

REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
18700 Ward Street, Board Room, Fountain Valley, California  
March 20, 2019, 8:30 a.m.

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**AGENDA**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC COMMENTS/PARTICIPATION**

At this time, members of the public will be given an opportunity to address the Board concerning items within the subject matter jurisdiction of the Board. Members of the public may also address the Board about a particular Agenda item at the time it is considered by the Board and before action is taken. If the item is on the Consent Calendar, please inform the Board Secretary before action is taken on the Consent Calendar and the item will be removed for separate consideration.

The Board requests, but does not require, that members of the public who want to address the Board complete a voluntary "Request to be Heard" form available from the Board Secretary prior to the meeting.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

Determine need and take action to agendize items(s) which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present, or, if less than two-thirds of the Board members are present, a unanimous vote of those members present.)

**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>.

**NEXT RESOLUTION NO. 2081**

**CONSENT CALENDAR (Items 1 to 7)**

(All matters under the Consent Calendar will be approved by one motion unless a Board member requests separate action on a specific item)

**1. MINUTES**

- a. February 6, 2019 Workshop Board Meeting
- b. February 20, 2019 Regular Board Meeting

*Recommendation: Approve as presented.*

**2. COMMITTEE MEETING REPORTS**

- a. Planning & Operations Committee Meeting: February 4, 2019
- b. Administration & Finance Committee Meeting: February 13, 2019
- c. Public Affairs & Legislation Committee Meeting: February 19, 2019
- d. Executive Committee Meeting: February 21, 2019

*Recommendation: Receive and file as presented.*

**3. TREASURER'S REPORTS**

- a. MWDOC Revenue/Cash Receipt Register as of February 28, 2019
- b. MWDOC Disbursement Registers (February/March)

*Recommendation: Ratify and approve as presented.*

- c. Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of January 31, 2019
- d. PARS Monthly Statement (OPEB Trust)
- e. Water Use Efficiency Projects Cash Flow

*Recommendation: Receive and file as presented.*

**4. FINANCIAL REPORT**

- a. Combined Financial Statements and Budget Comparative for the Period ending January 31, 2018

*Recommendation: Receive and file as presented.*

**5. METROPOLITAN FUTURE SUPPLY ACTIONS PROGRAM FUNDING AGREEMENTS**

*Recommendation: Authorize the General Manager to enter into (1) a not-to-exceed \$205,754 funding agreement with Metropolitan Water District of Southern California under the Future Supply Actions Funding Program for the "Smart Watershed Network" and (2) a complementary not-to-exceed \$205,754 funding agreement between MWDOC and Moulton Niguel Water District.*

**6. AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A CONTRACT TO PROVIDE ASSISTANCE TO WEROC PROGRAM**

*Recommendation: Authorize the General Manager to enter into a contract with Athena EHS Consulting, LLC in an amount not to exceed \$25,000 for WEROC Program assistance.*

**7. AUTHORIZE ATTENDANCE AT CALIFORNIA WATER ENVIRONMENT ASSOCIATION ANNUAL CONFERENCE, PALM SPRINGS, APRIL 9-12, 2019**

*Recommendation: Authorize attendance at the California Water Environment Association Annual Conference, April 9-12, 2019 in Palm Springs, California.*

**End Consent Calendar**

**ACTION ITEMS****8-1 AMENDMENTS TO ADMINISTRATIVE CODE**

*Recommendation:* Approve revision to Section 2201 (Level of Expenses and Expense Reimbursement Rates), and receive information from Legal Counsel on whether to approve adding Section 1406 (Incompatible Offices) to the Administrative Code; authorize staff to make such change(s).

**8-2 SB 307 (ROTH) – WATER CONVEYANCE: USE OF FACILITY WITH UNUSED CAPACITY**

*Recommendation:* Adopt an oppose position on SB 307 (Roth).

**8-3 SB 669 (CABALLERO) – SAFE DRINKING WATER FUND**

*Recommendation:* Adopt a support position on SB 669 (Caballero).

**8-4 SB 414 (CABALLERO) - THE SMALL SYSTEM WATER AUTHORITY ACT OF 2019**

*Recommendation:* Adopt a support position on SB 414 (Caballero) - The Small System Water Authority Act of 2019

**8-5 SOLE SOURCE CONTRACT FOR BROWN AND CALDWELL TO DEVELOP INFORMATION RELATIVE TO SMALL NON-COMPLIANT CALIFORNIA DRINKING WATER SYSTEMS**

*Recommendation:* Authorize the GM to enter into a contract with Brown and Caldwell to complete the scope of work presented. The cost for the MWDOC portion of this study effort will be provided prior to the March 18 PAL Committee meeting.

**8-6 CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2020-2022 BOARD OF DIRECTORS CALL FOR NOMINATIONS – SOUTHERN NETWORK REGION, SEAT B**

*Recommendation:* Receive recommendation from the Public Affairs & Legislation Committee.

**8-7 AB 533 (HOLDEN) – INCOME TAX EXCLUSION, WATER CONSERVATION OR EFFICIENCY PROGRAMS**

*Recommendation:* Adopt a support position on AB 533 (Holden).

**8-8 AB 1194 (FRAZIER) - SACRAMENTO-SAN JOAQUIN DELTA: DELTA STEWARDSHIP COUNCIL**

*Recommendation: Adopt an oppose position on AB 1194 (Frazier).*

**INFORMATION CALENDAR** (All matters under the Information Calendar will be Received/Filed as presented following any discussion that may occur)

**9. GENERAL MANAGER'S REPORT, MARCH 2019 (ORAL AND WRITTEN)**

*Recommendation: Receive and file report(s) as presented.*

**10. MWDOC GENERAL INFORMATION ITEMS**

- a. Board of Directors - Reports re: Conferences and Meetings
- b. Requests for Future Agenda Topics

*Recommendation: Receive and file as presented.*

**CLOSED SESSION**

**11. PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: General Manager  
Government Code Section 54957

**ADJOURNMENT**

Note: 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 contacting 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.



**MINUTES OF THE WORKSHOP BOARD MEETING  
OF THE BOARD OF DIRECTORS OF  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY (MWDOC)  
WITH THE MWDOC MET DIRECTORS  
February 6, 2019**

At 8:30 a.m. President Barbre called to order the Workshop Board Meeting of the Board of Directors of Municipal Water District of Orange County (MWDOC) at the District facilities located in Fountain Valley. Director Finnegan led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

Brett R. Barbre\*  
Larry Dick\*  
Joan Finnegan  
Wayne Osborne  
Megan Yoo Schneider  
Sat Tamaribuchi  
Jeffery M. Thomas

**MWDOC STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Joe Byrne, Legal Counsel  
Maribeth Goldsby, Secretary  
Harvey De La Torre, Associate General Manager  
Melissa Baum-Haley, Sr. Water Resource Analyst  
Kevin Hostert, Water Resources Analyst  
Joe Berg, Dir. of Water Use Efficiency  
Charles Busslinger, Principal Engineer  
Heather Baez, Governmental Affairs Manager  
Damon Micalizzi, Director of Public Affairs  
Chris Lingad, Water Resources Analyst

\*Also MWDOC MET Directors

**OTHER MWDOC MET DIRECTORS**

Larry McKenney  
Linda Ackerman

**OTHERS PRESENT**

Mark Monin  
Kathryn Freshley  
Jose Vergara  
Mike Dunbar  
Doug Reinhart  
Peer Swan  
Paul Weghorst  
Jim Atkinson  
Kelly Rowe  
John Kennedy  
Mike Markus  
Adam Hutchinson  
Dennis Erdman  
Wayne Miller  
Ed Means  
Laer Pearce  
Liz Mendelson-Goossens  
Kristy Khachigian  
Steve Arakawa

El Toro Water District  
El Toro Water District  
El Toro Water District  
Emerald Bay Service District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Irvine Ranch Water District  
Mesa Water  
Orange County Water District  
Orange County Water District  
Orange County Water District  
Orange County Water District  
South Coast Water District  
Yorba Linda Water District  
Means Consulting  
Laer Pearce & Associates  
San Diego County Water Authority  
San Diego County Water Authority  
Metropolitan Water District of So. Calif.

**PUBLIC PARTICIPATION/PUBLIC COMMENTS**

President Barbre inquired whether any members of the public wished to comment on agenda items.

Mr. Laer Pearce addressed the Board with positive comments on the Cadiz Project.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED** - Determine need and take action to agendize item(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No items were presented.

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

President Barbre inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

It was noted that the presentation materials were distributed to the Board and made available to the public.

**PRESENTATION/DISCUSSION/INFORMATION ITEMS****INPUT OR QUESTIONS ON MET ISSUES FROM THE MEMBER AGENCIES/MET DIRECTOR REPORTS REGARDING MET COMMITTEE PARTICIPATION**

Director Ackerman highlighted the reception event honoring new MET Chairwoman Gloria Gray. Ms. Ackerman also highlighted MET's Finance & Insurance Committee and Real Property and Asset Management Committee (wherein a presentation was made regarding agricultural water use efficiency efforts) activities, Delta issues, and further changes to MET's Conservation Programs (turf removal, etc.).

Director McKenney noted that a Facilities Naming Ad Hoc Committee was formed and are currently discussing facilities to be named in honor of Carl Boronkay and Lois Krieger.

(Director Yoo Schneider arrived at 8:40 a.m.)

Director Dick noted that the MET Board will be considering the purchase of 730 acres in Palo Verde. He also noted that three new MET Directors will be sworn-in in March (Jasmine Hall, Adan Ortega, and Jose Solorio).

Director Barbre commented on the thorough reports given by the other Directors, noting he had nothing further to add.

**WATER SUPPLY UPDATE**

MWDOC Water Resources Analyst, Kevin Hostert, provided a presentation on the U.S. drought monitor, climate outlook, local precipitation statistics, northern California Accumulated precipitation, storage level data throughout the state, the State Water Project Table A allocations (currently at 15%), and MET estimated storage levels.

Following discussion regarding OCWD's storage behind Prado Dam, the Board received and filed the report as presented.

