft in-house RFP	September 16
2. Issue Draft RFP to Potential Consultants (issued to 5 firms)	September 23
3. Closing date for submittal of comments and questions by Consultants and Agencies	October 2
4. Proposals Due (3 proposals were received)	October 14 5:00 PM
5. Ad-Hoc Committee met to review proposals	October 19
6. Ad-Hoc Committee rankings due	November 4
7. Recommendation to the Public Affairs & Legislation Committee	November 16
8. Authorization by MWDOC Board	November 18
9. Contract start	January 1, 2016

Proposals and Proposal Evaluation

MWDOC received three proposals by the closing date:

- Best, Best & Krieger
- James C. Barker
- Natural Resource Results

All three proposals received met the initial qualifying criteria and were reviewed by the Ad-Hoc Committee consisting of: Directors Barbre, Osborne and Tamaribuchi, Rob Hunter, and Heather Baez.

The Ad-Hoc Committee convened to review and rank the proposals and approach. From there, the committee convened with their individual rankings to determine if interviews were necessary. Due to the fact that only three proposals were received, and all three were quite thorough in their approach, the group felt comfortable making their selection without interviews. The members of the committee ranked the firms, and based on the rankings, James C. Barker was selected.

Recommendation

Based on the deliberations of the Ad-Hoc Committee, Staff's recommendation is to proceed with a contract with James C. Barker to provide federal advocacy services. All three proposals were well written and all of the firms are well qualified to represent MWDOC on federal matters. Ultimately James C. Barker was chosen by the majority of the committee to continue as MWDOC's legislative advocate in Washington D.C. Mr. Barker has

consistently provided strategic guidance for MWDOC on federal issues and his proposal outlined how he can continue to be successful on MWDOC's behalf. He will continue to assist in developing legislative strategies and policy principles that raise awareness of MWDOC issues as well as being proactive in dealing with legislation. Mr. Barker is also a licensed member of the D.C. Bar and has used his legal expertise in drafting amendments for legislation that has benefitted MWDOC, as well as assist in obtaining federal funds. For these reasons, the committee felt that continuing with Mr. Barker as our federal advocate was appropriate.



ACTION ITEM
November 18, 2015

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: MWDOC Legislative Policy Principles Annual Update

STAFF RECOMMENDATION

Staff recommends the committee review and discuss the updated legislative policy principles and direct staff as appropriate.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

MWDOC maintains a set of legislative policy principles that serve as guidelines for staff and our legislative advocates on issues that are of importance to the District. The policy principles here are a culmination of current policies and initial changes recommended by staff and directors.

The purpose of these principles is to assist District staff and its legislative advocates in the evaluation of legislation that may impact the District, its member agencies, the interests of Orange County, the Metropolitan Water District of Southern California and/ or its member agencies. The principles establish guidelines to allow the District to respond to certain types of legislation in a timely manner while issues that are not clear or have complicated implications will be presented to the Board for further guidance.

Budgeted (Y/N): n/a	Budgeted amount:	Core x	Choice __
Fiscal Impact (explain if unbudgeted):			

Changes are shown as follows:

Additions are *italicized*

Deletions are ~~crossed through~~

Director suggested changes are underlined

Staff has solicited input from the member agencies through the general managers and other participating city staff via the MWDOC Member Agencies Managers and Legislative Coordinators group. Additional follow-up was made by staff encouraging participation, however, no member agency feedback was received.

NOTE: Staff recommended additions are in *italics*, deletions are in ~~strike through~~ font. Director recommendations are also underlined.

Municipal Water District of Orange County **Legislative Policy Principles**

IMPORTED WATER SUPPLY

It is MWDOC's policy to support legislation that:

- 1) Ensures the implementation of a ~~long-term~~ state water plan that balances California's competing water needs and results in a reliable supply of high- quality water for Orange County.
- 2) Facilitates the implementation of the ~~Bay-Delta Conservation Plan~~ *California WaterFix*, the co- equal goals of reliable water supply and ecosystem restoration, and related policies that provide long term, comprehensive solutions for the San Francisco Bay/Sacramento-San Joaquin River Delta that:
 - a) Provides reliable water supplies to meet California's short- and long- term needs;
 - b) Improves the ability to transport water across the Delta either for, or in supplement to, State Water Project deliveries;
 - c) Improves the quality of water delivered from the Delta;
 - d) Enhances the Bay-Delta's ecological health in a balanced manner that takes into account all factors that have contributed to its degradation;
 - ~~e) Encourages cost-effective water use efficiency measures;~~
 - f) Employs sound scientific research and evaluation to advance the co-equal goals of improved water supply and ecosystem sustainability.
- 3) Funds a ~~long-term~~, comprehensive Bay-Delta solution in a manner that equitably apportions costs to all beneficiaries.
- 4) Seeks to ~~expedite the keep BDCP California WaterFix on schedule and prudently expedites the approval process for projects that will~~ to improve water reliability and security.
- 5) Provides funding for Colorado River water quality and supply management efforts.
- 6) Provides conveyance and storage facilities that are cost-effective for MWDOC and its member agencies, while improving the reliability and quality of the water supply.
- 7) Authorizes and appropriates the federal share of funding for the ~~long-term~~ Bay Delta solution.

8) Authorizes and appropriates the ongoing state share of funding for the long-term Bay Delta solution.

It is MWDOC's policy to oppose legislation that:

- 1) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/ or quality of such water.
- 2) Imposes water user fees to fund Bay Delta ecosystem restoration and other public purposes, non-water supply improvements in the Delta region.

LOCAL WATER RESOURCES

It is MWDOC's policy to support legislation that:

- 1) *Supports the development of, provides funding for, and authorizes and/or facilitates the expanded use of, water recycling, potable reuse, conservation, groundwater recovery and recharge, storage, brackish and ocean water desalination and surface water development projects.*
- 2) Recognizes that recycled water is a *valuable* resource ~~and that should be~~ justified *evaluated for economic justification, permitted and managed as such.*
- 3) Authorizes local governmental agencies to regulate the discharge of contaminants to the sewer collection system that may adversely affect water recycling and reuse.
- 4) Reduces regulatory burdens on water development recycling *projects* and brackish and ocean water desalination projects.
- 5) Supports ecosystem restoration, increased stormwater capture and sediment management activities at Prado Dam.
- ~~6) Recognizes and supports the development of ocean desalination as a critical new water supply for the state and Orange County, specifically.—(Redundant – added to #1)~~
- 7) Authorizes, promotes, and provides incentives for indirect and direct potable reuse projects.
- 8) Recognizes that the reliability of supplies to the end user is the primary goal of water suppliers.
- 9) *Ensures that decision-making with regard to stormwater management and recapture is kept at the local or regional level through local water agencies, stormwater districts, cities, counties, and regional water management groups.*
- 10) *Recognizes that stormwater management and recapture are important tools in a diversified water portfolio that can help to achieve improved water quality in local surface and groundwater supplies, and augment surface and groundwater supplies for local water agencies.*

11) *Reduces or removes regulatory hurdles that hinder the use of stormwater.*

12) *Provides incentives for the local or regional use of stormwater management and recapture.*

It is MWDOC's policy to oppose legislation that:

1) Restricts a local governmental agency's ability to develop their local resources in a manner that is cost-effective, environmentally sensitive, and protective of public health.

2) Imposes barriers to the safe application of recycled water and continues to define recycled water as a waste.

3) Would make urban water supplies less reliable, or would substantially increase the cost of imported water without also improving the reliability and/ or quality of such water.

4) Restricts or limits a local governmental agency's ability to establish local priorities for water resources planning decisions.

WATER USE EFFICIENCY

It is MWDOC's policy to support legislation that:

1) Furthers the statewide goal of a 20% reduction in per capita water use by 2020 as set forth in SBx7-7, enacted in November 2009.

2) Would allow flexibility and options for compliance in achieving statewide water reduction goals.

3) Seeks to cost effectively improve water efficiency standards for water-using devices.

4) Provides loans and grants to fund incentives for water conserving devices or practices.

5) Advances and ensures accurate reporting of the implementation of water efficiency measures of the Best Management Practices (BMPs) for the California Urban Water Conservation Council's Memorandum of Understanding.

6) ~~Increases~~ Promotes landscape water use efficiency and ~~promotes~~ Commercial, Institutional and Industrial (CII) water use efficiency programs.

7) Requires individual or sub-metering to be built in new construction of multiple unit residential buildings.

8) Encourages stakeholders to investigate and develop regionally appropriate statewide landscape water conservation standards and regulations that incorporate local land use and climate factors.

9) Provides incentives, funding, and other assistance where needed to facilitate market transformation and gain wider implementation of water-efficient indoor and outdoor technologies and practices.

10) Provides incentives, funding, and other assistance where needed to facilitate water use efficiency partnerships with the energy efficiency sector.

11) Recognizes past investments in water use efficiency measures, especially from the demand hardening perspective.

It is MWDOC's policy to oppose legislation that:

1) Fails to ensure balance in the implementation of water efficiency practices and requirements for both urban and agricultural use.

2) Would repeal cost-effective efficiency standards for water-using devices.

WATER QUALITY

It is MWDOC's policy to support:

1) ~~Legislation that protects the quality of surface water and groundwater including the reduction of salt loading to groundwater basins.~~ (This has been suggested for possible deletion as it is thought to be the role of the regional boards. Open for Board discussion.)

2) Funding that helps agencies meet state and federal water quality standards.

3) The establishment and/ or implementation of standards for water-borne contaminants based on sound science and with consideration for cost-effectiveness.

It is MWDOC's policy to oppose:

1) Legislation that could compromise the quality of surface water and groundwater supplies.

2) Legislation that establishes and/ or implements standards for water-borne contaminants without regard for sound science or consideration for cost effectiveness.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

It is MWDOC's policy to oppose legislation that:

1) Compromises the existing governance structure and the representation of member agencies on the Metropolitan Water District Board of Directors.

2) Would restrict MET's rate-making ability.

WATER TRANSFERS

It is MWDOC's policy to support legislation that:

- 1) Encourages and facilitates voluntary water transfers.
- 2) Provides appropriate protection or mitigation for impacts on the environment, aquifers, water-rights holders and third-parties to the transfer including those with interests in the facilities being used.
- 3) Legislation that encourages transfers which augment existing water supplies, especially in dry years.

It is MWDOC's policy to oppose legislation that:

- 1) Undermines the operations and maintenance of the conveyance system *conveying the water*.
- 2) Interferes with the financial integrity of a water utility and compromises water quality.
- 3) Increases regulatory or procedural barriers to water transfers at the local or state level.

WATER INFRASTRUCTURE FINANCING

It is MWDOC's policy to support legislation that:

- 1) Employs a "beneficiary pays" principle that establishes a clear nexus between the cost paid to the direct benefit received. Likewise, those who do not benefit from a particular project or program should not be required to pay for them.
- 2) Establishes grants or other funding opportunities for local and regional water infrastructure projects.
- 3) Considers local investments made in infrastructure, programs, mitigation and restoration in determining appropriate cost shares for water infrastructure investments.
- 4) Would reduce the cost of financing water infrastructure planning and construction, such as tax-credit financing, tax-exempt municipal bonds, Water Resources Development Act (WRDA), Water Infrastructure Finance Innovation Act (WIFIA), the Environmental Infrastructure Accounts and other funding mechanisms.

It is MWDOC's policy to oppose legislation that:

- 1) Establishes a fee or tax that does not result in a clear benefit to the District, its member agencies, and their customers.
- 2) Would reduce the total available water infrastructure financing measures such as WIFIA, state-revolving funds, and others.

ENERGY

It is MWDOC's policy to support legislation that:

- 1) Facilitates the development and expansion of clean, renewable energy in California, including hydropower.
- 2) Supports water supply reliability as the primary focus of water agencies and energy intensity of water supplies as a secondary factor.
- 3) Recognizes the role and value of the water industry investment in water use efficiency and therefore recognizes WUE efforts towards greenhouse gas reduction, including funding such activities.
- 4) Recognizes hydroelectric power as a clean, renewable energy source and that its generation and use meets the greenhouse gas emission reduction compliance requirements called for in the Global Warming Solutions Act of 2006 (AB 32).

It is MWDOC's policy to oppose legislation that:

- 1) Grants preferential consideration to certain types of clean, renewable energy projects over others, resulting in those preferred projects receiving advantages for state funding, project permitting, and regulatory compliance.

FISCAL POLICY

It is MWDOC's policy to support legislation that:

- 1) Requires the federal and state governments to provide a subvention to reimburse local governments for all mandated costs or regulatory actions.

It is MWDOC's policy to oppose legislation that:

- 1) Is inconsistent with the District's current investment policies and practices.
- 2) Pre-empts the District's ability to impose or change water rates, fees, or assessments.
- 3) Impairs the District's ability to maintain levels of reserve funds that it deems necessary and appropriate.
- 4) Impairs the District's ability to provide services to its member agencies and ensure full cost recovery.

5) Makes any unilateral reallocation of District revenues, or those of its member agencies, by the state unless the state takes compensatory measures to restore those funds.

6) Would impose mandated costs or regulatory constraints on the District or its member agencies without reimbursement.

7) *Mandates a specific rate structure for retail water agencies.*

8) *Imposes a "public goods charge" or "water tax" on public water agencies or their ratepayers.*

GOVERNANCE

It is MWDOC's policy to support legislation that:

1) Advances good government practices and public transparency measures in a manner that ~~de~~ does not take a "one-size fits all" approach, respects local government control, and facilitates technological efficiencies to meet state reporting and disclosure requirements.

It is MWDOC's policy to oppose legislation that:

1) Advances local government reform measures by imposing unnecessarily broad burdens upon all local governments, particularly when there is no demonstration of rampant and wide-spread violations of the public trust.

2) Shifts state programs, responsibilities and costs to local governments without first considering funding to support the shift.

3) Seeks to limit or rescind local control.

4) Reduces or diminishes the authority of the District to govern its affairs.

5) Imposes new costs on the District and the ratepayers absent a clear and necessary benefit.

6) Resolves state budget shortfalls through shifts in the allocation of property tax revenue or through fees for which there is no direct nexus to benefits received.

PUBLIC EMPLOYEE PENSION REFORM

It is MWDOC's policy to support legislation that:

1) Seeks to contain or reform public employee pension and other post-employment benefit (OPEB) cost obligations that are borne by public agencies via taxpayers and ratepayers.



ACTION ITEM
November 18, 2015

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman, Tamaribuchi)

Robert Hunter, General Manager

SUBJECT: ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) BYLAW AMENDMENTS AND ELECTION OF ACWA PRESIDENT AND VICE PRESIDENT

STAFF RECOMMENDATION

Staff recommends the Board of Directors discuss the proposed bylaw amendments and candidates for President and Vice President of the Association of California Water Agencies (ACWA) and appoint a representative and an alternate to cast the District's ballot at the ACWA Fall Conference in Indian Wells on Wednesday, December 2, 2015.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting):

SUMMARY

The Association of California Agencies (ACWA) will conduct an election at its fall conference in Indian Wells on Wednesday, December 2nd. The purpose of the election is to have its membership approve proposed amendments to ACWA's bylaws recommended by the ACWA Board of Directors, as well as elect the President and Vice President for the 2016-17 term. Each member agency will receive a proxy card for voting in the election once its voting representative has signed-in as the proxy holder.

The ACWA Nominating Committee announced a slate that recommends current Vice President, Kathleen Tiegs for ACWA President, and Region 2 Board member Brent Haste (Yuba County Water Agency) for ACWA Vice President. The MWDOC Board adopted a resolution supporting Ms. Tiegs and has received a request (attached) for continued support during the election. Nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination. Attached are the election guidelines.