### **PRESENTATION REGARDING STATE WATER PROJECT (SWP) COOPERATIVE OPERATING AGREEMENTS BY METROPOLITAN STAFF**

MET Manager on, Bay-Delta Initiatives, Steve Arakawa, presented updates on the California WaterFix and the Coordinated Operations Agreement.

With respect to the WaterFix, Mr. Arakawa provided updates on the Delta Stewardship Council (Certification of Consistency, Delta Plan, etc.), the State Water Resources Control Board activities, and updates on the Delta Conveyance Design and Construction Authority and Delta Conveyance Finance Authority activities. Discussion ensued regarding the remaining issues and anticipated actions (change in point of diversion, certification of consistency, environmental planning, geotechnical investigations, permitting, property rights, and utility interconnections).

Mr. Arakawa then provided an overview of the Coordinated Operations Agreement (COA) (defines sharing of water supply benefits and obligations of the CVP and SWP), noting that the key changes in the 2018 (COA) pertain to sharing of in-basin use obligations and sharing of export capacity. He also reviewed any potential impacts to the State Water Project. Considerable discussion ensued regarding flow requirements and restrictions.

Following discussion, the Board received and filed the reports as presented.

### **CALIFORNIA WATERFIX ACTIVITIES UPDATE**

No additional information was discussed; the Board received and filed the staff report.

### **MWD ITEMS CRITICAL TO ORANGE COUNTY**

- a. MET's Water Supply Conditions
- b. MET's Finance and Rate Issues
- c. Colorado River Issues
- d. Bay Delta/State Water Project Issues
- e. MET's Ocean Desalination Policy and Potential Participation by MET in the Doheny Desalination Project
- f. Orange County Reliability Projects
- g. East Orange County Feeder No. 2
- h. South County Projects

The Board received and filed the information as presented.

**METROPOLITAN (MET) BOARD AND COMMITTEE AGENDA DISCUSSION ITEMS**

- a. Summary regarding January MET Board Meetings
- b. Review items of significance for the upcoming MET Board and Committee Agendas

The Board received and filed the information.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting adjourned at 10:10 a.m.

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Maribeth Goldsby  
Board Secretary

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
February 20, 2019**

At 8:30 a.m., President Barbre called to order the Regular Meeting of the Municipal Water District of Orange County in the Board Room at the District facilities located in Fountain Valley. Director Thomas led the Pledge of Allegiance and Secretary Goldsby called the roll.

**MWDOC DIRECTORS**

Brett R. Barbre  
Larry Dick  
Joan Finnegan  
Wayne Osborne  
Sat Tamaribuchi  
Jeffery M. Thomas  
Megan Yoo Schneider (arr. at 8:50 am)

**STAFF**

Robert Hunter, General Manager  
Karl Seckel, Assistant General Manager  
Megan Garibaldi, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Melissa Baum-Haley, Sr. Water Resources Analyst  
Cathy Harris, Admin. Services Manager  
Melissa Baum-Haley, Sr. Water Resources Analyst  
Harvey De La Torre, Associate General Manager

**ALSO PRESENT**

Linda Ackerman  
Larry McKenney  
Kathryn Freshley  
Peer Swan  
Jim Atkinson  
Kelly Rowe  
Dennis Erdman

MWDOC MET Director  
MWDOC MET Director  
El Toro Water District  
Irvine Ranch Water District  
Mesa Water  
Orange County Water District  
South Coast Water District

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

President Barbre announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Barbre asked whether there were any comments on other items which would be heard at this time.

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were received.

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

President Barbre inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

No items were distributed.

**CONSENT CALENDAR**

President Barbre stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Director Tamaribuchi noted that his name was not listed as an attendee in the PAL meeting minutes for January, but that he attended; it was agreed that the minutes would be revised to reflect his attendance.

Upon MOTION by Director Dick, seconded by Director Thomas, and carried (6-0), the Board approved the Consent Calendar items as follows. Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Yoo Schneider was absent.

**MINUTES**

The following minutes were approved.

January 2, 2019 Workshop Board Meeting  
January 16, 2019 Regular Board Meeting  
January 5, 2019 Special Board Meeting

**COMMITTEE MEETING REPORTS**

The following Committee Meeting reports were received and filed as presented.

Planning & Operations Committee Meeting: January 14, 2019  
Administration & Finance Committee Meeting: January 9, 2019  
Public Affairs & Legislation Committee Meeting: January 21, 2019 (as revised)  
Executive Committee Meeting: January 17, 2019  
MWDOC/OCWD Joint Planning Committee Meeting: January 23, 2019

**TREASURER'S REPORTS**

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of January 31, 2019  
MWDOC Disbursement Registers (January/February)

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of December 31, 2018

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

**FINANCIAL REPORT**

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending December 31, 2018

Quarterly Budget Review

**WATER USE EFFICIENCY RESEARCH PROJECTS**

The Board approved implementation of research projects as outlined in the write up, including: (1) a contribution of \$15,000 to the California Water Efficiency Partnership for the development of Water Use Efficiency Standards Compliance and Water Conservation Tracking Tools; and (2) a professional services contract with Water Systems Optimization, Inc. to conduct Water Balance Validation Research and staff training in an amount not to exceed \$56,000 and conduct Leak Detection Research and staff training in an amount not to exceed \$100,000.

**AUTHORIZATION OF TELEPHONE SERVER UPGRADE**

The Board authorized the General Manager to enter into a contract with Resilient Communications for the telephone server upgrade for a total cost of \$18,537.72.

**TRAVEL TO WASHINGTON, DC TO COVER FEDERAL ADVOCACY INITIATIVES**

The Board ratified the travel expenses as reported.

**TRAVEL TO SACRAMENTO TO COVER STATE ADVOCACY INITIATIVES**

The Board ratified the travel expenses as reported.

**- END CONSENT CALENDAR -****ACTION CALENDAR****SB 134 (HERTZBERG) – WATER LOSS PERFORMANCE STANDARDS**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (6-0), the Board adopted a support position on SB 134 (Hertzberg). Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Yoo Schneider was absent.

**SB 204 (DODD) – STATE WATER PROJECT: CONTRACTS**

Upon MOTION by Director Osborne, seconded by Director Finnegan, and carried (6-0), the Board adopted an oppose position on SB 204 (Dodd). Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Yoo Schneider was absent.

**SUPPORT FOR DIRECTOR BOCKMILLER – ACWA/JPIA EXECUTIVE COMMITTEE**

Upon MOTION by Director Dick, seconded by Director Finnegan, and carried (6-0), the Board adopted RESOLUTION NO. 2080 concurring in the nomination of Fred Bockmiller from Mesa Water District to the ACWA/JPIA Executive Committee, and recommended staff send a letter to MWDOC member agencies encouraging them to support Director Bockmiller's candidacy. RESOLUTION NO. 2080 was adopted by the following roll call vote:

AYES:	Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi & Thomas
NOES:	None
ABSENT:	Director Yoo Schneider
ABSTAIN:	None

**ASSOCIATION OF CALIFORNIA WATER AGENCIES/CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION SAFE DRINKING WATER TRUST PROPOSAL**

Upon MOTION by Director Thomas, seconded by Director Dick, and carried (6-0), the Board adopted a "support in concept" position on the Association of California Water Agencies/California Municipal Utilities Association Safe Drinking Water Trust proposal. Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Yoo Schneider was absent.

**THE SMALL SYSTEM WATER AUTHORITY ACT OF 2019**

Upon MOTION by Director Osborne, seconded by Director Finnegan, and carried (6-0), the Board adopted a "support in concept" position on the Small System Water Authority Act of 2019. Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, and Thomas voted in favor; Director Yoo Schneider was absent.

**INFORMATION CALENDAR****EMPLOYEE SERVICE AWARDS**

The Board, along with General Manager Hunter and Assistant General Manager Seckel, presented awards to Beth Fahl for 15 years of service to the District, and Maribeth Goldsby for 25 years of service to the District.

**GENERAL MANAGER'S REPORT, FEBRUARY 2019**

General Manager Hunter advised that the General Manager's report was included in the Board packet. Mr. Hunter highlighted the upcoming Water Policy Forum dinner scheduled for February 21, 2019 (at the Westin South Coast Plaza), featuring Curt Schmutte and Kathy Cole as keynote speakers. He also noted that San Juan Capistrano City Council voted unanimously to work with Santa Margarita Water District (SMWD) regarding transferring the City's water services to SMWD.

The Board received and filed the report as presented.



**MWDOC GENERAL INFORMATION ITEMS****a. BOARD OF DIRECTORS**

The Board members each reported on their attendance at the regular (and special) MWDOC Board and Committee meetings. In addition to these meetings, the following reports were made on conferences and meetings attended on behalf of the District.

Director Thomas noted his attendance at the regularly scheduled MWDOC meetings, except the Executive Committee, (Planning & Operations, Administration & Finance, and Public Affairs & Legislation Committee meetings, as well as the Workshop and Regular Board meetings). He also attended the Ad Hoc Committee meeting re Desalination, the OC Water Summit Planning meeting(s), the WACO meeting, the ISDOC luncheon, and a meeting with Mesa Water Director Shawn Dewane.

Director Tamaribuchi reported on meetings he's attended since December 19, 2018. These meetings included: all regularly scheduled MWDOC meetings, except the Regular Board Meeting. He also attended the Southern California Water Coalition quarterly meeting, the ACC-OC conference in Washington, DC, the WACO meetings (January 4 and February 1), and a seminar at Chapman University wherein he was a guest speaker.

Director Dick advised that he attended the Planning & Operations, Administration & Finance, Public Affairs & Legislation (January and February), Executive, and the MWDOC/OCWD Joint Planning Committee meetings, as well as the Workshop and Regular Board meetings. Director Dick also reported on attending the following meetings: a meeting with the City of Orange's Water Manager, the Urban Water Institute planning meeting, the Ad Hoc Committee re Desalination, the MWDOC/MET Directors pre-Executive Committee meeting, the MET Executive Committee, the South Orange County Economic Coalition, the Southern California Water Coalition meeting, the ACC-OC conference in Washington, DC, a meeting with Deven Upadhyay, a meeting with Brian Thomas, the ISDOC Executive Committee meeting, the MWDOC/MET Directors caucus, the MET Caucus, the Chamber of Commerce Legislative Committee meeting, the OCBC Infrastructure Committee meeting, the MET Committee and Board meetings, the OC Taxpayers Association meeting, and the WACO Planning Committee meeting.