Budgeted (Y/N): N/A	Budgeted amount:
Action item amount:	Line item:
Fiscal Impact (explain if unbudgeted):	

ACWA is also proposing amendments to its bylaws, in response to the priority actions identified in the 2014-15 Strategic and Business Plan. These amendments have been reviewed by the ACWA Legal Affairs Committee workgroup. An overview of these proposed bylaw amendments will be provided by an ACWA Legal Affairs Committee representative during the General Session Membership Meeting before the item is called for a vote.

The proposed bylaw amendments make changes in six primary areas:

1. Consistency with updated Board Policy Manual
2. Consistency with California nonprofit corporation law requirements
3. Consistency with business practices post 2012 reorganization
4. Clarification of roles and responsibilities
5. Clarification of election procedures of ACWA's Board officers
6. Other minor clean-up items

A red-lined version of the ACWA bylaws is attached. Some of the changes include:

- Removing the General Counsel as an officer
- Removing the requirement for fidelity bonds to be furnished for all officers and/or employees handling finances for ACWA
- Removing the Council of Past Presidents from the Board
- Moves the Council of Past Presidents to Article 4 of the bylaws, which outlines duties but does not include them as board members
- Removing General Counsel from the Code of Conduct enforcement process
- Establishing Region Boards as 3-5 members (rather than 5-7)
- Removes "Other Duties" from Executive Committee's duties, and establishes the Executive Committee's role in approving the classification and compensation plan (and salary schedules)
- Clarifies who may attend Executive Committee meetings
- Clarifies Nominating Committee's duties and processes
- Establishes Notice Requirements for Membership and Special Meetings
- Clarifies and establishes nomination procedures for the President and Vice President (Article 9/Section 9)
- Creation of language that sets forth provisions for the Indemnification of directors, officers, and other agents to comply with nonprofit corporation requirements (as set forth in California Corporations Code)
- Creation of language that sets forth parameters for the disposition of ACWA's assets upon dissolution of the organization (consistent with California Corporations Code)
- Other miscellaneous clarification/clean up items

RECEIVED

OCT 26 2015

MWD OF OC

October 19, 2015

Board of Directors
Municipal Water District of Orange County
PO Box 20895
Fountain Valley, CA 92708

Dear President and Members of the Board:

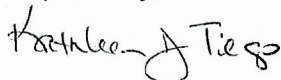
I am honored to share with you that I have officially received the 2016-2017 nomination for President of the Association of California Agencies (ACWA). I am poised and ready to provide strong leadership and guidance to our over 430 member agencies that represent ACWA.

Over the summer many of our members confirmed their support of my nomination through resolutions, phone calls and one-to-one meetings with me. I thank you for your support and will do everything in my power to represent you and your agency's unique perspective to ensure sensible water policy is being proposed at both the state and federal level.

There are many wonderful characteristics about ACWA, but the attributes that I cherish the most are the diverse perspectives of our members. We have built a collaborative and supportive community that works together to solve issues that have lasting benefits to the regions that we serve. There are many more challenges before us that will require a style of leadership that seeks to find solutions that benefit our industry and our ratepayers. I am completely committed, willing and able to continue a legacy of leadership that helps resolve issues and provides a better water supply outlook for future generations.

I respectfully request your support to represent you and your organization and the millions of people that rely on our foresight and leadership to provide a high quality and reliable water supply to our customers. I look forward to seeing you at our Fall Conference in Indian Wells. Thank you for your continued support and please contact me should you have any questions about my candidacy at 909.635.4177.

Respectfully,



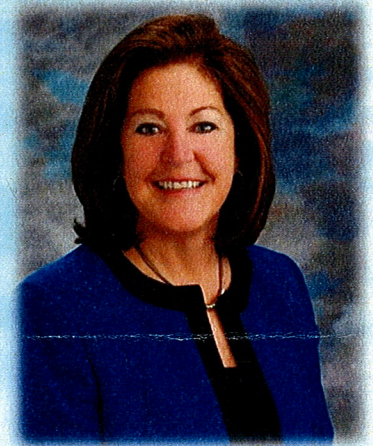
Kathleen J. Tiegs
Director

Kathleen Tiegs
For
2016-2017 Association of California Water Agencies
President

October 19, 2015

My Fellow ACWA Member:

Over the past two years I have had the pleasure to serve in the capacity as ACWA Vice-President working closely with President John Coleman, Past President Randy Record and my other colleagues on the ACWA board of directors. As a team, we work collaboratively engaging in issues that are critical to the water community as well as to the ratepayers that we represent at each of our agencies.



My experience with ACWA began on a regional basis having served on the ACWA Region 9 Board of Directors beginning in 2008. I also had the opportunity to serve as the Vice-Chair of the Federal Affairs Committee, and served on the Local Government and the Groundwater Committees. My active participation in the committees and the Region 9 board provided a strong foundation as I began to pursue other avenues to expand my understanding and knowledge of the ACWA organization. The experience I have gained over the past two years has well-equipped me to effectively dialogue with the Administration, regulatory agencies, and other special interest groups that impact our industry. More importantly it has given me the experience to lead our organization, and build upon the accomplishments of those that came before me.

Currently, I serve as the Chair of the Sustainable Groundwater Management Act Implementation Policy Group. The Group has provided a critical role working closely with the Administration and the Department of Water Resources to ensure members concerns are clearly voiced as the law is implemented. In order to be an effective leader I believe it is important to engage with members throughout the state so I can better understand the issues in all of the regions. I regularly attend ACWA committee meetings, as well as regional events so I can have a two-way conversation with members and hear what is important to them and their regions.

Currently, I serve on the Cucamonga Valley Water District (CVWD) Board of Directors. I was elected to CVWD in November 2005 and have served as both President and Vice-President of the Board of Directors. Prior to my serving on the CVWD Board, I enjoyed a career in water resources management for a local wholesale water agency for over 30 years. In April 2011, I was honored by State Assembly Member Mike Morrell as the 63rd Assembly District Woman of the Year.

Thank you for allowing me to share my experience, leadership and knowledge with you. I look forward to the opportunity to represent you and the water industry of California. Please feel contact me directly should you have questions about my candidacy (909) 635-4177.

Thank you in advance for your consideration.

Kathleen J. Tiegs



Association of California Water Agencies

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OCT 21 2015

MWD OF OC

MEMORANDUM

TO: ACWA Public Agency Members
General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: John A. Coleman, ACWA President
Kathleen J. Tieg, ACWA Vice President
Timothy Quinn, ACWA Executive Director

DATE: October 14, 2015

SUBJECT: General Session Membership Meeting at ACWA 2015 Fall Conference

There will be a General Session Membership Meeting of ACWA's membership at the 2015 Fall Conference in Indian Wells, California, on **Wednesday, December 2**. The meeting will be held in the Crystal Ballroom, Renaissance Indian Wells at 1:05 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2016-2017 term and to conduct a vote by the membership on proposed amendments to the Association's Bylaws as recommended by the Board of Directors at its meetings on July 31 and September 25, 2015.

ELECTION OF PRESIDENT/VICE PRESIDENT

The ACWA Nominating Committee has announced a 2016-2017 slate that recommends current Vice President Kathleen J. Tieg for ACWA President and Region 2 Board Member Brent Hastey for ACWA Vice President. As provided by ACWA's Bylaws (Article 9), nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination. (See attached for General Session/Election Procedures.)

PROPOSED AMENDMENTS TO ACWA'S BYLAWS

In response to the priority actions identified in the 2014-2015 Strategic and Business Plan, staff has been working to comprehensively review and update its governance documents (i.e., Board Policy Manual and the Association's Bylaws). The proposed bylaws amendments have been reviewed by a Legal Affairs Committee Workgroup and represent the Board's actions to address the following issues:

1. Consistency with updated Board Policy Manual
2. Consistency with California nonprofit corporation law requirements
3. Consistency with business practices post 2012 reorganization
4. Clarification of roles and responsibilities

5. Clarification of election procedures of ACWA's Board Officers
6. Other minor clean-up items

The Board of Directors recommends adoption of the proposed amendments to the Association's Bylaws through a vote of the membership. ACWA staff is available in advance of the membership meeting on December 2 to answer any questions you may have. A Legal Affairs Committee representative will also provide an overview of these changes during the General Session Membership Meeting before the item is called for a vote. (The proposed bylaws amendments are attached.)

MEMBERSHIP VOTING PROCESS

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency on the proxy designation form. The designated voting representative is required to register and sign as the proxy holder to receive the proxy card. Proxy cards will **only** be available for pick-up on **Wednesday, December 2**, between **9:00 a.m. and 12:30 p.m.** at the **ACWA General Session Desk** in the alcove area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.

To expedite the sign-in process at the **ACWA General Session Desk**, please indicate your voting delegate on the enclosed proxy designation form and return it by email (**donnap@acwa.com**) or fax (**916-325-4857**) at your earliest convenience. If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Executive Assistant/Clerk of the Board, Donna Pangborn, at 916-441-4545 or **donnap@acwa.com**.

If you have any questions, do not hesitate to contact us by telephone or e-mail.

dgp

Enclosures:

1. General Session/Election Procedures
2. Proposed ACWA Bylaws Amendments – Redline Version
3. Proposed ACWA Bylaws Amendments – Clean Version
4. Proxy Form

GENERAL SESSION/ELECTION PROCEDURES FOR ACWA 2015 FALL CONFERENCE

The following information is provided to inform the ACWA member agency delegates attending the 2015 Fall Conference of the procedures to be used pertaining to the nomination and election of ACWA officers and the vote by the membership on proposed amendments to the bylaws during the General Session Membership Meeting.

PROXY CARDS – (REQUIRED FOR VOTING)

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency. In order to vote during the General Session Membership Meeting, the designated voting representative is required to register and sign as the proxy holder by 12:30 p.m. on Wednesday, December 2. Upon registration and sign-in, the voting delegate will receive the required proxy cards. Proxy cards will be available for pick-up on **Wednesday, December 2, between 9:00 a.m. and 12:30 p.m.** at the ACWA General Session Desk in the alcove area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.

GENERAL SESSION MEMBERSHIP MEETING, WEDNESDAY, DEC. 2 (DOORS OPEN AT 12:50 P.M.)

1. The General Session Membership Meeting will be called to order at 1:05 p.m. and a quorum will be determined. The presence of 50 formally designated voting representatives is required to establish a quorum for transacting business.
2. A Legal Affairs Committee representative will provide an overview of the agenda and election procedures.
3. Nominating Committee Chair Paul Kelley will present the committee's report and announce the candidate for ACWA President.
4. President John Coleman will call for floor nominations for ACWA President.
5. If there are no floor nominations for President, the election will proceed. President Coleman will close the nominations and delegates will vote by holding up their "Yes" or "No" proxy voting cards.
6. If there are floor nominations for President, the nomination will follow the procedures established by Article 9 of ACWA's Bylaws, stating floor nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination. **Note: If there are floor nominations, the election of officers will proceed during Wednesday's General Session as outlined below and the proposed bylaws amendments will move to Thursday as outlined in item 12 below.**
 - a. Ballots will be distributed to the voting delegates.
 - b. Delegates will complete their ballots and place them in the ballot box, which will be centrally located in the Crystal Ballroom meeting room.
 - c. Tellers' Committee will count the ballots. President Coleman has appointed the following staff members to serve as the Teller's Committee: Clerk of the Board Donna Pangborn, Director of Member Services Paula Currie, and Regional Affairs Representative Katie Dahl.
 - d. A Legal Affairs Committee representative will serve as the proctor to oversee the ballot counting process.
 - e. Candidates are welcome to designate an observer to be present during the ballot counting process.
 - f. Results of the ballot count will be announced. Election of ACWA's officers will be determined by a majority of the members present and voting. If any one candidate does not receive a majority of the vote, successive ballot counts will be conducted until a candidate is elected, consistent with Robert's Rules of Order.

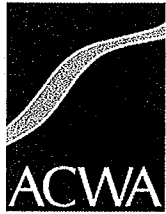
7. Nominating Committee Chair Paul Kelley will announce the candidate for ACWA Vice President.
8. President John Coleman will call for floor nominations for ACWA Vice President.
9. If there are no floor nominations for Vice President, the election will proceed. President Coleman will close the nominations and delegates will vote by holding up their "Yes" or "No" proxy voting cards.
10. If there are floor nominations for Vice President, the nominations will follow the procedures described in item 6 above, and the election will proceed according to the steps outlined in 6.a. through 6.f.

IF THERE ARE NO FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE WEDNESDAY GENERAL SESSION MEMBERSHIP MEETING WILL PROCEED WITH A VOTE ON THE PROPOSED BYLAWS AMENDMENTS.

11. A Legal Affairs Committee representative will provide an overview of the proposed bylaws amendments.
 - a. Consideration of bylaws amendments.
 - b. Request for motion / second from the floor to approve the proposed bylaws amendments.
 - c. Discussion of proposed amendments.
 - d. Opportunity for members to offer changes to proposed bylaws amendments (should there be any proposed changes to the proposed bylaws amendments, a majority vote of the voting members present is required for the changes to be added to the bylaws amendment for consideration of adoption of complete package.)
 - e. Call for the question. A two-thirds vote of the members present and voting is required to amend the ACWA Bylaws.

IF THERE ARE FLOOR NOMINATIONS FOR THE ELECTION OF OFFICERS, THE PRESENTATION AND VOTE ON THE PROPOSED BYLAWS AMENDMENTS WILL BE HANDLED IN THE FOLLOWING MANNER.

12. There will be a **Q&A Session** for the proposed bylaws amendments on Thursday, December 3, at the Hyatt Regency, Indian Wells Ballroom I-M, at 8:00 a.m. Replacement proxy cards will be available at the end of the Q&A Session, if needed.
13. The vote by the membership on the proposed bylaws amendments will occur at the Thursday, General Session Membership Meeting, at the Hyatt Regency, Indian Wells Ballroom I-M, at 1:20 p.m.
 - a. The General Session Membership Meeting will be called to order at 1:20 p.m. and a quorum will be determined. The presence of 50 formally designated voting representatives is required to establish a quorum for transacting business.
 - b. Request for motion / second from the floor to approve the proposed bylaws amendments.
 - c. Opportunity for members to offer changes to proposed bylaws amendments (should there be any proposed changes to the proposed bylaws amendments, a majority vote of the voting members present is required for the changes to be added to the bylaws amendment for consideration of adoption of complete package.)
 - d. Call for the question. A two-thirds vote of the members present and voting is required to amend the ACWA Bylaws.



Association of California Water Agencies

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BYLAWS of the Association of California Water Agencies

Proposed Bylaws Amendments – Redline Version

Amended by the ACWA Members: May 7, 2014

Proposed amendments: July 31 and September 25, 2015



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BYLAWS OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES

(As amended by the Members on May 7, 2014)

Proposed amendments approved by ACWA Board: July 31 and September 25, 2015

ARTICLE 1 – GENERAL

Section 1. Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 2. Principal Office. The principal office for the transaction of business of the Association is located at 910 K Street, Suite 100, Sacramento, California; provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.

Section 3. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

ARTICLE 2 – MEMBERSHIP AND DUES

Section 1. Membership.

- A. **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in subsection (B) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association.

- B. **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.
- C. **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 3. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member; and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 – OFFICERS

Following is an overview of the proposed amendments to Article 3:

- Provides language clarifying that the President and Vice President are the **elected** officers of the Association.
- Deletes the general counsel language since the position does not exist in ACWA's organizational structure. ACWA's legal counsel is provided by outside counsel based on direction from the Board during the 2012 reorganization.
- Deletes the fidelity bond language, which is now covered in newly proposed Article 10, Indemnification of Directors, Officers, and Other Agents.

Section 1. President and Vice President.

- A. **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association at its fall conference in each odd-numbered year, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.
- B. **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the Nominating Committee or the region boards.

The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

- C. **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 2. Executive Director/Secretary, and Controller-~~Treasurer~~, and General Counsel.

- A. **General.** The executive director/secretary and controller-~~treasurer~~ of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- B. **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive

Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller-/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.

C. **Controller-/Treasurer.** The controller-/treasurer shall report to and act under the direction of the executive director/secretary. The controller-/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

~~D. **General Counsel.** The general counsel shall advise the Board of Directors and executive director/secretary on all legal issues facing the Association including maintaining and developing the legal and contractual infrastructure required of a US-based nonprofit and such internal issues as organizational policy, document retention, filing and registration requirements, labor law, contracts, and leases.~~

~~**Section 3. Bonds.** The Board of Directors shall require fidelity bonds to be furnished for all officers and/or employees handling the finances of the Association in such amounts as it shall deem desirable or necessary, said bond, or bonds, to be approved by the Board of Directors and premiums paid by the Association.~~

ARTICLE 4 – BOARD OF DIRECTORS

Following is an overview of the proposed amendments to Article 4:

- Moves the Council of Past Presidents from the Board membership section to its own section under Article 8 to comply with the nonprofit corporation requirements set forth in the California Corporations Code which does not allow for non-voting directors.
- Provides language clarifying the role and function of the Immediate Past President position.
- Deletes the reference to general counsel as previously explained in Article 3.

Section 1. Membership. The Board of Directors shall consist of:

- A. The Association president and vice president.
- B. The chair and vice chair of each region.
- C. The chair of each standing committee.
- D. The most immediate active past president.
- E. The vice president of the ACWA/Joint Powers Insurance Authority.

~~F. The members of the Council of Past Presidents, who will be non-voting members.~~

Section 2. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors. Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 3. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 5. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 6. Meeting Requirements and Quorums. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 7. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the chair is unable to attend. An alternate

may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 8. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 9. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

~~**Section 10. Council of Past Presidents.** There shall be a Council of Past Presidents composed of all past presidents of the Association. Each member of the council shall be non-voting members of the Board of Directors, except for the most immediate active past president who shall be a voting member. Past presidents shall serve on the council until each no longer is able to or wishes to serve. The president and/or executive director/secretary, with approval of the Board of Directors, may assign specific responsibilities to the council from time to time.~~

Section 10. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 11. Code of Conduct of Board Members.

- A. **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.
- B. **Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary ~~or the general counsel~~ for investigation. The executive director/secretary ~~or general counsel~~ may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee, ~~the general counsel~~, and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5 – REGIONS

Following is an overview of the proposed amendments to Article 5:

- Provides clean-up language that correlates with Board policies and region guidelines.

Section 1. Boundaries of Each Region.

- A. There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.

- B. A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in (A) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 2. Officers.

- A. The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region by September 30, or the preceding Friday if September 30 falls on a weekend, of odd-numbered years. ~~By resolution of the region board, the~~ A region board may choose to maintain a board of fewer than five to seven but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- B. The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- C. Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term ~~pursuant to the next sentence~~. The region board, ~~by resolution,~~ may adopt more stringent criteria for ~~the qualifications of its board members.~~ qualifications as part of the region's rules and regulations.
- D. Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of any region board position ~~as described in the previous sentence~~ shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 3. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. The nominating committee shall announce its

nominations for chair, vice chair, and region board members by August 1 of an election year. All regions must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.

Section 4. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission.

Section 5. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 6. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 – EXECUTIVE COMMITTEE

Following is an overview of the proposed amendments to Article 6:

- Provides additional language clarifying the discrete powers and defined authority of the Executive Committee.
- Clarifies the following pertaining to meeting attendance:
 - All Board members may attend any meeting of the Executive Committee.
 - Meetings may be closed to others at the discretion of the President or committee.

Section 1. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 2. Powers. The Executive Committee shall have the following authority:

- A. **Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and

approve ~~employee the classification and compensation plan and publicly posted salary schedule for Association employees and compensation levels~~ submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- B. **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.
- C. **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.
- ~~D. **Other Duties.** The Executive Committee shall perform such other duties and assume such other responsibilities as are referred to it by the president.~~

Section 3. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 4. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference or other electronic video screen communication or electronic transmission. All members of the Board of Directors may attend any The meetings of the Executive Committee. Meetings of the Executive Committee may be closed to others at

~~the discretion of the President or committee. shall be open to all members of the Board of Directors, but may be closed to others at the discretion of the Executive Committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.~~

Section 5. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 – STANDING COMMITTEES

Following is an overview of the proposed amendments to Article 7:

- Clarifies terms for standing committee vice chairs.

Section 1. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 2. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs ~~and vice chairs, who serve on the Board of Directors,~~ shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 3. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 4. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to Association members. The committee shall consist of at least one representative from each region and one representative from the other standing committees.

Section 5. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound public information and education programs and practices among members of the Association. The committee shall consist of no more than 40 individuals. Of that number, at least one individual shall be from each region.

Section 6. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one representative from each region.

Section 7. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting members of the Association, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one and no more than five individuals from each region.

Section 8. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, the Finance Committee chair, one member of the region board from each of the Association's 10 regions (either chair or vice chair), and one additional representative from each region with experience in financial matters.

Section 9. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one representative from each region.

Section 10. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members of the Association, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members of the Association and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 35 and 45 attorneys, each of whom shall be, or act as, counsel for a member of the Association, representing diverse interests

within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. Further, there shall be at least one representative from each region on the committee.

Section 11. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one and no more than three individuals from each region.

Section 12. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section 13. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting members of the Association and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's legislative program. The committee shall consist of individuals representing a variety of types of members and at least one and no more than four individuals from each region.

Section 14. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one and no more than four individuals from each region.

Section 15. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested members of the Association to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one individual from each region.

ARTICLE 8 – SPECIAL COUNCILS, COMMITTEES, AND TASK FORCES

Following is an overview of the proposed amendments to Article 8:

- Moves the Council of Past Presidents from Article 4, Board of Directors, to its own section under Article 8 to comply with the nonprofit corporation requirements set forth in the California Corporations Code which does not allow for non-voting directors. The language describes the

Council as the means by which past presidents continue to make valuable contributions to the Association.

- Provides additional language to clarify the role and function of the Nominating Committee.

Section 1. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board meetings.

Section-1 2. Nominating Committee. There shall be a Nominating Committee consisting of five or more persons appointed by the president prior to the Association's fall conference in each odd-numbered year, whose purpose shall be to nominate qualified individuals for the offices of president and vice president of the Association. Not later than 48 hours prior to the election of officers of the Association, ~~‡The~~ ~~‡~~ ~~Nominating~~ ~~€~~Committee shall publish its nominations for the offices of president and vice president of the Association not less than 10 or more than 90 days before the membership meeting is held at fall conference. Additional nominations may be made by any member of the Association for candidates for the office of president and vice president. Additional nominations shall be made from the floor during the election of president and vice president at the membership meeting scheduled for said purposes.

Section 2. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 – MEETINGS OF MEMBERS

Following is an overview of the proposed amendments to Article 9:

- Expands the definition of membership meeting to include the timing of officer elections, to comply with nonprofit corporation requirements set forth in the California Corporations Code.
- Provides detailed information on how membership meetings and special meetings are noticed to comply with nonprofit corporation requirements set forth in the California Corporations Code.
- Provides clarifying language for how quorums are determined for purposes of transacting business at membership meetings.
- Provides detailed information pertaining to the election process for the Association's Board officers.

Section 1. Meetings. Meetings of the members of the Association shall be held at the Association's conferences at such times as may be determined by the Board of Directors to conduct necessary business and to elect the president and vice president, which occurs at the fall conference in each odd-numbered year.

Section 2. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request. ~~The executive director/secretary shall cause notice to be given to all members of the Association, which notice shall state the place, date, and time of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting.~~

Section 3. Notice Requirements for Membership Meetings. Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures. The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Section 4. Notice Requirements for Special Meetings. The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

Section 3.5 Voting. Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative. All questions, except amendments or revisions of these bylaws, shall be

determined by a majority of the members present and voting. A roll call may be requested by any representative.

Section-4.6 Amendment of Bylaws. These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

Section-5.7 Quorums. The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business.

Section-6 8. Amendments, Revisions, and Resolutions. Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least 30 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association at least five days prior to presentation at such meeting. The 30-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 3 and 4 of this Article.

Section 9. Nomination of President and Vice President.

- A. **Qualification.** At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- B. **Nominating Committee Process.** All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.
- C. **Nominations from the Floor.** Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.

Section 10. Additional Procedures for Election of Officers. The Board shall have the authority to develop additional procedures for elections of president and vice president when not otherwise covered by these bylaws.

~~**Section 7. Nominations for Officers from the Floor.** Additional nominations and seconds, if any, for candidates for the office of president and vice president (as provided for in the last sentence of Article 8, Section 1) will be made from the floor, during the election of the officers of president and vice president, by a member of the Association. Such nominations and seconds must be supported by a resolution of the governing body of the member making and seconding such nomination.~~

ARTICLE 10 –INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AGENTS

Following is an overview of the proposed amendments to Article 10:

- Creates new article/language that sets forth provisions for the indemnification of directors, officers, and other agents to comply with nonprofit corporation requirements which are set forth in the California Corporations Code.

Section 1. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any

liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 110 – MISCELLANEOUS

Following is an overview of the proposed amendments to Article 11:

- Creates new language that sets forth the parameters for the disposition of the Association's assets upon dissolution of the organization consistent with the California Corporations Code and the Articles of Incorporation.

Section 1. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert's Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 2. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller-/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate by resolution which persons, other than the controller-/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 3. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to public benefit corporations then in effect and with the Articles of Incorporation.

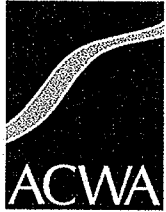
Section 3. Definitions. As used in these bylaws, the term "notice provided by electronic means" shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

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Association of California Water Agencies

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BYLAWS of the Association of California Water Agencies

Proposed Bylaws Amendments – Clean Version

Amended by the ACWA Members: May 7, 2014

Proposed amendments: July 31 and September 25, 2015



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(As amended by the Members on May 7, 2014)

Proposed amendments approved by ACWA Board: July 31 and September 25, 2015

ARTICLE 1 – GENERAL

Section 1. Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 2. Principal Office. The principal office for the transaction of business of the Association is located at 910 K Street, Suite 100, Sacramento, California; provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.

Section 3. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

ARTICLE 2 – MEMBERSHIP AND DUES

Section 1. Membership.

- A. **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in subsection (B) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association.

B. **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.

C. **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 3. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member; and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 – OFFICERS

Section 1. President and Vice President.

A. **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association at its fall conference in each odd-numbered year, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.

- B. **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the Nominating Committee or the region boards.

The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

- C. **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 2. Executive Director/Secretary and Controller/Treasurer.

- A. **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- B. **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.
- C. **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4 – BOARD OF DIRECTORS

Section 1. Membership. The Board of Directors shall consist of:

- A. The Association president and vice president.
- B. The chair and vice chair of each region.
- C. The chair of each standing committee.
- D. The most immediate active past president.
- E. The vice president of the ACWA/Joint Powers Insurance Authority.

Section 2. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors. Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 3. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 5. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 6. Meeting Requirements and Quorums. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 7. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 8. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 9. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

Section 10. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and

shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 11. Code of Conduct of Board Members.

- A. **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.
- B. **Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary for investigation. The executive director/secretary may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5 – REGIONS

Section 1. Boundaries of Each Region.

- A. There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.

- B. A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in (A) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 2. Officers.

- A. The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region by September 30, or the preceding Friday if September 30 falls on a weekend, of odd-numbered years. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- B. The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- C. Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.
- D. Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 3. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. The nominating committee shall announce its nominations for chair, vice chair, and region board members by August 1 of an election year. All regions

must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.

Section 4. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission.

Section 5. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 6. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 – EXECUTIVE COMMITTEE

Section 1. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 2. Powers. The Executive Committee shall have the following authority:

- A. **Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and approve the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- B. **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.
- C. **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 3. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 4. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference or other electronic video screen communication or electronic transmission. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at the discretion of the President or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.

Section 5. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 – STANDING COMMITTEES

Section 1. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 2. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 3. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 4. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to Association members. The committee shall consist of at least one representative from each region and one representative from the other standing committees.

Section 5. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound public information and education programs and practices among members of the Association. The committee shall consist of no more than 40 individuals. Of that number, at least one individual shall be from each region.

Section 6. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one representative from each region.

Section 7. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting members of the Association,

after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one and no more than five individuals from each region.

Section 8. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, the Finance Committee chair, one member of the region board from each of the Association's 10 regions (either chair or vice chair), and one additional representative from each region with experience in financial matters.

Section 9. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one representative from each region.

Section 10. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members of the Association, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members of the Association and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 35 and 45 attorneys, each of whom shall be, or act as, counsel for a member of the Association, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. Further, there shall be at least one representative from each region on the committee.

Section 11. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one and no more than three individuals from each region.

Section 12. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

Section 13. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting members of the Association and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's legislative program. The committee shall consist of individuals representing a variety of types of members and at least one and no more than four individuals from each region.

Section 14. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one and no more than four individuals from each region.

Section 15. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested members of the Association to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one individual from each region.

ARTICLE 8 – SPECIAL COUNCILS, COMMITTEES, AND TASK FORCES

Section 1. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board meetings.

Section 2. Nominating Committee. There shall be a Nominating Committee consisting of five or more persons appointed by the president prior to the Association's fall conference in each odd-numbered year, whose purpose shall be to nominate qualified individuals for the offices of president and vice president of the Association. The Nominating Committee shall publish its nominations for the offices of president and vice president of the Association not less than 10 or more than 90 days before the membership meeting is held at fall conference. Additional nominations may be made by any member of the Association for candidates for the office of president and vice president. Additional nominations shall be made from the floor during the election of president and vice president at the membership meeting scheduled for said purposes.

Section 2. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 – MEETINGS OF MEMBERS

Section 1. Meetings. Meetings of the members of the Association shall be held at the Association's conferences at such times as may be determined by the Board of Directors to conduct necessary business and to elect the president and vice president, which occurs at the fall conference in each odd-numbered year.

Section 2. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 3. Notice Requirements for Membership Meetings. Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures. The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Section 4. Notice Requirements for Special Meetings. The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

Section 5. Voting. Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any representative.

Section 6. Amendment of Bylaws. These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

Section 7. Quorums. The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business.

Section 8. Amendments, Revisions, and Resolutions. Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least 30 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association at least five days prior to presentation at such meeting. The 30-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 3 and 4 of this Article.

Section 9. Nomination of President and Vice President.

- A. **Qualification.** At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- B. **Nominating Committee Process.** All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.
- C. **Nominations from the Floor.** Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.

Section 10. Additional Procedures for Election of Officers. The Board shall have the authority to develop additional procedures for elections of president and vice president when not otherwise covered by these bylaws.

ARTICLE 10 – INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AGENTS

Section 1. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any "proceeding," as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. "Expenses," as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE 11 – MISCELLANEOUS

Section 1. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert's Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 2. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and

expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 3. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to public benefit corporations then in effect and with the Articles of Incorporation.

Section 3. Definitions. As used in these bylaws, the term "notice provided by electronic means" shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

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PROXY DESIGNATION FORM

**ASSOCIATION OF CALIFORNIA WATER AGENCIES
GENERAL SESSION MEMBERSHIP MEETING(S)**

WEDNESDAY, DECEMBER 2, 2015 AT 1:05

THURSDAY, DECEMBER 3, 2015 AT 1:20 (IF NEEDED)

TO: Donna Pangborn, Executive Assistant/Clerk of the Board

EMAIL: donnap@acwa.com

FAX: 916-325-4857

The person designated below will be attending the ACWA General Session Membership Meeting(s) on **Wednesday, December 2, 2015, (and December 3 if necessary)** as our voting delegate.

MEMBER AGENCY'S NAME	AGENCY'S TELEPHONE No.
MEMBER AGENCY'S AUTHORIZING REPRESENTATIVE	SIGNATURE
DELEGATE'S NAME	SIGNATURE
DELEGATE'S EMAIL	DELEGATE'S TELEPHONE No.
DELEGATE'S AFFILIATION (if different from assigning agency) ¹	DATE

¹ If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above. Note: Delegates need to sign the proxy form indicating they have accepted the responsibility of carrying the proxy.