Director Osborne advised that he attended the Workshop Board Meeting, the Administration & Finance Committee, and Public Affairs & Legislation Committee meetings.

Director Finnegan noted her attendance at the Planning & Operations Committee and Public Affairs & Legislation Committee meetings, the Workshop and Regular Board meetings, the ISDOC Executive Committee meeting, and the ISDOC luncheon.

Director Barbre advised that he submitted a written report to Secretary Goldsby. He noted that the written report included the following meetings in his capacity as MET Director: a meeting with Mike Dunbar regarding OC and MET issues, the MWDOC/MET Director Caucus (early), the MET Caucus (Inland Empire), the MWDOC/MET Director pre-MET Executive Committee meeting (late), the MWDOC/OCWD Joint Planning Committee meeting, the MWDOC/YLWD/OCWD joint meeting, a MET legislative trip to Washington, DC, the ISDOC luncheon, the downtown San Diego Partnership meeting, the MET Committee and Board meetings, and a meeting with MET

Director Adan Ortega. In his capacity as MWDOC Director he attended the following meetings: the Planning & Operations, Administration & Finance, Public Affairs & Legislation Committee (January and February), and the Executive Committee meetings, as well as the Workshop Board meeting, the Ad Hoc Committee re Desalination, and the ACC-OC conference in Washington, DC.

## **B. REQUESTS FOR FUTURE AGENDA TOPICS**

President Barbre requested an update on the regulations for repair of asbestos pipe be made to an upcoming Committee meeting (as well as any impacts to member agencies).

## **CLOSED SESSION ITEMS**

At 8:41 a.m., Legal Counsel Garibaldi announced that the Board would adjourn to closed session for a conference with legal counsel regarding anticipated litigation and significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (one case)

(Director Yoo Schneider joined the closed session at 8:50 a.m.)

At 9:20 a.m., Legal Counsel Garibaldi departed the closed session and announced that no reportable action was taken in closed session.

At 9:21 a.m., it was noted that the Board would continue to meet in closed session regarding the Public Employee Performance Evaluation (Title: General Manager), pursuant to Government Code Section 54957.

## **RECONVENE**

At 9:29 a.m., the Board reconvened and President Barbre announced that no reportable action was taken in closed session.

## **ADJOURNMENT**

There being no further business to come before the Board, President Barbre adjourned the meeting at 9:30 a.m.

Respectfully submitted,

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Maribeth Goldsby, Secretary

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
Jointly with the  
**PLANNING & OPERATIONS COMMITTEE**  
February 4, 2018 – 8:30 a.m. to 8:31 a.m.  
Conference Room 101

**P&O Committee:**

Director Megan Yoo Schneider  
Director Sat Tamaribuchi (absent)  
Director Larry Dick

**Staff:**

Rob Hunter, Karl Seckel, Joe Berg,  
Katie Davanaugh, Harvey DeLaTorre,  
Charles Busslinger, Melissa Baum Haley,  
Francisco Soto, Damon Micalizzi

**Also Present:**

Director Joan Finnegan  
Director Brett Barbre  
MWDOC MET Director Linda Ackerman  
Adam Hutchinson, OCWD  
Peer Swan, Irvine Ranch Water District

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Director Yoo Schneider chaired the meeting and called it to order at 8:30 a.m. Director Barbre sat on the Committee in the absence of Director Tamaribuchi.

**PUBLIC COMMENTS**

No comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

No items were distributed.

**ACTION ITEMS**

**WATER USE EFFICIENCY RESERARCH PROJECTS**

Upon MOTION by Director Barbre, seconded by Director Dick, and carried (3-0), the Committee recommended the Board approve implementation of research projects including a contribution to the California Water Efficiency Partnership for the development of Water Use Efficiency Standards Compliance and Water Conservation Tracking Tools, and a professional services contract with Water Systems Optimization, Inc.

## **INFORMATION ITEMS**

### **STATUS REPORTS**

- a. Ongoing MWDOC Reliability and Engineering/Planning Projects
- b. WEROC
- c. Water Use Efficiency Projects
- d. Water Use Efficiency Programs Savings and Implementation Report

The informational reports were received and filed.

### **REVIEW OF ISSUES RELATED TO CONSTRUCTION PROGRAMS, WATER USE EFFICIENCY, FACILITY AND EQUIPMENT MAINTENANCE, WATER STORAGE, WATER QUALITY, CONJUNCTIVE USE PROGRAMS, EDUCATION, DISTRICT FACILITIES, AND MEMBER-AGENCY RELATIONS**

No information was presented.

## **ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 8:31 a.m.

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Jointly with the **ADMINISTRATION & FINANCE (A&F) COMMITTEE**

February 13, 2019 – 8:30 a.m. to 9:29 a.m.

MWDOC Conference Room 101

**Committee Members:**

Director Jeff Thomas, Chair  
Director Joan Finnegan (absent)  
Director Wayne Osborne

**Staff:**

Robert Hunter, Karl Seckel, Cathy Harris,  
Katie Davanaugh, Hilary Chumpitazi,  
Joe Berg, Damon Micalizzi, Heather Baez,  
Maribeth Goldsby, Harvey DeLaTorre,  
Kelly Hubbard

Ex Officio Member: Director Barbre

**Also Present:**

Director Sat Tamaribuchi  
Director Brett Barbre  
Director Megan Yoo Schneider  
Director Larry Dick  
Linda Ackerman, MWDOC MET Director  
Peer Swan, Irvine Ranch Water District  
Paul Weghorst, Irvine Ranch Water District  
Dan Ferons, Santa Margarita Water District  
Saundra Jacobs, Santa Margarita Water District  
Marwan Khalifa, Mesa Water  
Neely Shahbakhti, El Toro Water District  
Mark Monin, El Toro Water District  
Jose Vergara, El Toro Water District

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Director Thomas called the meeting to order at 8:30 a.m. Director Barbre sat on the Committee in the absence of Director Finnegan.

**PUBLIC COMMENTS**

No comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

No items were distributed.

**PROPOSED BOARD CONSENT CALENDAR ITEMS**

**TREASURER'S REPORT**

- a. Revenue/Cash Receipt Report – January 2019

- b. Disbursement Approval Report for the month of February 2019
- c. Disbursement Ratification Report for the month of January 2019
- d. GM Approved Disbursement Report for the month of January 2019
- e. Water Use Efficiency Projects Cash Flow – January 31, 2019
- f. Consolidated Summary of Cash and Investment – December 2018
- g. OPEB and Pension Trust Fund monthly statement

Following review of the disbursement reports, upon MOTION by Director Barbre, seconded by Director Osborne and carried (3-0), the Committee recommended the Treasurer's Report for approval at the February 20, 2019 Board meeting. Directors Barbre, Osborne, and Thomas voted in favor.

### **FINANCIAL REPORT**

- a. Combined Financial Statements and Budget Comparative for the Period ending December 31, 2018
- b. Quarterly Budget Review

Upon MOTION by Director Barbre, seconded by Director Osborne carried (3-0), the Committee recommended the Financial Report for approval at the February 20, 2019 Board meeting. Directors Osborne, Barbre and Thomas voted in favor.

### **ACTION ITEMS**

#### **AUTHORIZATION OF TELEPHONE SERVER UPGRADE**

Upon MOTION by Director Thomas, seconded by Director Barbre and carried (3-0), the Committee recommended approval of the Telephone Server Upgrade at the February 20, 2019 Board meeting. Directors Thomas, Barbre and Osborne voted in favor.

### **DISCUSSION ITEMS**

#### **FY 2019-20 FIRST DRAFT BUDGET**

Mr. Hunter provided a presentation on the first draft budget and highlighted pertinent aspects of the proposed 2019-20 budget which were outlined in the staff report. Mr. Hunter noted that all member agencies were provided with a letter notifying them of the budget process and schedule and encouraging them to provide input. Key topics that were reviewed included reserve balance and budget target numbers, budget principles, reserves, water rates and charges, core expenses by line item, proposed compensation pool, staffing levels, and key priorities and initiatives. Additionally, all items were summarized in the staff report.

The Committee went on to review professional organizations, coalitions and associations that the District supports. Director Barbre requested that the National Endangered Species Act Reform Coalition be added to Exhibit D.

A review of staff registration and travel (outlined in Exhibit E) was reviewed and it was noted that the category for technical Bay-Delta advocacy should include travel funding.

It was noted that the District will not sponsor or pay for memberships and/or conferences that have exclusive membership conditions that discriminate.

Director Yoo Schneider requested that the Utility Management Conference be added to the conference schedule.

Mr. Hunter requested that any additional changes be submitted to him via email so that they can be included in the 2<sup>nd</sup> draft budget to be presented at the March Administration & Finance Committee meeting.

### **INFORMATION ITEMS**

**CHANGE TO ELECTED OFFICIALS FORUM FORMAT (ANNUAL)**

**CHANGE OF INVESTMENT BROKER FIRM**

**LEGAL AND PROFESSIONAL SERVICES OPEN PURCHASE ORDERS**

**SEMI-ANNUAL DIRECTORS ACTIVITIES REPORT**

**SEMI-ANNUAL OVERTIME REPORT**

**ANNUAL AUTO ALLOWANCE REPORT**

**ANNUAL REVIEW OF COASTAL MUNICIPAL WATER DISTRICT ISSUES**

**DEPARTMENT ACTIVITIES REPORTS**

- a. Administration
- b. Finance and Information Technology

Director Dick requested that a copy of the annual conference calendar be provided to Directors.

**MONTHLY WATER USAGE DATA, TIER 2 PROJECTION, AND WATER SUPPLY INFORMATION**

The Committee received and filed the informational reports.