REMINDER: Proxy cards will be available for pick up on **Wednesday, December 2, 2015**, between **9:00 a.m.** and **12:30 p.m.** at the **ACWA General Session Desk** in the **alcove** area outside of the **Crystal Ballroom, Renaissance Indian Wells**, where the luncheon and General Session Membership Meeting will be held.



INFORMATION ITEM

November 16, 2015

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)

Robert Hunter
General Manager

Staff Contact: Heather Baez

SUBJECT: **Update on the transfer of Orange County Sanitation District Area 7**

STAFF RECOMMENDATION

Staff recommends the Board of Directors receive and file report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

On Wednesday, October 28, the Commission hosted a community workshop to discuss the East Orange County Water District (EOCWD) and Irvine Ranch Water District (IRWD) competing applications to assume local sewer service for OCSD Service Area 7. The purpose of the workshop was to present the two District's applications for sewer service, OC LAFCO staff's review of the applications (in accordance with state law), and receive comments from the community.

The workshop was well attended by approximately 175 people and the comments received will be addressed (where appropriate) in the final report to the Commission.

Taken directly from the OC LAFCO report provided at the community forum, "A complete review of these factors supports staff's recommendation to the Commission to deny the

Budgeted (Y/N): n/a	Budgeted amount:	Core x	Choice __
Fiscal Impact (explain if unbudgeted):			

EOCWD's application for activation of latent powers and, therefore deny the concurrent annexation and sphere of influence amendment for OCSD Service Area 7. Also based on staff's review of these factors, staff recommends the Commission approval of the proposed annexation of OCSD Service Area 7 to IRWD and the concurrent amendment to IRWD's sphere of influence. Transfer of the local sewer service responsibility from OCSD, a regional sewer service provider, to IRWD, an adjacent, existing local water and sewer agency represents the delivery of a municipal service in the most efficient manner." The full report is provided as a separate document.

Originally anticipated for the November 18 regular LAFCO meeting, the applications cannot be scheduled for public hearing without adoption of a property tax exchange agreement by the Board of Supervisors. OC LAFCO staff has been informed that the property tax resolutions will not be scheduled until OCSD and IRWD have an agreement in place that ensures that the current wastewater flows remain with OCSD post annexation of OCSD Area 7. The wastewater flows have been a key topic of discussion during this process. Because of this delay, OC LAFCO staff will be recommending that the Commission's consideration of the applications be continued until the required property tax resolutions are approved.



Community Workshop - Proposed Transfer of Local Sewer Service for OCSD Service Area 7

*Hosted by the Orange County Local Agency
Formation Commission (OC LAFCO)*

October 28, 2015
Foothill High School Event Center Classroom – 2nd Floor
19251 Dodge Avenue, North Tustin, CA 92705

Community Workshop - Proposed Transfer of Local Sewer Service for OCSD Service Area 7

6:00 PM – 8:00 PM

Foothill High School Event Center Classroom (2nd Floor)

19251 Dodge Avenue, North Tustin, CA 92705

Program

6:00 PM	I. Call to Order and Opening Remarks	3rd District Supervisor Todd Spitzer
6:05 PM	II. Workshop Overview and Introductions	OC LAFCO Executive Officer
6:10 PM	III. East Orange County Water District (EOCWD) Presentation	EOCWD General Manager
6:20 PM	IV. Irvine Ranch Water District (IRWD) Presentation	IRWD General Manager
6:30 PM	V. OC LAFCO Review of Applications	OC LAFCO Staff
7:00 PM	VI. Public Questions and Comments	OC LAFCO Staff
7:55 PM	VII. Closing Remarks and Next Steps	OC LAFCO Staff
8:00 PM	VIII. Adjournment	OC LAFCO Staff

Community Workshop – Proposed Transfer of Local Sewer Service for OCSD Service Area 7

Purpose of Community Workshop

The purpose of the OC LAFCO community workshop is to:

- (1) Inform the community of two competing applications submitted to OC LAFCO by the East Orange County Water District (EOCWD) and the Irvine Ranch Water District (IRWD) to assume local sewer service for an area known as “OCSD Service Area 7.”

The area is currently served by the Orange County Sanitation District and includes the western portion of the City of Tustin, unincorporated North Tustin (includes the communities of Cowan Heights, Lemon Heights, Panorama Heights, Red Hill and Rocking Horse Ridge) and the unincorporated community known as El Modena, which is surrounded by the City of Orange. Service Area 7 is the largest of OCSD’s local sewer service territories. It includes approximately 7,777 acres of land and contains 174 miles of pipelines providing local sewer service to more than 80,000 people;

- (2) Present OC LAFCO staff review of the applications and proposed recommendations in accordance with government statute and procedures that govern the LAFCO process. The final staff report and recommendations will be presented to the Commission for consideration on November 18, 2015;

- (3) Receive comments and address questions from the community regarding the proposed applications to assume local sewer service for Service Area 7 and OC LAFCO staff review and proposed recommendations.

The first half of the workshop will include presentations from EOCWD and IRWD representatives of their district’s application. During the second half of the workshop, OC LAFCO staff will present their review of the two applications, proposed recommendations that will be presented to the Commission, and address questions and receive comments from the community. The next sections provide some background on OC LAFCO’s legislative charge, the proposed applications and key factors considered as part of OC LAFCO’s review of the applications that support staff recommendations.

Background Information

On March 27, 2014, the East Orange County Water District (“EOCWD”) filed an application with OC LAFCO for the proposed “East Orange County Water District Reorganization for Local Sewer Service” (RO 14-01). The application would allow the Orange County Sanitation District (“OCSD”) to divest itself of its local retail sewer service responsibilities and facilities in the territory referred to as OCSD Service Area 7 and transfer those facilities and service responsibilities to EOCWD. Since EOCWD does not currently provide local sewer service, per state law, OC LAFCO approval is required for the activation of EOCWD’s “latent power” to provide sewer service. To fulfill LAFCO’s statutory requirements for the review of EOCWD’s application, a Municipal Service Review (MSR) was conducted at the direction of OC LAFCO. MSRs are future-oriented studies that comprehensively review service provision by cities and special districts within designated areas.

The MSR conducted for OCSD Service Area 7 focused on current and alternative sewer service providers in the area. A competing application from IRWD was subsequently filed on March 23, 2015. The MSR and the related determinations were approved by the Commission on September 9, 2015 and are used as a technical foundation for the review of the competing applications. However, the MSR will not be a focus area of discussion for the community workshop.

As an independent agency created by the California Legislature, OC LAFCO is responsible for comprehensively reviewing the competing applications and addressing key factors affecting the efficiency, cost, and reliability of services to affected customers of OCSD Service Area 7. OC LAFCO’s review also addresses the impacts of the current operations and the transfer of OCSD Service Area 7’s assets, revenues, liabilities, and debt obligations to a successor agency.

Local Sewer Service Transfer Applications

East Orange County Water District Reorganization for Local Sewer Service (RO 14-01)

EOCWD provides wholesale water service to the Cities of Orange and Tustin, the Irvine Ranch Water District, and the Golden State Water Company. EOCWD also has its own retail service zone where it provides drinking water to approximately 1,179 connections centered on the community of Panorama Heights. Approximately 95% of Service Area 7 is located within

EOCWD's wholesale service boundary. To assume local sewer service responsibility for Service Area 7, EOCWD has applied for OC LAFCO approval of the following actions:

- **Activation of Later Power**

In accordance with its principal act, EOCWD has the authority to provide local sewer service. However, because the District does not currently provide local sewer service, Government Code Section 56824.10 requires the District receive approval from OC LAFCO. Additionally, OC LAFCO is required to determine that the special district will have sufficient revenues to carry out the proposed new or different functions of class of services.

- **Annexation**

In addition to activation of a latent power, in order to assume local sewer service, the District must receive approval from OC LAFCO for the annexation of 13 individual areas consisting of 858 acres of territory that is located in Service Area 7, but not within EOCWD's current service boundary.

- **Sphere of Influence Amendment**

OC LAFCO is charged with determining the eventual service territory or "sphere of influence" for each city and special district under its jurisdiction. An amendment to EOCWD's sphere of influence to include the 858 acres of annexation territory by OC LAFCO is required.

Irvine Ranch Water District Annexation of OCSD Service Area 7 (DA 15-02)

IRWD provides drinking water, sewage collection and treatment, and recycled water production and distribution along with other non-drinking water service and urban water runoff programs within the District's service territory. IRWD owns and operates a sewer system with over 97,000 sewer connections servicing approximately 340,000 customers. The addition of Service Area 7 would increase the District's sewer connections by 18 percent. The District has applied for OC LAFCO approval of the following actions:

- **Annexation**

The District must receive approval from OC LAFCO for the annexation of 7,772 acres of Service Area 7 that are not currently within IRWD's service boundary.

- **Sphere of Influence Amendment**

OC LAFCO is charged with determining the eventual service territory or “sphere of influence” for each city and special district under its jurisdiction. An amendment to IRWD’s sphere of influence to include 7,772 by OC LAFCO is required.

OC LAFCO Staff Recommendations

State law requires OC LAFCO to consider specific factors in the review of the applications submitted by EOCWD and IRWD. The introductory section of the CKH Act acknowledges that there are often competing interests that must be balanced in the Commission’s decisions that promote the orderly growth and the logical formation and modification of local agencies. In doing so, the legislature declares, “a preference granted to accommodating additional growth within, or through the expansion of, boundaries of those local agencies which can best accommodate and provide necessary governmental services and housing for persons and families of all incomes in the most efficient manner feasible” (Government Code Section 56001).

The legislative preference for existing service providers over the establishment of new entities, its requirement to explore alternatives to the establishment of the new or different functions or class of services within the special district’s jurisdictional boundaries and other factors outlined in the following section were determining factors reviewed by OC LAFCO involving the two competing applications. A complete review of these factors supports staff’s recommendation to the Commission to deny the EOCWD’s application for activation of latent powers and, therefore deny the concurrent annexation and sphere of influence amendment for OCSD Service Area 7. Also based on staff’s review of these factors, staff recommends the Commission approval of the proposed annexation of OCSD Service Area 7 to IRWD and the concurrent amendment to IRWD’s sphere of influence. Transfer of the local sewer service responsibility from OCSD, a regional sewer service provider, to IRWD, an adjacent, existing local water and sewer agency represents the delivery of a municipal service in the most efficient manner.

OC LAFCO Staff Review

In addition to the statutory requirements for MSRs, the Focused MSR for OCSD Service Area 7 was also used to review alternative governance structures statutorily required to consider when reviewing a Plan for Service for activation of a latent power.

A primary focus of the MSR is analyzing the financial ability of an agency to provide local sewer service, and how that ability translates into near-term and long-term costs to the customers. The three primary cost drivers included in the review are:

- Annual recurring operations and maintenance (“O&M”) costs;

- Infrastructure rehabilitation and replacement; and
- Emergency response, spill cleanup, and repairs.

As the current provider, OCSD was used as a benchmark for the comparison of the plans for service that were submitted by EOCWD and IRWD. The OC LAFCO review builds on the information presented in the Focused MSR and supports staff's recommended actions. In line with the legislative declaration, the review focuses on identifying the most logical and cost-effective expansion of an existing agency's boundary that can best provide local sewer service to OCSD Service Area 7.

The following section summarizes each District's application in five key areas: (A) legislative intent, (B) experience, (C) efficiency of service provision, (D) costs of service and impacts to Service Area 7 ratepayers, and (E) reliability of future sewer service for OCSD Service Area 7.

A. Legislative Intent

The activation of a special district's latent power to provide a new or different function or class of service is, in principle, akin to the formation of a new agency to provide that service. In 2001, the California Association of Local Agency Formation Commissions (CALAFCO) worked cooperatively with the Association of California Water Agencies (ACWA) to develop a new application process specific to the activation of special district latent powers. AB 948 (Chapter 667, Statutes of 2001) was sponsored by ACWA and enacted the latent power application procedures contained in Government Code Sections 56824.10 through 56824.14, including the requirement to submit a specialized service plan justifying the need to activate the latent power. Additionally the statute requires that in reviewing activation of latent powers that alternatives to the establishment of the new or different functions or class of services be identified.

To meet the legislative intent, LAFCO's staff reviewed the District's request to activate a latent power to assume local sewer service to OCSD Service Area 7 in conjunction with annexation of OCSD Service Area 7 to IRWD, an existing provider of sewer service.

EOCWD's Proposed Activation of Latent Sewer Power

Because EOCWD's application requests the District be allowed to provide a service (local sewer) that it does not currently provide, the District's specialized plan for service requires greater scrutiny by OC LAFCO in its review, specifically relating to proposed costs to provide the service, impacts to the future ratepayers, and the impacts to the District's existing customers. This level of review is greater than is normally required for a proposed annexation to an existing agency that is already authorized to provide the service. In addition, state law requires that

OC LAFCO's review include an identification of existing service providers and alternatives to authorizing a latent power (Government Code Section 56824.12).

Accordingly, LAFCO's review of the District's plan for service includes the identification of existing agencies capable of providing the service in the long term and at similar or higher service levels than currently being provided. While EOCWD is not proposing the "formation of a new entity" the request for activation of latent power requires that OC LAFCO consider the potential for an existing sewer agency to extend sewer service to Service Area 7 in a more efficient and accountable manner than is proposed (Government Code Section 56301).

As the existing provider, OCSD has indicated that, as a regional sewer agency, it should not be focused on local sewer service provision. While OC LAFCO staff concurs that the current provider should be a local sewer agency, IRWD, an agency that already provides local sewer, represents the most efficient and accountable alternative to assuming the local sewer provision to OCSD Service Area 7 rather than authorizing a District that does not currently provide that service.

IRWD Is An Existing Service Provider

IRWD has 50 years of experience providing sewer service. The District has demonstrated its capability to respond to sewer system emergencies with the necessary staff and equipment. IRWD's sewer system management plan has helped to reduce sewer spills in its service territory. The District's service plan is financially sound and provides for the extension of sewer service to Service Area 7 at levels that are consistent with existing service levels in the area and throughout IRWD's service territory and also comply with the State's regulatory framework. Because of the District's history of financial stability and the economies of scale that will be gained in terms of staffing and other resources, IRWD is the most logical local sewer provider for Service Area 7.

B. Experience

The State's regulatory framework for sewer system operators emphasizes the importance of experience and expertise in ensuring the agency's ability to comply with the state regulations and maintain the system to mitigate against potential sewer spills that may affect public health and the environment. In evaluating the experience of both EOCWD and IRWD, LAFCO staff reviewed each District's Plan for Service and specifically focused on the qualifications and capabilities necessary to maintain the sewer system, address sewer spills and protect public health. Another factor considered is the ability to assume service responsibility immediately with existing staffing and resource capabilities.

EOCWD's Local Sewer Service Experience

EOCWD does not have any direct experience operating or maintaining a sewer system. Acquiring and developing the assets, resources, and ability to provide the new service can be costly and time-sensitive. The District will need to continue managing its wholesale and retail operations while assuming local sewer service in an expanded territory. To accommodate the new service EOCWD plans to expand its use of contract services and increase its staff from six to eight full-time employees. The new positions would be dedicated to sewer operations and would be supported by three existing water system employees that have already begun to cross-train on sewer operations and received wastewater collections system certification in the fall of 2014.

EOCWD does not currently have the facilities or specialized equipment necessary to provide sewer service and respond to emergencies. However, the District has identified several existing assets that will support the sewer operations and has an agreement with OCSD for the transfer of two specialized vehicles that has been used by OCSD for over 15 years. The EOCWD Board also recently approved participation in the California Water/Wastewater Agency Response Network (CalWARN), a cooperative emergency assistance program. While EOCWD has made efforts to prepare for taking over the new service, the District's inexperience and the lack of facilities leave too many unknown variables for this highly regulated service.