### **OTHER ITEMS**

**REVIEW ISSUES REGARDING DISTRICT ORGANIZATION, PERSONNEL MATTERS, EMPLOYEE BENEFITS FINANCE AND INSURANCE**

No items were presented.

### **ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 9:30 a.m.

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

Jointly with the

**PUBLIC AFFAIRS AND LEGISLATION COMMITTEE**

February 19, 2019 – 8:30 a.m. to 9:52 a.m.

MWDOC Conference Room 101

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**Committee:**

Director Dick, Chairman  
Director Thomas  
Director Osborne

**Staff:** R. Hunter, K. Seckel, H. Baez,  
D. Micalizzi, M. Goldsby, J. Berg, M.  
Baum-Haley, B. Roberto, S. Wilson,  
H. De La Torre, T. Baca

**Also Present:**

Director Barbre  
Director Tamaribuchi  
Director Finnegan  
Larry McKenney, MWDOC MET Director  
Syrus Devers, BB&K  
Dick Ackerman, Ackerman Consulting  
John Lewis, Lewis Consulting  
Jim Barker, (via teleconference)  
Nick Crockett (via teleconference with  
Jim Barker)  
Jim Leach, SMWD  
Stacy Taylor, Mesa  
Peer Swan, IRWD  
Mark Monin, ETWD  
Jose Vergara, ETWD  
Brooke Jones, YLWD  
Alicia Dunkin, OCWD

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Director Dick called the meeting to order at 8:30 a.m.

**PUBLIC PARTICIPATION**

Ms. Stacy Taylor (Mesa Water) thanked the MWDOC Board and staff for their efforts and assistance with respect to the Assembly Joint Informational hearing on “Safe and Affordable Drinking Water” held on February 6, 2019.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

Although no items were distributed less than 72 hours prior to the meeting, it was noted that a revised agenda was posted within The Brown Act guidelines.



**DISCUSSION ITEMS****LEGISLATIVE ACTIVITIES****a. Federal Legislative Report (Barker)**

Mr. Jim Barker reviewed his written report which was included in the packet, highlighting that Congress passed the budget; he also commented on the border issues (national emergency) and the OC delegation committee assignments.

Mr. Barker commended South Coast Water District and consultant Joey Soto for securing an \$8.3 million grant for desalination. Director Barbre suggested the \$8.3 million be included in future appropriations language, and in the briefing book to be handed out during the ACWA DC conference luncheon hosted by MWDOC (and other agencies). It was noted staff would distribute the briefing book to the Board.

**b. State Legislative Report (BBK)**

Mr. Syrus Devers reviewed his written report that was included in the packet, highlighting the efforts to oppose the water tax. Discussion ensued regarding Mr. Devers recent comments at the informational hearing regarding the water tax, with Mr. Barbre expressing concern that MWDOC comments were not direct (opposing). Mr. Devers responded with an overview of his strategy relative to the tax, noting that as it was an informal hearing, he believed it better to approach the Committee with alternatives.

Director Barbre also suggested the District communicate with the OC delegation regarding the water tax and WaterFix.

**c. County Legislative Report (Lewis)**

Senator John Lewis reviewed his written report that was included in the packet. He highlighted LAFCO activities, the 3<sup>rd</sup> District Supervisor race, and current snowpack in the mountains.

**d. Legal and Regulatory Report (Ackerman)**

Senator Ackerman reviewed his written report, highlighting the ratings for Atmospheric Rivers, and Little Hoover Commission activities.

The Committee received and filed the report.

**e. MWDOC Legislative Matrix**

The Legislative Matrix was received and filed.

**ACTION ITEMS****TRAVEL TO WASHINGTON D.C. TO COVER FEDERAL ADVOCACY ISSUES**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0) the Committee recommended this item be approved by the Board on February 20, 2019. Directors Dick, Thomas, and Osborne voted in favor.

**TRAVEL TO SACRAMENTO TO COVER FEDERAL ADVOCACY ISSUES**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended this item be approved by the Board on February 20, 2019. Directors Dick, Thomas, and Osborne voted in favor

**SB 134 (HERTZBERG) – WATER LOSS PERFORMANCE STANDARDS**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board adopt a support position on SB 134 (Hertzberg). Directors Dick, Thomas, and Osborne voted in favor

**SB 204 (DODD) – STATE WATER PROJECT: CONTRACTS**

Upon MOTION by Director Osborne, seconded by Director Thomas, and carried (3-0), the Committee recommended the Board adopt an oppose position on SB 204 (Dodd). Directors Dick, Thomas, and Osborne voted in favor.

**ADOPT CONCURRING NOMINATION RESOLUTION FOR MESA WATER  
DIRECTOR FRED BOCKMILLER – ACWA/JPIA EXECUTIVE COMMITTEE**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board adopt a concurring nomination resolution for Director Fred Bockmiller from Mesa Water District to be a candidate for the Association of California Water Agencies/Joint Powers Insurance Authority Executive Committee; this item will be presented to the Board on February 20, 2019. Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board adopt a support position on SB 134 (Hertzberg). Directors Dick, Thomas, and Osborne voted in favor

**ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)/CALIFORNIA  
MUNICIPAL UTILITIES ASSOCIATION (CMUA) – SAFE DRINKING WATER  
TRUST PROPOSAL**

Governmental Affairs Manager Heather Baez stated that although the bill language has not been “put over the desk”, she believed it would be prudent to adopt a position stating the District supports the proposal in concept.

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board adopt a “support in concept” position on the ACWA/CMUA Safe Drinking Water Trust proposal; this item will be presented to the Board on February 20, 2019. It was noted that the bill/language would return to Committee when available. Directors Dick, Thomas, and Osborne voted in favor.

**THE SMALL SYSTEM WATER AUTHORITY ACT OF 2019**

Upon MOTION by Director Thomas, seconded by Director Osborne, and carried (3-0), the Committee recommended the Board adopt a “support in concept” position on the Small System Water Authority Act of 2019 proposal. Directors Dick, Thomas, and Osborne voted

in favor. It was noted this item would return to Committee when the bill is available.

### **INFORMATION ITEM**

#### **FEBRUARY WATER POLICY DINNER/SPEAKER SERIES (February 21, 2019)**

The Committee received and filed the report.

#### **2019 OC Water Summit (May 31, 2019)**

The Committee received and filed the report.

#### **EDUCATION PROGRAM UPDATE**

The Committee received and filed the report.

#### **PUBLIC AFFAIRS ACTIVITIES REPORT**

The Committee received and filed the report.

### **OTHER ITEMS**

Director Barbre requested that SB 307 (regarding the Cadiz Project) be agendized in March.

### **ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 9:52 a.m.

MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
jointly with the  
**EXECUTIVE COMMITTEE**  
February 21, 2019, 8:30 a.m. to 10:15 a.m.  
Conference Room 102

**Committee:**

Director Barbre, President  
Director Finnegan, Vice President (absent)  
Director Osborne (absent)

**Staff:**

R. Hunter, M. Goldsby

**Also Present:**

Director Dick  
Director Tamaribuchi  
Director Yoo Schneider

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At 8:30 a.m., President Barbre called the meeting to order. In the absence of Directors Finnegan and Osborne, Directors Dick and Tamaribuchi acted as Committee members.

**PUBLIC PARTICIPATION**

No public comments were received.

**ITEMS RECEIVED TOO LATE TO BE AGENDIZED**

No items were presented.

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

At the beginning of the meeting, Staff distributed the draft agendas for the upcoming month.

**EXECUTIVE COMMITTEE PROPOSALS FOR FUTURE AGENDAS**

The Committee reviewed and discussed the draft agendas for each of the meetings and made revisions/additions as noted below.

a. Planning & Operations Committee Meeting

No new items were added to the agenda.

b. Workshop Board Meeting

Although no new items were added to the agenda, considerable discussion was held regarding the WaterFix and support for the twin tunnels.

c. Administration & Finance Committee meeting

Committee asked that the Personnel Manual changes be removed and presented to the Board this summer.

General Manager Hunter advised that staff was in the process of reviewing the Administrative Code and would be suggesting changes to the Code, including adding a section on MWDOC Board Incompatible Offices.

Discussion was also held regarding the Ordinance on Board compensation

d. Public Affairs & Legislation Committee

No new items were added to the agenda.

e. Executive Committee

No new items were added to the agenda.

### **DISCUSSION REGARDING UPCOMING ACTIVITIES OF SIGNIFICANCE**

General Manager Hunter advised that the next Elected Officials Forum is scheduled for April 4, 2019. Discussion ensued regarding topics for the meeting, with the Committee indicating the topics should be the FY 2019-20 budget, the California WaterFix, and the water tax proposal (and alternative proposals). Considerable discussion ensued regarding how to get better attendance at these events, as well as whether it would be prudent for the audience members to leave with an “ask” from the MWDOC Board regarding the WaterFix.

The Committee recommended the Board members make the presentations and it was agreed that Director Thomas would present the budget, Director Dick would present the California WaterFix, and Director Yoo Schneider would present on the water tax.

### **MEMBER AGENCY RELATIONS**

No additional information was discussed.

### **GENERAL MANAGER’S REPORTS**

General Manager Hunter reported that the District received a thank you letter from Paradise Irrigation District for staff donations following the fire.

Mr. Hunter also stated that the District received notification that Maureen Stapleton would be retiring from San Diego County Water Authority. Discussion ensued regarding the SDCWA/MET litigation, and MWDOC’s Joint Defense Agreement; the Board asked for a copy of the Joint Defense Agreement.

### **REVIEW AND DISCUSS DISTRICT AND BOARD ACTIVITIES**

It was noted that Director Yoo Schneider had requested (at the December Board meeting) for a Brown Act refresher for the Board. Discussion was held regarding the AB 1234 Ethics Training. No decision was made with respect to a Brown Act refresher course.

The Committee approved late business expense reports from Karl Seckel and Heather Baez.

**ADJOURNMENT**

There being no further business to be brought before the Committee, the meeting adjourned at 10:15 a.m.