IRWD's Local Sewer Service Experience

IRWD has over 50 years of experience in operating one of the largest local sewer collection systems in Orange County. IRWD also has a current Board of Directors that are experienced in sewer system operations with knowledge of prior annexations and consolidations. The District's has technically qualified and experienced staff, the physical assets needed to address routine and emergency repairs, and the institutional knowledge that has developed over-time in tandem with the development of the State's regulations and industry standards. The District's long standing experience and current resources would allow for a seamless transition for assuming local sewer service provision to OCSD Service Area 7.

Existing Staff and Resources

The District has 16 employees responsible for the implementation of its sewer system management plan and plans to hire two additional employees to support the extension of sewer service to Service Area 7. The District employs a system of five three-man crews for daily maintenance activities. Each crew is equipped with a hydro/combination vacuum truck, a construction crew truck, and a maintenance and repair crew truck. Daily maintenance activities are supported by a fleet services repair shop and a warehouse with \$2.4 million in inventory to

increase the efficiency of operations and construction crews in normal operations as well as emergency response. The District has amassed emergency response equipment to ensure prompt and capable response and has mutual aid agreements with local sewer system operators. IRWD also employs 21 professional engineers and eight engineering technicians to oversee the design and construction of capital replacement and rehabilitation projects.

Experience in Expanding Service Territory

The District's experience in extending its service to new customers has involved territory previously served by public and private entities, new developments and established communities. The customers and facilities associated with the Carpenter Irrigation District, Santa Ana Heights Mutual Water Company, Los Alisos Water District, Santiago County Water District, and the Orange Park Acres Mutual Water Company were all seamlessly integrated into the IRWD service model. Each of these changes of organization increased efficiency and cost-effectiveness in service delivery. The District's experience integrating systems and adequately maintaining systems of varying ages throughout its service territory supports IRWD's plan to extend service to Service Area 7.

Review of Experience

EOCWD has taken significant effort to demonstrate its existing capabilities and to cross-train staff in wastewater operations, but the District's experience is more versed in water service provision, not local sewer. As the regulations for sewer service expect to increase, the depth of experience and the extensive inventory of sewer related assets that IRWD possess would support the most efficient and cost-effective local sewer to OCSD Service Area 7 customers. IRWD's experience does not require the training or other expected transitional requirements that are needed by EOCWD. Fifty years of experience and history with sewer provision and annexing multiple communities over past years allows IRWD to assume provision of local sewer to this area seamlessly.

Key to each agency's service plan is the way each approaches day-to-day operations and long-term rehabilitation of the sewer infrastructure. EOCWD does not have direct experience managing a sewer system and is proposing an extensive increase in service responsibility in a highly regulated service. The District's experience is currently limited to the 37 miles of water distribution pipelines within its wholesale and retail service areas. The District is requesting approval to service an additional 174 miles of sewer pipelines which represents a five-fold increase in service responsibility in a much more heavily regulated industry with more stringent service levels. EOCWD has limited technical expertise in the area and its service plan is heavily reliant on newly trained and hired staff supported by the use of professional contractors for routine maintenance. IRWD's experience as demonstrated by the capabilities of its staff, the

inventory of its physical assets and the District's institutional knowledge of this field supports staff's recommendation to approve the District's application.

C. Efficiency of Service Provision

OC LAFCO is charged with ensuring efficiency in service provision. This role is particularly important in the review of the competing applications submitted by EOCWD and IRWD given the regulatory framework for sewer service. EOCWD and IRWD each assert their District's capabilities to provide local sewer service efficiently to Service Area 7. However, the legislative preference for existing service providers clearly indicates greater emphasis on the service plan submitted by an experienced agency over a service plan submitted by an agency with no direct experience.

As the existing service provider, OCSD has the experience and capabilities to provide local service to Service Area 7. The District's current effort to divest itself of local sewer service in the area stem from a larger strategic effort to improve internal efficiencies by focusing on regional collection and treatment operations. The concurrent alignment of local sewer service responsibilities with local cities and districts and OCSD's focus on regional activities will improve efficiency of sewer service regionally.

Using OCSD's existing services as the benchmark, the recently completed Focused MSR for OCSD Service Area 7 provided a comparison across primary service responsibilities. Included as Attachment A, the comparison demonstrates several similarities in proposed services and service levels. The primary differences stem from EOCWD's use of OCSD's existing service levels as the baseline and IRWD's reliance on its own experience and adopted services levels as described in its sewer system management plan.

EOCWD's Service Plan

EOCWD's plan is largely based on current service levels as provided by OCSD. EOCWD's plan proposes to improve on existing service levels by increasing staffing that will be dedicated to providing "hot spot" cleaning, routine maintenance activities and emergency response services. The District's plan relies heavily on the use of professional contractors for routine day-to-day operations such as cleaning and inspections services. In addition to the items listed, the staff hired to support sewer operations would also assist the District's Superintendent in providing oversight of the pipeline-cleaning contractors. The District has identified a former OCSD engineer to provide specialized regulatory and field engineering services, including the administration of the District's Fats, Oils, and Grease Control Program. EOCWD also propose to expand existing contracts for legal and financial services to provide the support necessary to operate Service Area 7. The District service plan uses the proposed combination of staffing and the expansion of professional support to maintain OCSD's current service levels to the

areas. However, due to the proximity of the District's office to Service Area 7, EOCWD proposes to reduce emergency response to the area from the current 60-minute response time under OCSD to 20 minutes.

IRWD's Service Plan

IRWD's plan is based on the District's sewer system management plan and existing service levels throughout the District. IRWD's plan proposes to improve certain service activities by gaining increased economies of scale in administration and operations as well as a proactive approach to the rehabilitation and replacement of sewer lines with identified deficiencies. For example, IRWD's plan proposes an extensive rehabilitation and replacement plan of 30,000 lineal feet of sewer lines in the first five years of service. IRWD's plan also noted several areas that would receive greater focus by IRWD staff including: sewer pipeline cleaning, root control program, and sewer system pipe and manhole rehabilitation. Using in-house staff to provide the full range of services allows the IRWD staff to gain detailed knowledge of the sewer system. With over 50 years of experience managing sewer operations within its boundary, IRWD has identified the appropriate levels through the development of its sewer system management plan that reduce risk of potential sewer system overflows.

Review of Efficiency

Notable differences emerge when reviewing the use of contractors versus staff for primary service responsibilities. EOCWD determined efficiency in service provisions can be provided by the District through a blending of contracted and staff supported services. The District proposes to use the same practices of OCSD, which include contracting out for sewer line cleaning, sewer line inspection and administration of the Fats, Oils, and Grease (FOG) Control Program. EOCWD staff will provide "hot spot" cleaning, routine maintenance activities and emergency response.

With the exception of the administration of the FOG Control Program, IRWD proposes to use staff resources to provide all other services to the area ranging from routine inspection to emergency response. IRWD has identified examples of how the District's reliance on in-house staff has improved the efficiency of service provision. For example, IRWD's sewer line cleaning and CCTV inspection staff routinely identify sewer pipe segments that require the application of root control chemicals or root cutting.

The importance of root control during periods of drought was raised during the discussion of the Focused MSR. During dry periods, trees searching for water can penetrate sewer lines resulting in sewer spills and potentially affecting public health and the environment. Each District's plan for service proposes a different approach to this issue. Currently, IRWD crews

routinely engage in extensive root control efforts, focusing on portions of the District's existing service area that have numerous trees. Based on IRWD's review of the Service Area 7, the District's plan for service includes additional cleaning efforts to one-third of the system to address the identified root intrusion. EOCWD's plan addresses the issue of root intrusion through more frequently cleaning of the OCSD Service Area 7 system. IRWD's plan to provide service through existing staff with the knowledge and experience providing local sewer service represents the most efficient delivery of local sewer service to OCSD Service Area 7.

D. Costs of Service and Impacts to Service Area 7 Ratepayers

The following review of each agency's projected service costs and impacts to Service Area 7 ratepayers continues to support staff's recommendation to approve annexation of Service Area 7 to IRWD.

OC LAFCO's review of each agency's financial plan provides an understanding of how the costs of service translate to impacts to the ratepayers. Several sections of the CKH Act require the Commission to consider the impact that an application and alternative actions may have on current landowners and ratepayers within the affected territory (Government Code Sections 56824.10, 56668, 56668.3). EOCWD and IRWD service plans propose similar levels of service and similar projected operating costs. EOCWD projects annual operating costs at \$748,975 and IRWD projects \$790,000 for fiscal year 2016-2017. EOCWD and IRWD also project similar long-term replacement costs at \$1.3 billion and \$1.1 billion, respectively.

Major differences in projected long-term financing plans are based on different assumptions. EOCWD is proposing to use cash only, and IRWD is proposing debt issuance. These approaches are the primary driver behind the proposed rates and the financing of long-range capital improvement efforts. OCSD's current local sewer service rates are \$216 for single family residential and \$151.20 for multi-family residential. Service Area 7 is predominately residential. Based on billing data provided to OC LAFCO by OCSD, 92 percent of the 17,377 sewer service connections in the area are single and multi-family residential customers. The remaining eight percent of the local sewer billing accounts are for commercial connections and make up approximately 41 percent (\$2.5 million in FY 2014-2015) of the revenues generated from local sewer service fees.

EOCWD's Financial Plan

EOCWD's plan for service projects that annual operating expenditures will be reduced by approximately 24 percent of the historic cost of service provision by OCSD. EOCWD's Plan for Service proposes to reduce rates by ten percent for all local sewer ratepayers, which would result in user fees of \$196.35 for single family residential and a rate of \$137.40 for multi-family

residential. EOCWD plans to maintain the ten percent rate reduction for the first 20 years of service before escalating the rate to provide for increasing capital reserves. The increase in the annual transfer to reserves is necessary to build-up the reserves required to support the District's pay-as-you-go long-term financing plan. EOCWD's long-term financing plan uses a "sinking fund" which builds up reserves necessary for periods of capital replacement. This is followed by periods of reduced capital expenditures, which allow the District to rebuild the reserves.

The District's 100-year projections provide for an average of \$13.3 million in annual capital expenses from the reserve fund. Major capital replacement efforts begin around 2025 for several years before tapering off for the next spike in expenditures a decade later. To build the reserves necessary to support the significant expenditures projected to occur around 2050, the District proposes significant rate increases between fiscal year 2038-39 and 2066-67. The District proposes a five-percent annual increase in sewer service fees during the first 13 years of increase that doubles service fee revenues over that period from \$5.2 million to \$10.4 million. During the following 15 years, the projections include an annual 4.5 percent increase, which results in \$20 million in annual sewer service fees by fiscal year 2066-67. EOCWD's total projected capital expenses over the next 100-years is approximately \$1.3 billion. EOCWD's long-term financing plan concentrates the increase over two specific timeframes affecting those ratepayers disproportionately rather than spreading the impact equitable across multiple generations of ratepayers.

IRWD's Financial Plan

IRWD proposes to reduce expenditures for local sewer service in Service Area 7 by approximately 22 percent. IRWD's long-term financial plan for replacement of the system is based on estimated capital improvement costs for Service Area 7 of \$1.1 billion over the next 100 years. The capital improvement expenditures are spread across the 100-year period and balanced between rehabilitation and replacement projects.

IRWD's goal for its capital reserve fund is to maintain sufficient funds to allow the District to finance projected rehabilitation and replacement efforts while concurrently maintaining sufficient funds to respond to emergencies or unexpected repair situations. IRWD's long-term capital replacement plan includes a combination of cash reserves and revenue bonds, which allows the District to maintain reserve levels while spreading the burden of financing infrastructure needs across generations of ratepayers rather than placing the burden on future customers as presented in EOCWD's financial plan. IRWD's financial plan holds the 50 percent rate reduction static for the first five years after assuming the system and includes two percent annual increases to adjust for inflation that begin year six and continue through 2055. The two

percent increases are appropriate to cover for marginal increases in costs. From 2055 to 2090 the projections include an additional two percent annual increase to finance the costs of debt issuance. This approach spreads the future replacement costs among existing and future customers. Net costs of debt issuance are approximately \$500 million. With financing calculated into the costs for capital replacement, IRWD's total costs are estimated to be \$1.6 billion. The District has indicated that it would assess the need for issuance of revenue obligation bonds to generate any revenue necessary to support the costs of future capital improvements. Revenue bond obligations require voter approval.

IRWD's Plan for Service proposes a 50 percent reduction to the current local sewer fees. The 50 percent reduction would make the local sewer fees for Service Area 7 consistent with the local sewer fees in other areas of IRWD's territory that receive regional collection and treatment by OCSD. Approval of the District's annexation would result in a single-family residential user fee of \$108 per year and a multi-family residential rate of \$75.50. The largest impact would be to the commercial and industrial users and would result in an annual savings of approximately \$1.25 million. The 50 percent rate reduction results in projected annual revenues of approximately \$2.9 million for fiscal year 2016-2017.

The excess of revenues over expenditures of approximately \$2.5 million would transfer annually to the capital reserve fund to finance future capital rehabilitation and replacement efforts. IRWD's plan differs significantly from EOCWD in the use of debt service to offset the significant capital reserves necessary to finance the projected rehabilitation and replacement efforts over the next 100 years. While IRWD proposes to reduce sewer service fees in Service Area 7 by 50 percent, their approach and annual transfer of reserves is adequate for future the projected rehabilitation and replacement needs of the system.

Review of Financial Plans and Impacts to Current Ratepayers

The financial projections provided by EOCWD and IRWD are very similar in terms of costs of service and total estimated costs of capital improvements. The different approaches involve financing of long-term costs through increases to ratepayers within a 28-year timeframe or spreading those costs over a 100-year period across multiple generations of sewer users. EOCWD's plan reduces impacts on the current generation of users and places a heavier burden on the next generation of ratepayers beginning in 2038. Alternatively, IRWD's financial plan begins with a rate structure that is similar to the rest of IRWD's service territory and projects annual increases to account for inflation beginning after five years. The affect is a levelling of the impacts across current and future ratepayers.

IRWD's extensive experience extending sewer service to new and established communities has not only provided increased service levels to the ratepayers, but has often resulted in reduced

service costs which have been passed down to the ratepayers through fee reductions. Annexation of Service Area 7 to IRWD would result in a reduction in service costs and a 50 percent reduction in sewer service fees. The future sewer fee increases projected in IRWD's long-term financial plan provide a gradual increase in sewer fees in line with inflation for the first 50 years.

IRWD has noted that the use of debt service in its financial plan was based on conservative estimates and that the long-term financial plan may not require debt service. EOCWD's plan does not include debt service to finance its 100-year projected costs to rehabilitate and replace the system. While EOCWD has indicated a preference for pay-as-you-go financing of capital improvements, the District is considering debt financing for upcoming projects. For example, EOCWD is currently exploring the debt service to finance the construction of a new well. The District is also exploring the potential reconstruction of its water treatment plant, which will likely rely on debt service to finance the project. Based on its history of incorporating new communities and its proposed plan for service for OCSD Service Area 7, IRWD can provide the existing level of service to OCSD Service Area 7 through a reduction in the local sewer fee for 40-years and a long-term financing plan to rehabilitate and replace infrastructure over the next 100-years.

E. Reliability of Future Sewer Service to Service Area 7

In reviewing the reliability of future sewer service to an area, the Commission must review the agency's financial ability to provide the service. This is a determining factor in reviewing an agency's ability to assume additional service territory or provide a new service. This section reviews each District's financial ability to provide services and how assuming sewer service in Service Area 7 and impacts to the agency's existing operations and customers.