**Municipal Water District of Orange County**  
**REVENUE / CASH RECEIPT REPORT**  
**February 2019**

**WATER REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
02/01/19	Serrano Water District	December 2018 Water deliveries	13,373.07
02/07/19	City of La Habra	December 2018 Water deliveries	1,762.40
02/07/19	Laguna Beach County Water District	December 2018 Water deliveries	204,788.20
02/07/19	Mesa Water	December 2018 Water deliveries	163,737.96
02/08/19	El Toro Water District	December 2018 Water deliveries	319,306.78
02/08/19	South Coast Water District	December 2018 Water deliveries	365,543.23
02/08/19	City of Buena Park	December 2018 Water deliveries	190,543.36
02/08/19	City of Brea	December 2018 Water deliveries	17,684.57
02/08/19	Trabuco Canyon Water District	December 2018 Water deliveries	109,715.88
02/11/19	City of Seal Beach	December 2018 Water deliveries	207,700.43
02/11/19	Santa Margarita Water District	December 2018 Water deliveries	1,176,807.02
02/14/19	City of La Palma	December 2018 Water deliveries	4,280.03
02/14/19	City of Westminster	December 2018 Water deliveries	245,199.02
02/14/19	City of San Juan Capistrano	December 2018 Water deliveries	193,431.45
02/14/19	City of Orange	December 2018 Water deliveries	67,790.44
02/15/19	East Orange County Water District	December 2018 Water deliveries	249,390.95
02/15/19	Golden State Water Company	December 2018 Water deliveries	151,924.86
02/15/19	Yorba Linda Water District	December 2018 Water deliveries	40,641.24
02/15/19	Moulton Niguel Water District	December 2018 Water deliveries	1,544,832.01
02/15/19	Irvine Ranch Water District	December 2018 Water deliveries	467,915.23
02/25/19	City of Fountain Valley	January 2019 Water deliveries	11,913.85
02/26/19	Trabuco Canyon Water District	January 2019 Water deliveries	100,274.02
<b>TOTAL REVENUES</b>			<b>\$ 5,848,556.00</b>

**Municipal Water District of Orange County**  
**REVENUE / CASH RECEIPT REPORT**  
**February 2019**

**MISCELLANEOUS REVENUES**

<b>Date</b>	<b>From</b>	<b>Description</b>	<b>Amount</b>
02/28/19	Yorba Linda Water District	10/11/18 Water Policy dinner	95.00
02/08/19	Kidman Law LLP	2/21/19 Water Policy dinner	360.00
02/20/19	Costa Mesa Sanitary District	2/21/19 Water Policy dinner	90.00
02/21/19	3 Checks	2/21/19 Water Policy dinner	360.00
02/25/19	Eastern Municipal Water District	2/21/19 Water Policy dinner	850.00
02/25/19	Santa Margarita Water District	2/21/19 Water Policy dinner	850.00
02/28/19	Paypal	2/21/19 Water Policy dinner	7,447.38
02/25/19	Square	ISDOC Registrations	183.05
02/28/19	Paypal	ISDOC Registrations	48.63
02/26/19	Keith Lyon	March 2019 Retiree Health insurance	288.99
02/15/19	2 Checks	Movie tickets	51.00
02/21/19	Janice Kovacevic	Movie tickets	34.00
02/08/19	US Bank	Refund of Custodial fee charged to incorrect account	1,625.00
02/25/19	US Bank	CAL Card rebate check	656.35
02/28/19	US Bank	February 2019 interest income	19.06
02/08/19	Orange County Water District	50% of 12/7/18 WACO meeting speakers expense	141.35
02/11/19	City of Santa Ana	Practical Plumbing Handbook	2,630.00
02/08/19	South Coast Water District	Feb 2019-Jan 2020 State Park Lease extension	29,172.15
02/15/19	El Toro Water District	October 2018 Smartimer rebate program	275.80
02/26/19	Irvine Ranch Water District	December 2018 Smartimer rebate program	903.30
02/01/19	City of La Habra	June 2018 Turf Removal rebate program	222.00
02/25/19	City of Newport Beach	October 2018 Turf Removal rebate program	94.75
02/28/19	City of Westminster	December 2018 Turf Removal rebate program	111.00
02/15/19	El Toro Water District	December 2018 Rain Barrels and Turf Removal rebate program	848.00
02/15/19	El Toro Water District	December 2018 So Cal Watersmart rebate program	575.00
02/20/19	Irvine Ranch Water District	December 2018 So Cal Watersmart rebate program	16,327.80
02/21/19	Laguna Beach County Water District	December 2018 So Cal Watersmart rebate program	45.00
02/15/19	El Toro Water District	January 2019 So Cal Watersmart rebate program	230.00
02/26/19	Irvine Ranch Water District	January 2019 So Cal Watersmart rebate program	14,575.00
02/08/19	City of Anaheim	Jul-Dec 2018 School billing	25,788.21
02/11/19	City of Santa Ana	Jul-Dec 2018 School billing	17,070.90
02/15/19	City of Fullerton	Jul-Dec 2018 School billing	411.00
02/07/19	City of Anaheim	FY 18-19 Choice Programs Billing Invoice	1,468.94
02/01/19	City of Fullerton	Water Loss Control technical assistance - WSO, Inc	11,872.00
02/11/19	City of Santa Ana	Water Loss Control technical assistance - WSO, Inc	7,672.00
02/21/19	City of La Habra	Water Loss Control technical assistance - WSO, Inc	11,872.00

TOTAL MISCELLANEOUS REVENUES **\$ 155,264.66**

**TOTAL REVENUES \$ 6,003,820.66**



Robert J. Hunter, General Manager



Hilary Chumtazi, Treasurer



**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of March 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
<b>Core Expenditures:</b>		
	<b>ACWA Joint Powers</b>	
01-606-08-20-2019	4/1/19-7/1/19 Annual Excess Crime insurance renewal	475.00
	*** Total ***	475.00
	<b>Aleshire &amp; Wynder LLP</b>	
50378	February 2019 Legal services	2,460.00
	*** Total ***	2,460.00
	<b>Association of California Cities</b>	
2346	Washington DC Advocacy trip from Jan. 27-29, 2018 registration for Director Barbre	750.00
	*** Total ***	750.00
	<b>Awards &amp; Trophies Co., Inc.</b>	
646	4 Brass plates engraved for 2/21/19 Water Policy Dinner speaker gifts	38.10
	*** Total ***	38.10
	<b>Best Best and Krieger LLP</b>	
55401-JAN19	January 2019 Legal services	18,277.44
842493	January 2019 State legislative advocacy services	8,707.56
	*** Total ***	26,985.00
	<b>Board of Equalization</b>	
2018	2018 Use tax on purchases	380.70
	*** Total ***	380.70
	<b>California Water Efficiency Partnership</b>	
MD-2019-168	2019 Annual membership renewal	12,166.44
WUETOOL-168	Support for efficiency standards research	15,000.00
	*** Total ***	27,166.44
	<b>Kathy Cole</b>	
022119WPD	Reimbursement for 2/21/19 Water Policy Dinner speaker's airfare	529.96
	*** Total ***	529.96
	<b>Constant Contact Inc.</b>	
XR8WAE CAB5119	Renewal for online event registration software	1,050.00
	*** Total ***	1,050.00
	<b>Hunter T. Cook</b>	
JAN-MAR2019	January-March 2019 Retiree medical premium	1,536.00
	*** Total ***	1,536.00
	<b>Eastern Municipal Water District</b>	
29431	MWDOC share of USB flash drives for 2/27/19 Washington, DC briefing luncheon	286.17
	*** Total ***	286.17

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of March 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>G/M Business Interiors</i></b>	
0248949-IN	Humanscale Freedom task chair	715.33
	*** Total ***	715.33
	<b><i>Harbor All Glass &amp; Mirror, Inc.</i></b>	
1451	Window glass replacement for shattered atrium window	829.63
	*** Total ***	829.63
	<b><i>Hashtag Pinpoint Corporation</i></b>	
1185	February 2019 Social Media consultation & services	7,917.00
	*** Total ***	7,917.00
	<b><i>IDS Group Inc.</i></b>	
18X093.00-2	December 2018-January 2019 Seismic retrofit design and project support for MWDOC office and WEROC S. EOC	37,625.67
18X093.01-1	1/9/19-2/15/19 Additional analysis work for seismic retrofit project	1,500.00
	*** Total ***	39,125.67
	<b><i>Independent Special Dist of OC</i></b>	
1/31/19 PAYPAL	1/30/19-2/28/19 PayPal receipts for 1/31/19 meeting	48.63
	*** Total ***	48.63
	<b><i>Information Management Services, LLC</i></b>	
229715	2/19/19-2/18/20 Annual maintenance renewal for binding machine	695.00
	*** Total ***	695.00
	<b><i>Irvine Window Cleaning</i></b>	
3302	1/25/19 Interior and exterior window cleaning	220.00
	*** Total ***	220.00
	<b><i>James C. Barker, P.C.</i></b>	
105-0219	February 2019 Federal legislative advocacy services	8,000.00
	*** Total ***	8,000.00
	<b><i>Karen's Detail Custom Frames, LLC</i></b>	
3066	Custom framing for 3 resolutions for P. Beard, M. Martinez & M. Camacho	404.06
3067	Custom framing of resolution for K. Cole	134.69
3069	Custom framing for certificate of recognition for the City of San Clemente	102.36
	*** Total ***	641.11
	<b><i>Lawnscape Systems, Inc.</i></b>	
400121	2/20/19 Landscape maintenance for atrium	295.00
	*** Total ***	295.00
	<b><i>Phil Letrong</i></b>	
OCT-DEC2018	October-December 2018 Retiree medical premium	402.00
	*** Total ***	402.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of March 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>Lewis Consulting Group</b>	
2019-113	February 2019 Consulting services	2,937.50
	*** Total ***	2,937.50
	<b>Edward G. Means III</b>	
MWDOC-1068	February 2019 Consulting on MET issues and guidance to Engineering staff	2,637.76
	*** Total ***	2,637.76
	<b>NDS</b>	
717086	2/1/19 & 2/15/19 Delivery charges Board packets	344.02
	*** Total ***	344.02
	<b>Office Solutions</b>	
I-01523410	2/8/19 Office supplies	497.93
I-01529765	2/21/19 Office supplies	21.75
I-01531819	2/25/19 Office supplies	7.76
I-01533796	2/25/19 Office supplies	21.75
I-01535250	3/1/19 Office supplies	281.23
	*** Total ***	830.42
	<b>County of Orange</b>	
R927	11/6/18 General Election fees for Division 1	196,135.57
	*** Total ***	196,135.57
	<b>Orange County Dept. of Education</b>	
94MI2992	September-December 2018 Core High School programs	1,474.00
	*** Total ***	1,474.00
	<b>Orange County Water District</b>	
20013	January 2019 50% share of WACO expense	246.93
20015	January 2019 Postage, shared office & maintenance expense	6,839.73
	*** Total ***	7,086.66
	<b>Patricia Kennedy Inc.</b>	
10751	March 2019 Plant maintenance	214.00
	*** Total ***	214.00
	<b>Joey C. Soto</b>	
MWDOC#009	January 2019 Grant research and acquisition assistance	2,998.40
	*** Total ***	2,998.40
	<b>Spectrum Business Centers</b>	
201177	3/19/19-3/19/20 Annual maintenance renewal for Ricoh color copier	350.00
	*** Total ***	350.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of March 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b><i>Staples Advantage</i></b>	
8053216047	2/9/19 Office supplies	20.54
	*** Total ***	20.54
	<b><i>Top Hat Productions</i></b>	
94843	2/5/19 Breakfast and lunch for Leak Detection training	579.70
94852	2/6/19 Breakfast and lunch for Leak Detection training	563.53
91919	2/27/19 Breakfast and lunch for Leak Detection Training	962.85
94922	2/28/19 Breakfast and lunch for Leak Detection Training	962.85
	*** Total ***	3,068.93
	<b><i>WageWorks, Inc.</i></b>	
INV1243901	February 2019 Cafeteria plan administration	196.07
	*** Total ***	196.07
	<b><i>Water Systems Optimization, Inc.</i></b>	
1520	February 2019 Water Loss Control program	1,680.00
	*** Total ***	1,680.00
	<b><i>Total Core Expenditures</i></b>	<b>340,520.61</b>