EOCWD's Financial Ability

The District currently has \$8.2 million in unrestricted funds for its water operation and carries no debt for prior capital improvement projects. It has achieved that through its "pay-as-you-go" approach discussed earlier in this review. However, several current water projects may affect the District's financial operations, which could lead to adverse impacts to current ratepayers and therefore, the District's ability to take on a new service. EOCWD has informed OC LAFCO staff of a proposed water rate increase to offset the negative budget impacts due to reduced water demand resulting from the prolonged drought. Additionally, the District has commissioned a Feasibility Study that would evaluate options for reconstruction of its water treatment plan and efforts to construct a new well. The proposed water rate increase is expected to be considered in 2016 and the feasibility study regarding the treatment plan that is scheduled for consideration by the Board in November 2015.

The cumulative impact of these efforts to staff resources or the existing ratepayers cannot be clearly identified at this time. The District may need to use debt service to finance upgrades to the system, but the District could also access the sewer reserve fund through internal borrowing to provide necessary revenues in water operations. This scenario raises a potential risk to the long-term reliability of local sewer service to the area. Therefore, staff does not recommend expanding the District's responsibility for sewer service.

IRWD's Financial Ability

IRWD is a larger agency with more financial resources. Expanding its area to include OCSD Service Area 7 would allow the customers to experience benefits from the increased economies of scale. The District recently adopted rate increases to account for the potential fiscal impacts of the drought and water conservation efforts. IRWD currently has over \$220 million in assets specifically restricted for sewer service. IRWD has used improvement districts to isolate revenues and expenditures within various sections of its service territory. The District's use of improvement districts for large annexations and consolidations allows IRWD to isolate and allocate revenues, operating expenses, and capital costs in a manner that is fair to the customers in the consolidated area and equitable to existing IRWD customers. IRWD expects to maintain the revenues and expenses for Service Area 7 in a distinct Improvement District for the near future. Each of the individual improvement districts administered by IRWD received the District's strong bond rating to obtain low-cost financing (when needed), as well as temporarily using funds from IRWD's other reserve funds such as loans to support short-term needs such as large repair projects.

Review of Financial Ability

The review of each agency's financial condition and potential impacts to their existing customers is critical for evaluating whether EOCWD or IRWD is better suited to provide sewer service to Service Area 7 at this time. EOCWD appears to be at a crossroads, with several projects that may affect the District's future financial condition and its ability to provide long reliable service to OCSD Service Area 7 and existing ratepayers. The potential reconstruction of its water treatment plant and future increase to water rates to address state restrictions may affect EOCWD's existing financial operations and ratepayers. These efforts create risk when considering the possibility of allowing the District to take on a new highly regulated service and expand its service territory. As an agency that is large and financially sound, IRWD has the ability to extend local sewer, a service it already provides to OCSD Service Area 7 efficiently. IRWD's plan not only results in reductions in service costs and ratepayer fees but provides a financing plan that the District's experience and current financial operations can support long term.

Future Treatment of Sewage

It is important to note the relationship between sewage treatment and groundwater replenishment. Several comments received by affected agencies and interested parties have stated the potential loss of groundwater supplies that may result from the transfer of local sewer service in the area. Neither application includes the detachment of territory from OCSD, which is the regional agency responsible for collection and treatment of sewage. Sewage generated in Service Area 7 that flows to OCSD for treatment will continue to be used for groundwater replenishment under both of the applications submitted. In April of 2015, EOCWD and OCSD included a condition to continue the existing treatment arrangement as part of their sewer transfer agreement.

Approximately one-third of the sewage generated in Service Area 7 has gone to IRWD's system for treatment for many years. IRWD and OCSD have a long-standing agreement regarding the treatment of sewage generated in the areas along their shared boundary. To continue the existing arrangement, IRWD has requested that a new agreement between IRWD, OCSD, and the Orange County Water District be part of the annexation to address the use of treated sewage generated in the area to recharge the groundwater basin. The terms and conditions of approval by OC LAFCO would include a requirement for the continuation of the existing sewage treatment arrangement.

Conclusion

OC LAFCO is required to consider several factors outlined in state law during the review and consideration of proposed boundary changes. This report focused on key areas that are pertinent to the Commission's consideration of the applications submitted by EOCWD and IRWD. State law provides LAFCOs throughout the state with a clear preference for existing service providers and expanding boundaries that support efficient service delivery and the financial ability of an agency to provide the service. EOCWD and IRWD have both submitted plans for service justifying their capability to assume local sewer service within Service Area 7. Both agencies have worked diligently to develop plans of service that propose sewer rate reductions for ratepayers while providing for long-term infrastructure improvements and replacements to an aged sewer system. Both of these elements are valued benefits to the OCSD Service Area 7 community.

Based on IRWD's 50-year experience in local sewer, the ability of the District to continue existing and/or enhanced service levels more efficiently, and the financial condition of the District, staff recommends that the Commission deny the EOCWD's reorganization application and approve IRWD's annexation application to assume local sewer service to OCSD Service Area 7 subject

to additional terms and conditions that will be outlined further in the LAFCO resolution that will accompany the final staff report and recommendations.

Comparative Matrix of Alternative Service Providers

	OCSD <i>Current Benchmark</i>	EOCWD <i>Proposed Alternative</i>	IRWD <i>Proposed Alternative</i>
<i>Primary Service Activities</i>			
<i>Sewer Line Cleaning</i>	12-18 month cycle depending on the zone. High risk areas are on a 12-month cleaning schedule, while lower risk areas are on an 18-month schedule. Certain enhanced maintenance areas are cleaned weekly, monthly, quarterly, or in six or nine month periods, as necessary, to prevent blockages.	12-18 month cycle depending on the zone. High risk areas will be on a 12-month cleaning schedule, while lower risk areas will be on an 18-month schedule. Certain enhanced maintenance areas will be cleaned weekly, monthly, quarterly, or in six or nine month periods, as necessary, to prevent blockages.	12-24 month cycle depending on the zone. High risk areas are on a monthly, quarterly, or semi-annual cleaning schedule depending on condition assessment to prevent blockages.
<i>Sewer Line Inspection</i>	5-year schedule	5-year schedule	10-year schedule (trouble areas inspected with a greater frequency)
<i>Fats, Oils, and Grease (FOG) Control Program</i>	FOG program includes permits for Food Service Establishments (FSEs) discharging into sewers. Cleaning of the grease interceptors required every 6-months. District performs routine inspections of FSEs.	Draft FOG program specifies permits for Food Service Establishments (FSEs) discharging into sewers. Cleaning of the grease interceptors required every 6 months. District to perform routine inspections of FSEs.	FOG program includes permits for Food Service Establishments (FSEs) discharging into sewers. Cleaning of the grease interceptors required every 3-6 months. District inspection FSEs on a two-year schedule.
<i>Emergency Response</i>	60 minutes Current SSO frequency rate of 1-2 spills per 100 miles of pipeline per year in Service Area 7.	20 minutes	30 minutes Current SSO frequency rate of less than 1 spill per 100 miles of pipeline per year in IRWD Service Area.

Comparative Matrix of Alternative Service Providers

	OCSD <i>Current Benchmark</i>	EOCWD <i>Proposed Alternative</i>	IRWD <i>Proposed Alternative</i>
<i>Operating and Regulatory Staffing & Equipment</i>			
<i>Staffing</i>	<p>Existing staff and equipment provide emergency response and contract administration.</p> <p>OCSD has over 30 years of experience providing local sewer service. District offers extensive operational (25 employees with collection facilities and O&M experience) and regulatory (33 employees involved with environmental compliance) experience.</p>	<p>Currently 6 full-time employees operate wholesale and retail water operations.</p> <p>EOCWD plans to add 2 new staff for sewer operations and cross train several current employees for sewer system certifications.</p> <p>Use of contracts to provide routine services.</p> <p>EOCWD has no past experience with local sewer service as not presently able to provide service.</p>	<p>Currently 16 full-time employees for sewer operations.</p> <p>IRWD plans to add 2 new staff to support sewer services and contract for FOG and vector control services.</p> <p>IRWD has over 50 years of experience providing local sewer service. The District's has extensive operational (20 employees with collection systems and O&M experience) and regulatory (8 employees involved with environmental compliance) experience.</p>

Comparative Matrix of Alternative Service Providers

	OCSB	EOCWD	IRWD
	<i>Current</i>	<i>Proposed</i>	<i>Proposed</i>
	<i>Benchmark</i>	<i>Alternative</i>	<i>Alternative</i>
<i>Equipment</i>	Existing equipment includes two large vehicles for emergency response (1995 Vactor Truck and 2000 Hydroflusher truck). The District contracts for routine maintenance of service vehicles and replaces vehicles after 10-years or 100,000 miles.	OCSB to transfer two large vehicles for emergency response (1995 Vactor truck and 2000 Hydroflusher truck). No other equipment or maintenance / replacement costs were included in budget.	Existing equipment includes service fleet and purchasing warehouse. IRWD plans to purchase a new combination Vactor / Hydroflusher truck to accommodate new service territory. The purchase is included in the District's proposed budget. IRWD also provides in-house fleet maintenance services.

Financial Information: Snapshot of Current and Proposed Budgetary Information

<i>Revenues</i> <i>(property taxes & sewer service fees)</i>	Historic five-year average (FY 2009/10 to FY 2013/14) \$5,990,034	Projected five-year average (FY 2016/17 to FY 2020/21) \$5,481,766	Projected five-year average (FY 2016/17 to FY 2020/21) \$3,193,000
<i>Expenditures</i>	Historic five-year average (FY 2009/10 to FY 2013/14) \$1,048,753	Projected five-year average (FY 2016/17 to FY 2020/21) \$803,944	Projected five-year average (FY 2016/17 to FY 2020/21) \$822,759
<i>Transfer to Reserves</i>	Historic five-year average (FY 2009/10 to FY 2013/14) \$4,941,281	Projected five-year average (FY 2016/17 to FY 2020/21) \$4,677,822	Projected five-year average (FY 2016/17 to FY 2020/21) \$2,370,242

Comparative Matrix of Alternative Service Providers

	OCSD <i>Current Benchmark</i>	EOCWD <i>Proposed Alternative</i>	IRWD <i>Proposed Alternative</i>
<i>Local Sewer User Fee</i>	\$216	\$196 (Static for 20-years)	\$108 (Static for 5-years, then increases 2 percent per year)
<i>Capital Financing Plan</i>	Capital reserve fund to finance infrastructure replacement on a pay-as- you-go basis.	Capital reserve fund to finance infrastructure replacement on a pay-as- you-go basis.	Blend of capital reserve financing and bond issuance. Debt repayments financed through annual 2 percent increase in sewer service fees after 2055.

Supplemental Service Related Information

<i>Local Sewer Service Connections</i>	17,377 (local sewer connections in OCSD Service Area 7)	0 Assumption of local sewer service would result in new service to 17,377 connections.	97,000 Assumption of local sewer service would result in an additional 17,377 service connections, increasing the current number of local connections by 18 percent to 114,377.
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INFORMATION ITEM

November 16, 2015

TO: Board of Directors

FROM: **Public Affairs & Legislation Committee**
(Directors Barbre, Hinman & Tamaribuchi)

Robert Hunter, General Manager

Staff Contact: Jonathan Volzke

SUBJECT: **Update on potential consolidation of San Juan Capistrano utilities**

STAFF RECOMMENDATION

Staff recommends the Board of Directors receive and file report.

COMMITTEE RECOMMENDATION

Committee recommends (To be determined at Committee Meeting)

DETAILED REPORT

The City of San Juan Capistrano has retained the law firm of Brownstein Hyatt Farber Schreck (BHFS) to analyze its water, wastewater and stormwater operations to determine whether the City should divest itself of those operations and assets.

BHFS has to date hired consultants to audit the City's utilities assets. On October 20, the consultants presented the results to City Council in a PowerPoint (attached.)

The City Council at that meeting directed BHFS and staff to contact the Orange County Local Agency Formation Commission (LAFCO) to explore three options:

1. Selling the water/wastewater/stormwater operations to another public agency
2. Forming a new public agency to provide water/wastewater/stormwater services
3. Contracting with another public agency for those services.

The action was approved 4-1, with Councilman Sam Allevato opposing. Councilman John Perry, a plaintiff in the Prop. 218 challenge to Capistrano's water rates, said operating the utilities was too complex for the City, and a potential change to another agency could result in lower or more stable rates for residents.

As of November 9, OC LAFCO Executive Officer Carolyn Emery said she had received informal questions from SJC staff but no formal application for LAFCO action.

To date, the City has spent more than \$400,000 on the consultants and related work.

Utility Reorganization Study Report to City Council

October 20, 2015



 Brownstein Hyatt
Farber Schreck

Background

- The City Council is concerned about the rising costs and complexities of operating its water and wastewater utilities
- Most other cities in the South County receive water and wastewater service from special districts separate from the municipality
- Special districts are single purpose public agencies focused on the provision of utility services
- City has undertaken a study to evaluate whether there is a viable alternative to the City's continued ownership, operation and maintenance of these utility services

Objectives of Any Change in Organization

- Any alternative to the City's continued ownership, operation and maintenance of its water and wastewater utilities should achieve as many of the following objectives as possible:
 - protect City's investment in infrastructure
 - reduce City's cost of operating and maintaining utilities
 - avoid complexities of operating and maintaining an enterprise utility
 - reduce liability and avoid litigation costs
 - improve efficiency of operation and maintenance of system
 - increase water supply to meet projected growth
 - increase reliability
 - improve quantity and quality of service
 - improve customer service and relations
 - reduce customer rates
 - stabilize customer rates
 - increase collaboration with regional partners

Utility Reorganization Work Plan

- March 2015: Council authorizes work plan to evaluate a potential change in organization of the City's water, wastewater and stormwater utilities
 - Phase 1: Retention of legal and technical team and ratification of goals and objectives
 - Phase 2: Audit of utilities
 - Phase 3: Evaluation and comparison of organization alternatives
 - Phase 4: Due diligence of selected option
 - Phase 5: Implement selected option
- June 2015: consultant team assembled (Brownstein Hyatt Farber Schreck LLP, HDR Engineering, Laer Pearce & Associates, and Orrick, Herrington & Sutcliffe LLP) and Phase 2 authorized
- September 2015: Council authorized Phases 3 and 4

Purpose of Presentation

- The consultant team has completed the Phase 2 audit of the utilities and Phase 3 evaluation of options
- This presentation provides a summary of Phases 2 and 3, and serves the following objectives:
 - Summarizes utility assets and identify strengths and weaknesses
 - Describes options potentially available to the City for a change in organization of its utilities
 - Summarizes the potential advantages and disadvantages of each option
- The goal is to receive direction from the Council on whether to continue with Phase 3, commence Phase 4, or halt the study altogether

Phase 2: Audit of Utilities

City's Water Utility

- City provides potable and non-potable water service to approximately 40,000 customers within a 14 square mile service area
 - Small area outside of the City is served
- Total potable water demand is approximately 9,000 AFY
- Total non-potable water demand is approximately 650 AFY
- Potable and non-potable demands anticipated to increase, but not substantially, by 2035
- City will continue to rely on imported water from MWD to the extent local groundwater and recycled water insufficient to meet demand

Water Utility (cont.)

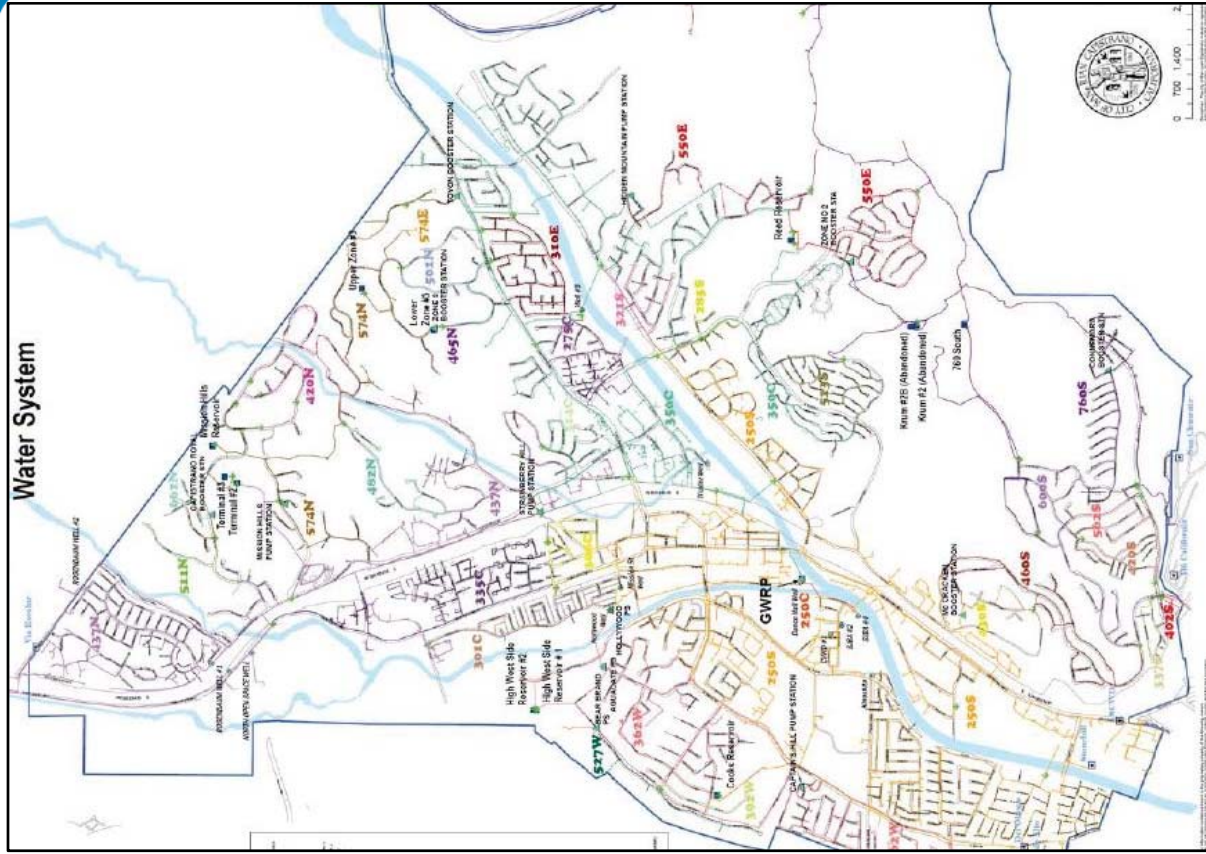
- Groundwater Recovery Plant (GWRP)
 - Constructed on City land
 - Facilities owned by SJBA and leased to City until 2057
 - Upon repayment of debt (approx. \$20 mil.) cost of supply reduced to \$1/year
- San Juan Basin Authority
 - City is a member
 - Provides City option to participate in future projects intended to increase supply and reliability of the San Juan Basin

Water Utility (cont.): Water Rights

- City claims right to produce up to 3,325 AFY of local groundwater based on prior historical rights
- City has contract right to produce up to 5,800 AFY pursuant to SJBA's permit at no cost until 2057
- Potential right to produce up to 8,825 AFY from San Juan Basin

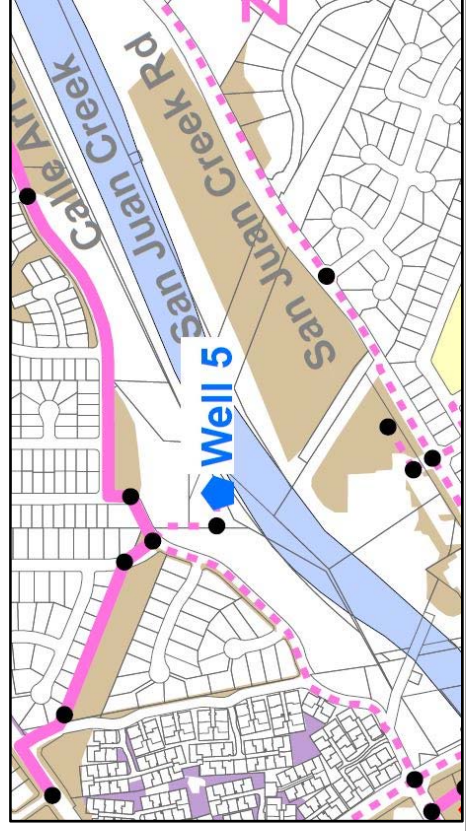
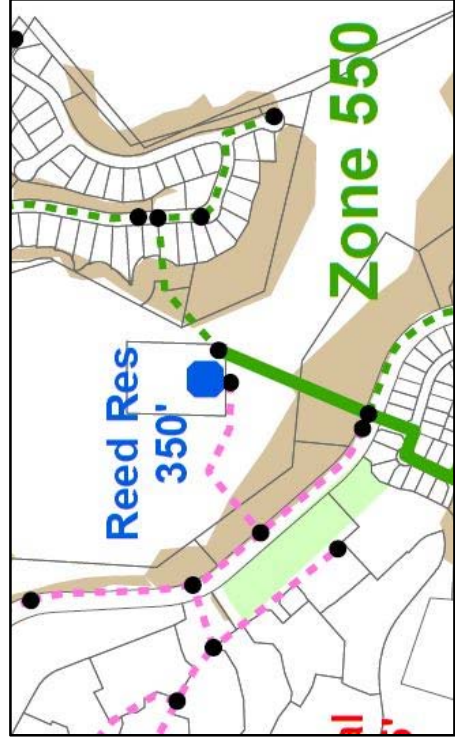
Potable Water System

- 205 miles of pipes
- 12 reservoirs
- 9 pump stations
- 8 wells
- 5 inter-connections
- Ground Water Recovery Plant
 - 7 MGD capacity
- 50 AF of storage in Upper Chiquita Emergency Storage Reservoir



Potable Water System

- Oldest facilities installed in 1950's
- Majority of system built between 1960 and 1990 (67%)
- Serves residential, commercial and industrial customers
- Service area is 14.4 square miles
 - Includes some areas outside City boundaries (per agreements)

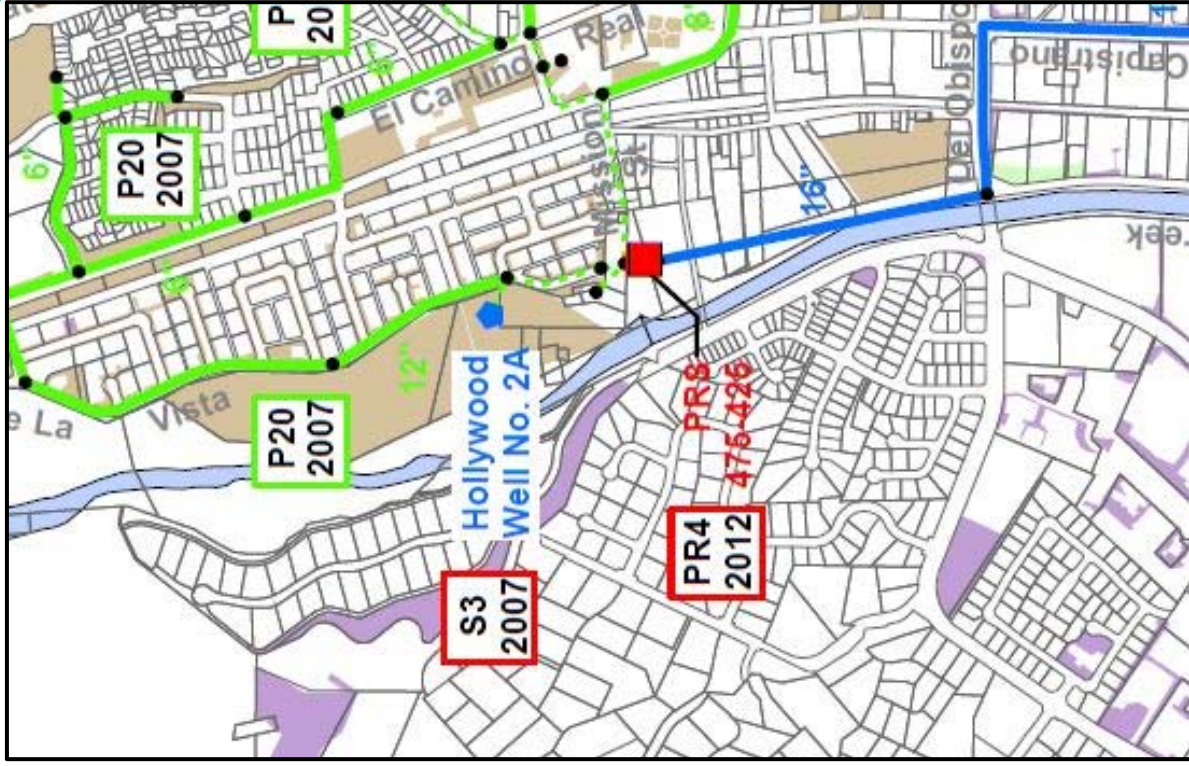


Water Utility (cont.): Recycled Water

- City has taken positive steps to reduce dependence on potable supplies
 - As of 2010, City's non-potable system supplied approx. 430 AFY of tertiary treated water to 65-70 customers
 - City has contract to purchase recycled water on interruptible basis from MNWD and SMWD
 - City owns 4 MGD of secondary treatment capacity in Latham Plant (no current tertiary treatment capacity)
 - City, MNWD and SCWD have agreed to participate in project to pursue additional capacity of up to 7 MGD of recycled water from Latham Plant

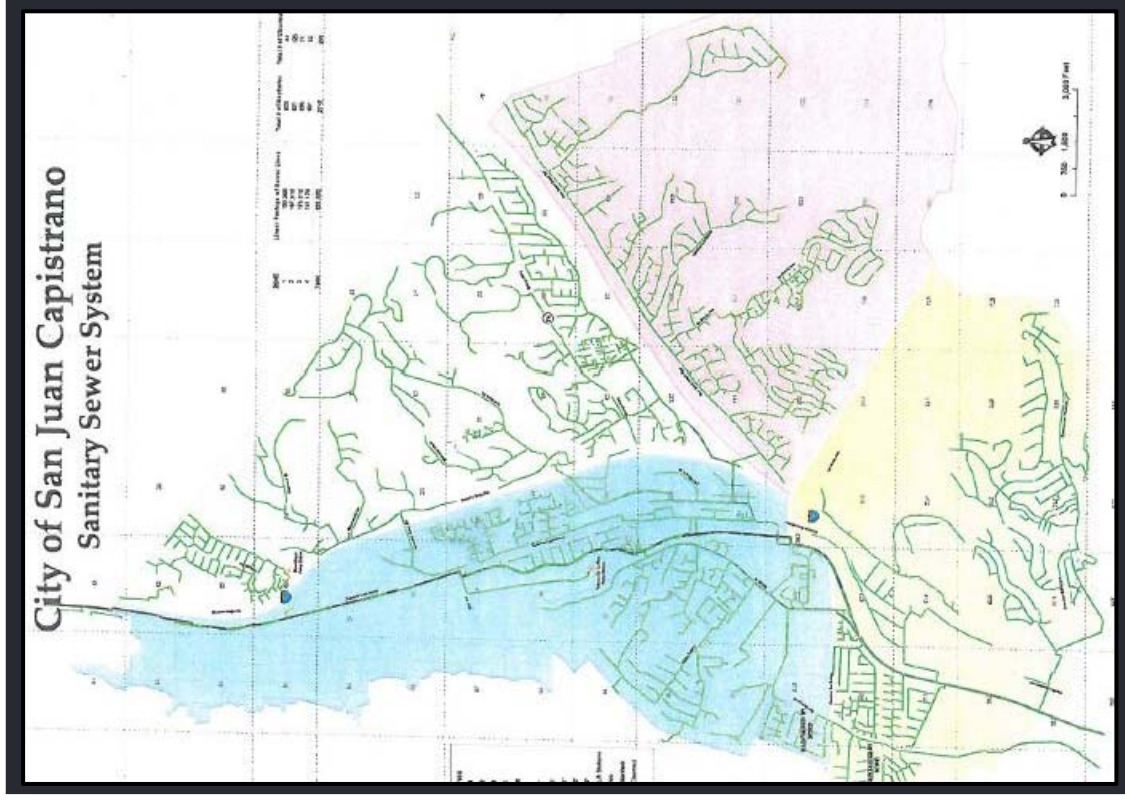
Recycled Water System

- Started in 1989
- 22.5 miles of pipes
- 1 reservoir
 - Converted to non-potable use
- 1 pump station
- 4 wells
- 2 interconnections
 - Moulton Niguel Water District
 - Santa Margarita Water District



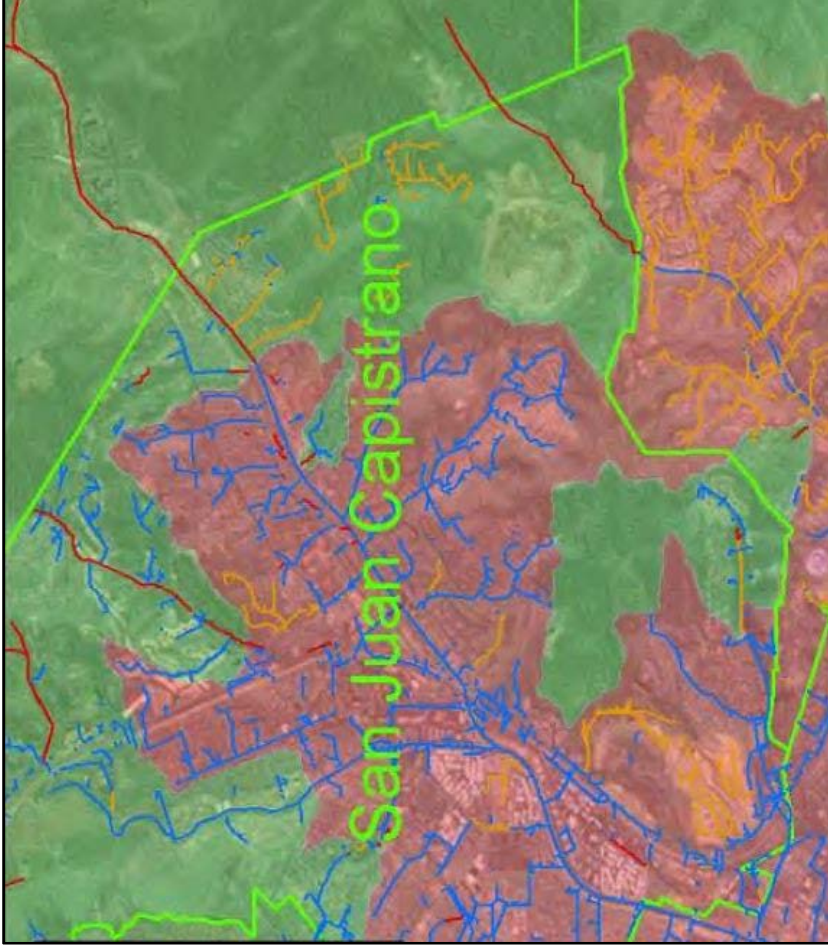
Wastewater System

- Dates back to the 1920's – majority installed between 1960 and 1980
- 125 miles of pipe
- 2 lift stations
- Latham Wastewater Treatment Facility
 - 4.0 MGD liquid treatment capacity
 - 5.55 MGD solids treatment capacity
- Shared capacity in the San Juan Creek Ocean Outfall



Stormwater System

- 60 miles of pipe
- Catch basins, inlets and collection structures
- Outlets, channels and culverts
- System Complexities:
 - Some facilities managed & maintained by others
 - Interconnections with Orange County Flood Control District
 - Does not generate revenue



County Storm Drain - Dec.15, 2010

Storm Drain Type

- Unknown
- Engineered
- Non-engineered

Phase 3: Identification of Alternatives

Alternatives to City ownership, operation and maintenance of water and wastewater utilities