***Choice Expenditures:***

	<b><i>Discovery Science Center</i></b>	
DSOC/IV/000857	February 2019 Elementary school program	28,504.56
	*** Total ***	28,504.56
	<b><i>Tim Hogan</i></b>	
5819	136,000 Bill inserts and flyers printed for member agencies for Water Use Efficiency rebate programs	2,910.04
	*** Total ***	2,910.04
	<b><i>Mission RCD</i></b>	
2642	January 2019 Field verifications for Water Use Efficiency rebate programs	4,500.00
	*** Total ***	4,500.00
	<b><i>Office Solutions</i></b>	
I-01533185	Binder and dividers for QWEL training classes	352.22
	*** Total ***	352.22
	<b><i>Orange County Dept. of Education</i></b>	
94MI2992	September-December 2018 Choice High School programs	13,113.00
	*** Total ***	13,113.00

**Municipal Water District of Orange County  
Disbursement Approval Report  
For the month of March 2019**

<i>Invoice#</i>	<i>Vendor / Description</i>	<i>Amount to Pay</i>
	<b>Orange County Water District</b>	
20015	January 2019 Postage for Water Use Efficiency rebate programs	217.23
	*** Total ***	217.23
	<b>Top Hat Productions</b>	
94866	2/7/19 Lunch for Water Use Efficiency workgroup meeting	655.12
	*** Total ***	655.12
	<b>Total Choice Expenditures</b>	<hr/> 50,252.17
<b>Other Funds Expenditures:</b>		
	<b>Michael Baker International</b>	
1040356	1/1/19-2/3/19 OC Regional Water/Wastewater Multijurisdictional Hazard Mitigation Plan update	437.00
	*** Total ***	437.00
	<b>Mission RCD</b>	
2642	January 2019 Field verifications for Water Use Efficiency rebate programs	4,775.85
2654	February 2019 Field verifications for Water Use Efficiency rebate programs	6,465.93
	*** Total ***	11,241.78
	<b>Office Solutions</b>	
I-01523410	2/8/19 Office supplies for WEROC	9.33
	*** Total ***	9.33
	<b>Staples Advantage</b>	
8053216047	2/9/19 Office supplies	86.30
	*** Total ***	86.30
	<b>Water Systems Optimization, Inc.</b>	
1520	February 2019 Water Loss Control program	4,290.00
	*** Total ***	4,290.00
	<b>Total Other Funds Expenditures</b>	<hr/> 16,064.41
	<b>Total Expenditures</b>	<hr/> <hr/> 406,837.19

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of February 2019**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>Core Disbursements:</b>				
<b>138691</b>	<b>2/5/19</b>	<b>SPECTB</b>	<b>Spectrum Business</b>	
		0375210012019	February 2019 Telephone and internet expense	1,099.14
			***Total ***	1,099.14
<b>138692</b>	<b>2/5/19</b>	<b>VERIZO</b>	<b>Verizon Wireless</b>	
		9822872989	January 2019 4G Mobile broadband unlimited service	114.03
			***Total ***	114.03
<b>138695</b>	<b>2/15/19</b>	<b>BUENOC</b>	<b>Alexis Bueno Correa</b>	
		013019	January 2019 Business expense	25.81
			***Total ***	25.81
<b>138703</b>	<b>2/15/19</b>	<b>HEDGES</b>	<b>Steve Hedges</b>	
		013119	January 2019 Business expense	23.20
			***Total ***	23.20
<b>138704</b>	<b>2/15/19</b>	<b>IRONMO</b>	<b>Iron Mountain</b>	
		ALRB263	February 2019 Archived document storage fees	209.70
			***Total ***	209.70
<b>138715</b>	<b>2/15/19</b>	<b>SPECTB</b>	<b>Spectrum Business</b>	
		0343564020119	February 2019 Telephone expense for 3 analog fax lines	108.31
			***Total ***	108.31
<b>138718</b>	<b>2/15/19</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		0403/4140/5443-JAN19	12/24/18-1/22/19 Cal Card charges	14,642.96
			***Total ***	14,642.96
			(See attached sheet for details)	
<b>ACH003773</b>	<b>2/15/19</b>	<b>ACKEEX</b>	<b>Linda Ackerman</b>	
		013119	January 2019 Business expense	64.96
			***Total ***	64.96
		<b>BAUMHA</b>	<b>Melissa Baum-Haley</b>	
<b>ACH003776</b>	<b>2/15/19</b>	123018A	December 2018 Business expense	16.75
<b>ACH003777</b>	<b>2/15/19</b>	013119	January 2019 Business expense	274.80
			***Total ***	291.55
<b>ACH003778</b>	<b>2/15/19</b>	<b>BERGJO</b>	<b>Joseph Berg</b>	
		013119	January 2019 Business expense	8.29
			***Total ***	8.29
<b>ACH003782</b>	<b>2/15/19</b>	<b>LINGAD</b>	<b>Christopher S. Lingad</b>	
		010219	January 2019 Business expense	33.06
			***Total ***	33.06

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of February 2019**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>ACH003783</b>	<b>2/15/19</b>	<b>CHUMPI 013119</b>	<b>Hilary Chumpitazi</b> January 2019 Business expense ***Total ***	 34.91 34.91
<b>ACH003786</b>	<b>2/15/19</b>	<b>DAVISR 013119</b>	<b>Rachel Davis</b> January 2019 Business expense ***Total ***	 94.25 94.25
<b>ACH003787</b>	<b>2/15/19</b>	<b>DICKEX 013119</b>	<b>Larry Dick</b> January 2019 Business expense ***Total ***	 161.24 161.24
<b>ACH003788</b>	<b>2/15/19</b>	<b>DINHPA 013119</b>	<b>Patrick Dinh</b> January 2019 Business expense ***Total ***	 81.20 81.20
<b>ACH003790</b>	<b>2/15/19</b>	<b>FAHLBE 013119</b>	<b>Beth Fahl</b> January 2019 Business expense ***Total ***	 42.45 42.45
<b>ACH003796</b>	<b>2/15/19</b>	<b>HUNTER 012219</b>	<b>Robert J. Hunter</b> January 2019 Business expense ***Total ***	 78.97 78.97
<b>ACH003805</b>	<b>2/15/19</b>	<b>MULDOO 013119</b>	<b>Traci L. Muldoon</b> January 2019 Business expense ***Total ***	 94.84 94.84
<b>ACH003818</b>	<b>2/15/19</b>	<b>ROBERT 013119</b>	<b>Bryce Roberto</b> January 2019 Business expense ***Total ***	 24.99 24.99
<b>ACH003820</b>	<b>2/15/19</b>	<b>TAMARI 013119</b>	<b>Satoru Tamaribuchi</b> January 2019 Business expense ***Total ***	 226.08 226.08
<b>ACH003821</b>	<b>2/15/19</b>	<b>THOMAS 013119</b>	<b>Jeffery Thomas</b> January 2019 Business expense ***Total ***	 147.90 147.90
<b>ACH003823</b>	<b>2/15/19</b>	<b>WAITER 013119</b>	<b>Rachel Waite</b> January 2019 Business expense ***Total ***	 73.26 73.26
<b>ACH003825</b>	<b>2/15/19</b>	<b>WILSON 013119</b>	<b>Sarah C. Wilson</b> January 2019 Business expense ***Total ***	 154.28 154.28

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of February 2019**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>ACH003827</b>	<b>2/28/19</b>	<b>BACATI</b>	<b>Tiffany Baca</b>	
		013119	January 2019 Business expense	94.60
			***Total ***	94.60
		<b>BAEZHE</b>	<b>Heather Baez</b>	
<b>ACH003828</b>	<b>2/28/19</b>	113018	November 2018 Business expense	107.37
<b>ACH003829</b>	<b>2/28/19</b>	013119	January 2019 Business expense	95.19
			***Total ***	202.56
<b>ACH003830</b>	<b>2/28/19</b>	<b>BUSSLI</b>	<b>Charles Busslinger</b>	
		013119	January 2019 Business expense	147.67
			***Total ***	147.67
<b>ACH003832</b>	<b>2/28/19</b>	<b>FINNEG</b>	<b>Joan Finnegan</b>	
		013119	January 2019 Business expense	117.55
			***Total ***	117.55
<b>ACH003833</b>	<b>2/28/19</b>	<b>HOSTER</b>	<b>Kevin Hostert</b>	
		013119	January 2019 Business expense	51.04
			***Total ***	51.04
<b>ACH003838</b>	<b>2/28/19</b>	<b>SCHNEI</b>	<b>Megan Yoo Schneider</b>	
		013119	January 2019 Business expense	458.31
			***Total ***	458.31
		<b>SECKEL</b>	<b>Karl Seckel</b>	
<b>ACH003840</b>	<b>2/28/19</b>	013119	January 2019 Business expense	93.89
<b>ACH003841</b>	<b>2/28/19</b>	020719	February 2019 Business expense	26.33
<b>ACH003842</b>	<b>2/28/19</b>	123118	December 2018 Business expense	95.76
			***Total ***	215.98
<b>Total Core Disbursements</b>				<b>19,123.09</b>

**Choice Disbursements:**

<b>138718</b>	<b>2/15/19</b>	<b>USBANK</b>	<b>U.S. Bank</b>	
		4140-JAN19	12/24/18-1/22/19 Cal Card charges	14.95
			***Total ***	14.95
			(See attached sheet for details)	
<b>Total Choice Disbursements</b>				<b>14.95</b>



**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of February 2019**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
<b>Other Funds Disbursements:</b>				
<b>138692</b>	<b>2/5/19</b>	<b>VERIZO</b>	<b>Verizon Wireless</b>	
		9822872989	January 2019 4G Mobile broadband unlimited service	76.02
			***Total ***	76.02
<b>138693</b>	<b>2/15/19</b>	<b>OCWD</b>	<b>Orange County Water District</b>	
		19878	December 2018 Credit for Local Resources program	347,785.68
			***Total ***	347,785.68
<b>138697</b>	<b>2/15/19</b>	<b>ATTCALN</b>	<b>AT&amp;T</b>	
		000012531115	January 2019 WEROC N. & S. EOC telephone expense	205.98
		000012531116	January 2019 WEROC N. EOC telephone expense	106.46
			***Total ***	312.44
<b>138708</b>	<b>2/15/19</b>	<b>MFHETD</b>	<b>Multi Family HET Direct</b>	
		020819PARK NEWPORT	Park Newport LP (Newport Beach)	119,700.00
			***Total ***	119,700.00
<b>138712</b>	<b>2/15/19</b>	<b>SCHUNK</b>	<b>Janine Schunk</b>	
		013119	January 2019 Business expense	151.92
			***Total ***	151.92
<b>ACH003778</b>	<b>2/15/19</b>	<b>BERGJO</b>	<b>Joseph Berg</b>	
		013119	January 2019 Business expense	4.50
			***Total ***	4.50
<b>ACH003819</b>	<b>2/15/19</b>	<b>SOTOFR</b>	<b>Francisco Soto</b>	
		013119	January 2019 Business expense	159.78
			***Total ***	159.78
		<b>DRIPPR</b>	<b>Spray to Drip Program</b>	
<b>138719</b>	<b>2/27/19</b>	S2D2-R-YLWD-27024-13261	J. Yu	270.00
<b>138720</b>	<b>2/27/19</b>	S2D2-R-ETWD-26972-14282	B. Phan	90.00
<b>138721</b>	<b>2/27/19</b>	S2D2-R-IRWD-29202-15293	E. Baklova	430.00
<b>138722</b>	<b>2/27/19</b>	S2D2-R-FV-27015-15297	S. Mansuri	270.00
			***Total ***	1,060.00
		<b>TURFRP</b>	<b>Turf Removal Program</b>	
<b>138723</b>	<b>2/27/19</b>	TR10-C-FV-13340-13290	Allen Tire Company (Fountain Valley)	1,343.88
<b>138724</b>	<b>2/27/19</b>	TR11-C-YLWD-26538-26453	City of Placentia	27,646.00
<b>138725</b>	<b>2/27/19</b>	TR12-R-FV-27015-26937	S. Mansuri	3,710.00
<b>138726</b>	<b>2/27/19</b>	TR12-R-SM-28081-28005	S. Moncrief	2,577.00
<b>138727</b>	<b>2/27/19</b>	TR12-R-SM-28093-28017	L. Buscemi-Beebe	1,503.00
<b>138728</b>	<b>2/27/19</b>	TR12-R-IRWD-28103-28025	U. Jha	308.00
<b>138729</b>	<b>2/27/19</b>	TR12-R-YLWD-27024-28028	J. Yu	1,468.00
<b>138730</b>	<b>2/27/19</b>	TR12-R-MESA-28125-28051	C. Newtran	1,067.35
<b>138731</b>	<b>2/27/19</b>	TR12-R-MNT-29159-29082	D. Walker	882.83
<b>138732</b>	<b>2/27/19</b>	TR12-R-SM-29213-29134	K. Vu	915.22
<b>138733</b>	<b>2/27/19</b>	TR12-R-MNT-29221-29142	M. Scott	1,772.00

**Municipal Water District of Orange County  
Disbursement Ratification Report  
For the month of February 2019**

<b>Check #</b>	<b>Date</b>	<b>Vendor # Invoice/CM #</b>	<b>Name / Description</b>	<b>Net Amount</b>
138734	2/27/19	TR12-C-IRWD-35267-35193	Brittanywoods Community Assn (Costa Mesa)	1,771.20
138735	2/27/19	TR12-R-IRWD-26945-35195	S. Wen	1,598.00
138736	2/27/19	TR12-R-IRWD-35274-35204	D. Lam	667.14
138737	2/27/19	TR12-R-MNT-35282-35211	J. Hill	764.00
138738	2/27/19	TR12-R-IRWD-35289-35218	P. Broccardo	710.00
138739	2/27/19	TR12-R-IRWD-35293-35221	K. Barcelona	252.00
138740	2/27/19	TR12-R-IRWD-35294-35222	S. Kotapati	508.00
138741	2/27/19	TR12-R-MNT-35310-35235	D. Primer	2,124.00
138742	2/27/19	TR12-R-MNT-35315-35240	Q. Nguyen	1,218.00
138743	2/27/19	TR12-R-MNT-35316-35241	J. Fimreite	3,274.00
138744	2/27/19	TR12-R-IRWD-35317-35242	P. Chemmanoor	569.00
138745	2/27/19	TR12-R-IRWD-35319-35244	V. Arya	1,500.00
138746	2/27/19	TR12-R-IRWD-26815-35251	I. Widarto	295.00
138747	2/27/19	TR12-R-IRWD-35266-	V. Meitzler	371.00
			***Total ***	58,814.62
138752	2/28/19	MFHETD 022119ACI	<b>Multi Family HET Direct</b> AvalonBay Communities, Inc. (Mission Viejo)	7,720.00
			***Total ***	7,720.00
138753	2/28/19	SANTI1 DEC2018	<b>Santiago Aqueduct Commission</b> December 2018 SAC Pipeline operation surcharge	3,048.76
			***Total ***	3,048.76
ACH003843	2/28/19	SANTAM DEC2018	<b>Santa Margarita Water District</b> December 2018 SCP Pipeline operation surcharge	19,961.73
			***Total ***	19,961.73
WIRE-190228	2/28/19	METWAT 9590	<b>Metropolitan Water District</b> December 2018 Water deliveries	6,656,303.20
			***Total ***	6,656,303.20
			<b>Total Other Funds Disbursements</b>	7,215,098.65
			<b>Total Disbursements</b>	7,234,236.69



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

**Cal Card Charges**  
**Statement Date: January 22, 2019**  
**Payment Date: February 15, 2019**

<u>Date</u>	<u>Description</u>	<u>Amount</u>
<b><u>Public Affairs</u></b>		
01/05/19	2 Easel display stands for signs and posters	\$ 76.10
01/08/19	Printing and folders for Introduction to Water booklets	394.41
01/09/19	International Association of Business Communicators Gold Quill Awards entry fee for MWDOC website	350.00
01/15/19	California Association of Public Information Officials membership renewal for T. Baca	225.00
	<b>Total</b>	<b><u>\$ 1,045.51</u></b>

**Cal Card Charges**  
**Statement Date: January 22, 2019**  
**Payment Date: February 15, 2019**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b><u>K. Seckel Card</u></b>		
12/24/18	UPS delivery charges for Board packets on Dec.14, 2018	\$ 22.20
12/24/18	11/24/18-12/23/18 Web hosting service for MWD OC website	15.65
12/31/18	UPS delivery charges for Board packets on Dec.26, 2018	80.21
01/01/19	1/01/19-1/31/19 E-mail service for California Sprinkler Adjustment Notification System	14.95
01/02/19	CalDesal Annual conference in Cathedral City, CA from Feb. 7-8, 2019 - Registration for C. Busslinger	250.00
01/04/19	ACWA DC conference in Washington, DC from Feb. 25-28, 2019 - Airfare for H. Baez	759.61
01/04/19	ACWA DC conference in Washington, DC from Feb. 25-28, 2019 - Airfare for M. Baum Haley	772.55
01/04/19	ACWA DC conference in Washington, DC from Feb. 25-28, 2019 - Registration for H. Baez	690.00
01/04/19	ACWA DC conference in Washington, DC from Feb. 25-28, 2019 - Registration for M. Baum Haley	690.00
01/07/19	Office supplies from Costco	348.86
01/07/19	UPS delivery charges for Board packets on Jan. 4, 2019	7.40
01/07/19	Legislative Activities in Sacramento, CA from Jan. 16-17, 2019 - Airfare for H. Baez	529.96
01/09/19	California Irrigation Institute Annual conference in Sacramento, CA from Feb. 3-5, 2019 - Airfare for R. Waite	258.97
01/11/19	Lunch for Administration staff meeting	115.28
01/11/19	Food for staff development meeting	32.50
01/12/19	Federal Express delivery charges for Board packets on Feb. 10, 2019	57.28
01/14/19	Software to print and file IRS 1099 forms for Water Use Efficiency rebates	184.00
01/14/19	UPS delivery charges for Board packets on Jan. 4 & 11, 2019	66.46
01/15/19	California Irrigation Institute Annual conference in Sacramento, CA from Feb. 3-5, 2019 - Registration for R. Waite	225.00
01/16/19	Federal Express delivery charges for Lewis Consulting, Best, Best & Krieger, James Barker and CDM Smith on Jan. 14, 2019	95.35
01/17/19	Legislative Activities in Sacramento, CA from Jan. 16-17, 2019 - Accommodations for H. Baez	575.64
01/21/19	Federal Express delivery charges for Best, Best & Krieger and James Barker on Jan. 16 & 17, 2019	53.80
01/21/19	UPS delivery charges for Board packets on Jan. 11 & 17, 2019	88.22
<b>Total</b>		<b><u>\$ 5,933.89</u></b>