- 6 potential alternatives available to the City:
 - Option 1: Sale/transfer to a public entity
 - Option 2: Creation of a new special district
 - Option 3: Contract service by public entity
 - Option 4: Sale/transfer to a private entity
 - Option 5: Lease to private entity
 - Option 6: Contract service by private entity
- Each option involves specific procedures that must be followed
- Each option has advantages and disadvantages to be considered

Alternatives Involving Public Entities

Option 1: Sale/transfer to public entity

- Requires Orange County LAFCo approval
- Includes Municipal Service Review, expansion of Sphere of Influence, and annexation of City's service area by another entity (i.e., special district)

Advantages:

- LAFCo oversees process and provides recommendations
- City divests itself of all responsibilities of owning, operating and maintaining utilities
- May create improved efficiency of operations and management
- Maintains public control of utility

Disadvantages:

- LAFCo may impose conditions
- City relinquishes all assets
- City relinquishes decision-making powers, including power to set customer rates; however City customers may retain representation through new entity

Option 2: Creation of New Special District

- Requires Orange County LAFCo approval
- Includes Municipal Service Review, expansion of Sphere of Influence, and annexation

Advantages:

- LAFCo oversees process and provides recommendations
- Special district serves City customers only
- City Council may retain representation in new entity
- City customers may retain representation through new entity

Disadvantages:

- LAFCo approval required; may impose conditions
- Disfavored when existing entities can serve
- Does not create economies of scale
- Special district may succeed to all of City's rights, interests and responsibilities
- May create improved efficiency of operations and management
- Maintains public control of utility

Option 3: Contract Service by Public Entity

- Process involves bidding process, negotiating contract, and authorization by Council
- Process/approvals dependent on negotiated terms – i.e. which entity sets rates, etc.
- May be in anticipation of a later change in organization (i.e., annexation)

Advantages:

- No LAFCO approval required
- City retains ownership of utility assets
- Simplified/expedited process
- May improve efficiencies by creating economies of scale
- Maintains public control of utility

Disadvantages:

- Depending on nature of contract, City may retain some responsibility and liability for utilities

Alternatives Involving Private Entities

Option 4: Sale/transfer to private entity

- Involves adoption of resolution by Council, public bidding, approval by a majority of all voters (approval by 2/3 of all voters for wastewater utility)
- Requires approval of California Public Utilities Commission (CPUC)

Advantages:

- City divests itself of all responsibilities of owning, operating and maintaining utilities
- Existing entity has expertise
- May create improved efficiency of operations and management

Disadvantages:

- Requires approval of CPUC
- LAFCo may impose conditions
- City relinquishes all assets
- City relinquishes decision-making powers, including power to set customer rates
- Rates set by CPUC, not local public entity

Option 5: Lease of *water* utility to private entity

- Involves adoption of resolution by Council, public bidding, and approval by a majority of all voters
- Depending on extent City divests responsibility for utility, may require approval of CPUC

Advantages:

- City retains ownership of assets, but lessee responsible for capital improvements
- City may retain authority over rates
- May create improved efficiency of operations and management
- May provide interim step to other options (ie., sale/transfer)

Disadvantages:

- Depending on nature of contract, City retains some level of responsibility and liability for utilities

Option 6: Contract Service by Private Entity

- Process involves bidding process, negotiating contract, and authorization by Council
 - Commonly used alternative for operation and maintenance of municipal utilities
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Advantages:

- Simplest process – no regulatory approvals, no popular vote
- City retains ownership of assets
- Maintains existing level of public involvement
- May create improved efficiency of operations and management

Disadvantages:

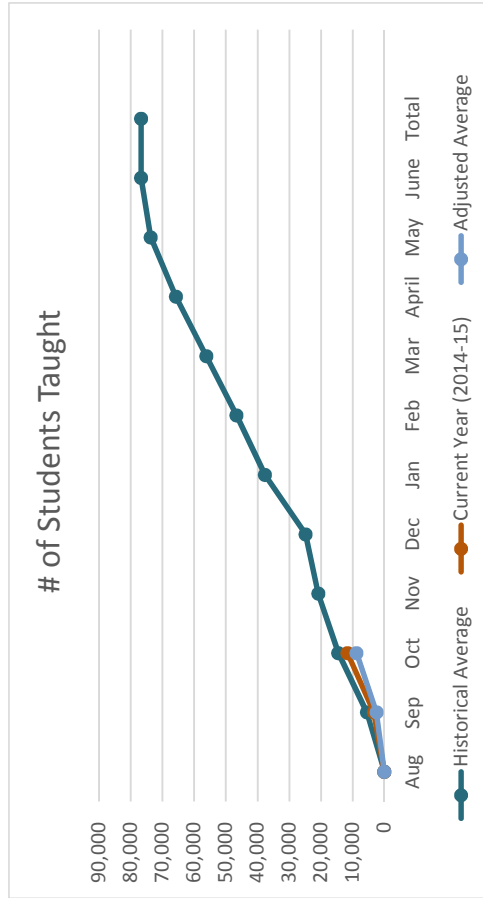
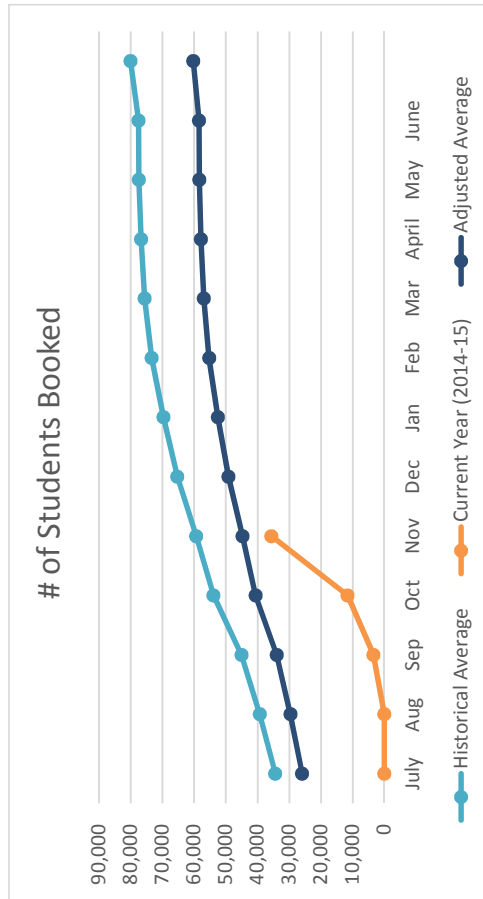
- City responsible for transaction/process
- City retains responsibility, liability and rate-setting obligations

Recommendation and Options

- If Council wishes to continue investigation of all alternatives (public and private) potentially available to City:
 - Direct Staff to issue a Request for Expression of Interest (REI) (preliminary to Request for Proposals). REI process may be useful to test feasibility of each option and provide additional information for Council to assess merits of any alternative.
- Alternatively, the Council may wish to:
 - Direct staff to undertake a rate screening analysis to evaluate potential impacts of alternatives on rates/costs of any change in organization.
 - Direct staff to pursue one or more preferred alternatives, including associated due diligence (Phase 4). (Important: This is not Phase 5.)
 - Take no action and discontinue investigation of potential changes in organization of City's utilities.

2014-15 Water Education School Program

# of Students Booked	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Target
Historical Average	34,405	39,319	45,070	53,900	59,337	65,269	69,616	73,332	75,563	76,726	77,411	77,523	80,000
Adjusted Average	25,921	29,624	33,957	40,610	44,706	49,175	52,451	55,250	56,931	57,807	58,323	58,407	60,274
Current Year (2014-15)	0	0	3,446	11,640	35,603								60,274
# of Students Taught	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	Total	75%
Historical Average	0	5,526	14,522	20,838	24,823	37,676	46,625	56,093	65,692	73,691	76,705	76,705	80,000
Adjusted Average	0	2,489	8,771										
Current Year (2014-15)	0	3,304	11,641										60,274



* Total is reduced from 80,000 because all participants receiving keypad program.

**Public Affairs Activities Report
October 22 – November 18, 2015**

<p>Member Agency Relations</p>	<p>Jonathan met with the OC Register on November 2 to coordinate the upcoming countywide communication campaign. Member agencies and MWDOC will conceive and approve of one full page of water-related information in the Register each week, beginning in December. The work is the “Value of Water” CHOICE program this year.</p> <p>Tiffany is working with MWD staff, Director Larry McKenney and MWD staff on an upcoming Edmonston trip, November 20. Tiffany is also working with Director Barbre, MWD staff and the OC Grand Jury on a Colorado River Aqueduct trip, December 11-12. Bryce is sending out invitations, accepting reservations, and handling guest needs. Tiffany is managing itinerary, MWD and Director needs for each of these trips.</p> <p>Tiffany is coordinating with MWD staff, Director Dick, and a handful of Central Valley growers to work out timelines and itinerary options for a MWD-sponsored trip for this CV group to Orange County, La Verne, Diamond Valley Lake and Perris. The date has not yet been finalized.</p> <p>Heather accompanied Director Ackerman and MWD/Fullerton Director Peter Beard on a State Water Project inspection trip on October 23-24.</p> <p>Tiffany and Heather accompanied Director McKenney and MWD/SCWA Director Yen Tu on a Colorado River Aqueduct/Hoover Dam inspection trip on November 13-14.</p> <p>A Public Affairs Workgroup meeting was held Thursday, October 22, with 15 member-agency representatives attending. The agenda included a presentation by Steve Creech, Wyland Foundation, on Wyland’s annual Mayors Challenge for water conservation. The agenda also included a conversation with Matt Stevens, LA Times water reporter, on tips and tricks to get your story in the news. Updates were given to the group on the Value of Water program and the School Program (Jonathan). Jonathan, Tiffany and Bryce participated.</p> <p>Tiffany participated a Mesa Water’s request for proposal process to redesign their website. The panel reviewed 12 proposals, a shortlist of candidates was determined on</p>
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Item 9

	<p>October 27, and interviews were conducted on November 2.</p> <p>Bryce, Jonathan and Tiffany attended Santa Margarita Water District's Gobernadora Multipurpose Basin Project dedication on October 30.</p> <p>The Public Affairs Department provided handouts, giveaway items, education materials, program partnering assistance and social media assistance/content to several MWDOC Member Agencies.</p> <p>Tiffany and Jonathan assisted with the final presentation for the November 5 Elected Officials Forum. Presenters were Rob, Karl and Harvey. Jonathan attended the event.</p> <p>Jonathan attended a communications/media seminar at MET, given by Stephen Allen of Salient Point.</p> <p>Heather hosted a luncheon for MWDOC member agency legislative coordinators (or other appropriate staff) to give a wrap-up of 2015, preview 2016, and discuss how often to meet in 2016, including the best format to get information to the agency staff.</p> <p>Heather attended a lunch with OCSD's Rebecca Long & Kelly Newell and OCWD's Alicia Dunkin. They shared the status of common goals such as updating our agency's policy principles for our respective Boards and pending 2-year bills.</p>
Community Relations	<p>Bryce, Jonathan, Marey and Tiffany implemented MWDOC's social media activities through Facebook, Twitter, Pinterest and Instagram during this period.</p> <p>Tiffany and Bryce updated several pages on the MWDOC website.</p> <p>Marey and Bryce participated in 5 community events during this period, reaching 689 people. The events were held in the cities of Brea, Irvine, Orange, Placentia, and Tustin.</p>
Education	<p>Jonathan and GSWC GM Ken Vecchiarelli attended a classroom session of the new high school program at Valencia High School on October 19.</p> <p>Jonathan participated in weekly telephone calls with contractors for the high school education program.</p>

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	<p>Tiffany has been working with MWD, MWDOC member agencies and participating teams for the MWD 2016 Solar Cup. All MWD member agencies were allowed to sponsor three teams. MWDOC's three sponsored teams are Laguna Beach High (LBCWD), Los Alamitos High (Golden State Water), and Coast High (Huntington Beach). The first boat building workshop was held on November 7, at Three Valleys MWD.</p> <p>Tiffany attended the MWD Student Arts Awards Ceremony at MWD on November 18. The two students recognized in the MWDOC service area were from La Palma and IRWD.</p>
Media Relations	<p>A news release was issued on the EPA WaterSense award received by Joe and Melissa on behalf of MWDOC. The release was posted on the ACWA home page, Voice of OC news release section and picked up by the weekend edition of the Daily Pilot.</p> <p>A news release was issued on MWDOC's secondary assignment of water to OCWD. The release was posted on the Voice of OC website and the ACWA home page.</p> <p>An appearance by MWDOC GM Rob Hunter was secured in December on the "City Square" webcast hosted by Jerry Amante/Association of California Cities/OC.</p> <p>MWDOC was included in a news release about the Solar Cup issued by MWD over Business Wire.</p>
Special Projects	<p>Jonathan attended a dedication ceremony/check passing with Huntington Beach and Edison officials after a turf rebate project. MET rep Marcelo Alvarez presented the check.</p> <p>Marey completed the November cover images for MWDOC's social media pages and website.</p> <p>Tiffany has been working with Felicia Marcus's office and has confirmed her as keynote speaker for a MWDOC Water Policy Forum and Dinner to be held January 22. The Westin South Coast Plaza hotel has been confirmed. Tiffany has prepared both print and e-invitations which will be sent out once finalized and approved.</p> <p>Tiffany, Bryce and Marey are working on several updated briefing papers and transferring them into a new, modern</p>

	<p>template. Finalized versions are replacing outdated papers on pin drives and the website.</p> <p>The first 2016 OC Water Summit committee meeting was held on October 26. Agenda items included the theme and location. Jonathan, Tiffany, Rob, Director's Dick, Thomas and Tamaribuchi participated. The theme will center on reliability, and the location has been moved from the Grand Californian to a location served by a member agency.</p> <p>Jonathan, Tiffany and Rob participated in a walk-through with OCWD staff at the Westin South Coast Plaza on November 6. The walk-through was conducted to determine location feasibility to host the 2016 OC Water Summit. Tiffany is working with the hotel to get a quote for all services. The preferred event date, May 20, 2016, is available at this location.</p> <p>Tiffany participated in a coaching and development workshop on November 17, hosted by OCSD.</p> <p>Jonathan and Laura sent out an edition of eCurrents, featuring an article by Kelly on El Nino preparations, as well as a report on the EPA award to Joe and Melissa and honors given to member agencies.</p> <p>Tiffany has coordinated with the OC Grand Jury to schedule a meet and greet presentation by Rob Hunter. The water 101 presentation was given to the members on November 17.</p> <p>Heather, Director Tamaribuchi and Director McKenney attended the Southern California Water Committee's 31st Annual Dinner featuring SWRCB's Felicia Marcus and local weatherman Fritz Coleman.</p> <p>Heather participated in the monthly ISDOC Executive Committee meeting. Plans for the January luncheon are underway. Heather is reaching out to potential speakers early due to the upcoming holidays.</p> <p>Heather staffed the November WACO meeting on El Nino and coordinated with one of the guest speakers, Dimitri Polyzos of MET.</p> <p>Heather staffed the WACO Planning meeting. Planning for the January & February meetings are occurring now. December WACO is set for the Reliability Study.</p>
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	<p>Heather scheduled a meeting with Assemblyman Matthew Harper for her and Albert Napoli of Metropolitan. She will be assisting MET in coordinating an upcoming community briefing.</p>
Legislative Affairs	<p>Heather attended and participated in Metropolitan's member agency legislative coordinators planning meeting for 2016.</p> <p>Heather, Directors Barbre, Osborne & Tamaribuchi, Rob and Kathy Cole from Metropolitan served on an interview panel for state advocacy services. Four firms in total were interviewed over two days.</p> <p>Heather participated in ACWA's webinar on Prop 218 issues.</p> <p>Heather attended ACC-OC's Water Committee meeting.</p>