**Cal Card Charges**  
**Statement Date: January 22, 2019**  
**Payment Date: February 15, 2019**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
<b><u>R. Hunter Card</u></b>		
12/24/18-1/22/19	Meals for R. Hunter's meetings	\$ 86.14
01/02/19	Association of California Cities Orange County Washington DC Advocacy trip in Washington, DC from Jan. 27-29, 2019 - Airfare for Director Tamaribuchi	503.60
01/04/19	ACWA DC conference in Washington, DC from Feb. 26-28, 2019 - Registration for R. Hunter	690.00
01/04/19	Westin Hotel room rental, food and parking for off-site Special Board meeting on Jan. 5, 2019	1,262.22
01/08/19	Urban Water Institute conference in Palm Springs, CA from Feb. 27-Mar. 1, 2019 - Registration for Director Tamaribuchi	375.00
01/08/19	Legislative Activities in Washington, DC from Feb. 26-28, 2019 - Airfare for Director Barbre	1,498.60 <sup>1</sup>
01/08/19	Legislative Activities in Washington, DC from Jan. 9-11, 2019 - Airfare for R. Hunter	896.00
01/09/19	Legislative Activities in Washington, DC from Jan. 9-11, 2019 - Transportation for R. Hunter	20.68
01/09/19	Binding machine supplies	57.08
01/10/19	Legislative Activities in Washington, DC from Jan. 9-11, 2019 - Accommodations for Director Barbre	873.67 <sup>2</sup>
01/11/19	Legislative Activities in Washington, DC from Jan. 9-11, 2019 - Accommodations for R. Hunter	411.52
01/11/19	Legislative Activities in Washington, DC from Jan. 9-11, 2019 - Parking for R. Hunter	54.00
01/12/19	Orange County Business Council Advocacy trip in Sacramento, CA from Mar. 18-19, 2019 - Registration for Director Yoo Schneider	950.00
<b>Total</b>		<b><u>\$ 7,678.51</u></b>

- <sup>1</sup> Flight canceled, funds available for future travel
- <sup>2</sup> Director Barbre reimbursed MWDOC \$298.67

**Municipal Water District of Orange County**  
**GM Approved Disbursement Report <sup>(1)</sup>**  
**For the month of February 2019**

<i>Check #</i>	<i>Date</i>	<i>Vendor # Invoice/CM #</i>	<i>Name / Description</i>	<i>Net Amount</i>
<b>Core Disbursements:</b>				
ACH003839	2/28/19	SCWC 005	So. Cal. Water Committee K. Cole Award of Excellence sponsorship	500.00
			***Total ***	500.00
			<b>Total Core Disbursements</b>	<u>500.00</u>
<b>Choice Disbursements:</b>				
			<b>Total Choice Disbursements</b>	<u>-</u>
<b>Other Funds Disbursements:</b>				
			<b>Total Other Funds Disbursements</b>	<u>-</u>
			<b>Total Disbursements</b>	<u><u>500.00</u></u>



Robert J. Hunter, General Manager



Hilary Chumpitazi, Treasurer

(1) For disbursements that did not make the cut-off of previous month's Disbursement Approval report.  
Disbursements are approved by GM for payment and need A & F Committee ratification.



**Municipal Water District of Orange County**  
**Consolidated Summary of Cash and Investment**  
January 31, 2019

Street Address:  
18700 Ward Street  
Fountain Valley, California 92708

Mailing Address:  
P.O. Box 20895  
Fountain Valley, CA 92728-0895

(714) 963-3058  
Fax: (714) 964-9389  
[www.mwdoc.com](http://www.mwdoc.com)

Brett R. Barbre  
President

Joan C. Finnegan  
Vice President

Larry D. Dick  
Director

Wayne S. Osborne  
Director

Megan Yoo Schneider  
Director

Sat Tamaribuchi  
Director

Jeffery M. Thomas  
Director

Robert J. Hunter  
General Manager

**MEMBER AGENCIES**

City of Brea  
City of Buena Park  
East Orange County Water District  
El Toro Water District  
Emerald Bay Service District  
City of Fountain Valley  
City of Garden Grove  
Golden State Water Co.  
City of Huntington Beach  
Irvine Ranch Water District  
Laguna Beach County Water District  
City of La Habra  
City of La Palma  
Mesa Water District  
Moulton Niguel Water District  
City of Newport Beach  
City of Orange  
Orange County Water District  
City of San Clemente  
City of San Juan Capistrano  
Santa Margarita Water District  
City of Seal Beach  
Serrano Water District  
South Coast Water District  
Trabuco Canyon Water District  
City of Tustin  
City of Westminster  
Yorba Linda Water District

District investments and cash balances are held in various funds designated for certain purposes as follows:

Fund	Book Value	% of Portfolio
<b>Designated Reserves</b>		
General Operations	\$3,341,910	20.34%
Grant & Project Cash Flow	1,500,000	9.13%
Election Expense	608,000	3.70%
Building Repair	385,408	2.35%
OPEB	297,147	1.81%
<b>Total Designated Reserves</b>	<b>6,132,465</b>	<b>37.33%</b>
<b>General Fund</b>	<b>7,800,691</b>	<b>47.45%</b>
<b>Water Fund</b>	<b>2,489,437</b>	<b>15.15%</b>
<b>Conservation Fund</b>	<b>(243,188)</b>	<b>(1.48%)</b>
<b>Desalination Feasibility Study Fund</b>	<b>(145,268)</b>	<b>(0.88%)</b>
<b>WEROC Fund</b>	<b>369,943</b>	<b>2.25%</b>
<b>Trustee Activities</b>	<b>29,074</b>	<b>0.18%</b>
<b>Total</b>	<b>\$16,433,154</b>	<b>100.00%</b>

The funds are invested as follows:

Term of Investment	% of Portfolio	Book Value	Market Value
Cash	0.57%	\$93,162	\$93,162
Short-term investment			
• LAIF	56.37%	\$9,263,895	\$9,263,895
• OCIP	24.18%	3,973,609	3,973,609
Long-term investment			
• Corporate Bond	7.01%	1,152,488	1,130,481
• Certificates of Deposit	11.87%	1,950,000	1,941,163
<b>Total</b>	<b>100.00%</b>	<b>\$16,433,154</b>	<b>\$16,402,310</b>

The average number of days to maturity/call as of January 31, 2019 equaled 153 and the average yield to maturity is 2.288%. During the month, the District's average daily balance was \$25,369,592.05. Funds were invested in Federal Agency Issues, Certificates of Deposit, Negotiable CD's, Miscellaneous Securities, the Local Agency Investment Funds (LAIF) and the Orange County Investment Pool (OCIP) during the month of January 2019.

The (\$30,844) difference between the book value and the market value on January 31, 2019 represents the exchange difference if all investments had been liquidated on that date. Since it is the District's practice to "buy and hold" investments until maturity, the market values are a point of reference, not an indication of actual loss or gain. There are no current plans or cash flow requirements identified in the near future that would require the sale of these securities prior to maturity.

Robert J. Hunter  
General Manager

Hilary Chumpitazi  
Treasurer





# MUNICIPAL WATER DISTRICT OF ORANGE COUNTY


## Portfolio Management - Portfolio Summary

January 31, 2019

1/31/2019	Par Value	Market Value	Book Value	% of Portfolio	Days to Mat/Call	YTM @ Cost
Negotiable Certificate Of Deposit	1,950,000.00	1,941,163.00	1,950,000.00	11.94	851	2.504
Corporate Bond	1,150,000.00	1,130,481.00	1,152,488.09	7.04	724	2.290
Local Agency Investment Funds	9,263,895.52	9,263,895.52	9,263,895.52	56.70	1	2.346
Orange County Investment Pool	3,973,608.73	3,973,608.73	3,973,608.73	24.32	1	2.045
<b>Total Investments</b>	<b>16,337,504.25</b>	<b>16,309,148.25</b>	<b>16,339,992.34</b>	<b>100.00</b>	<b>153</b>	<b>2.288</b>
<b>Cash</b>						
Cash	93,161.90	93,161.90	93,161.90		1	0.00
<b>Total Cash and Investments</b>	<b>16,430,666.15</b>	<b>16,402,310.15</b>	<b>16,433,154.24</b>		<b>153</b>	<b>2.288</b>

Total Earnings	Month Ending January	Fiscal Year to Date
Current Year	48,167.63	346,017.01
Average Daily Balance	25,369,592.05	
Effective Rate of Return	2.288%	

We certify that this report reflects the cash and investments of the Municipal Water District of Orange County and is in conformity with the Government Code requirements and the District Investment Policy and Guidelines in effect at the time of investment. The Investment Program herein shown provides sufficient cash flow liquidity to meet the next six month's estimated expenditure. The source for the market values are from Union Bank. Per Resolution 2059 there are no compliance exceptions to report.

  
Robert J. Hunter, General Manager

3-6-19  
Date

  
Hilary Chumpitazi, Treasurer

03/06/2019  
Date



**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Long-Term Portfolio Details - Investments**  
**January 31, 2019**

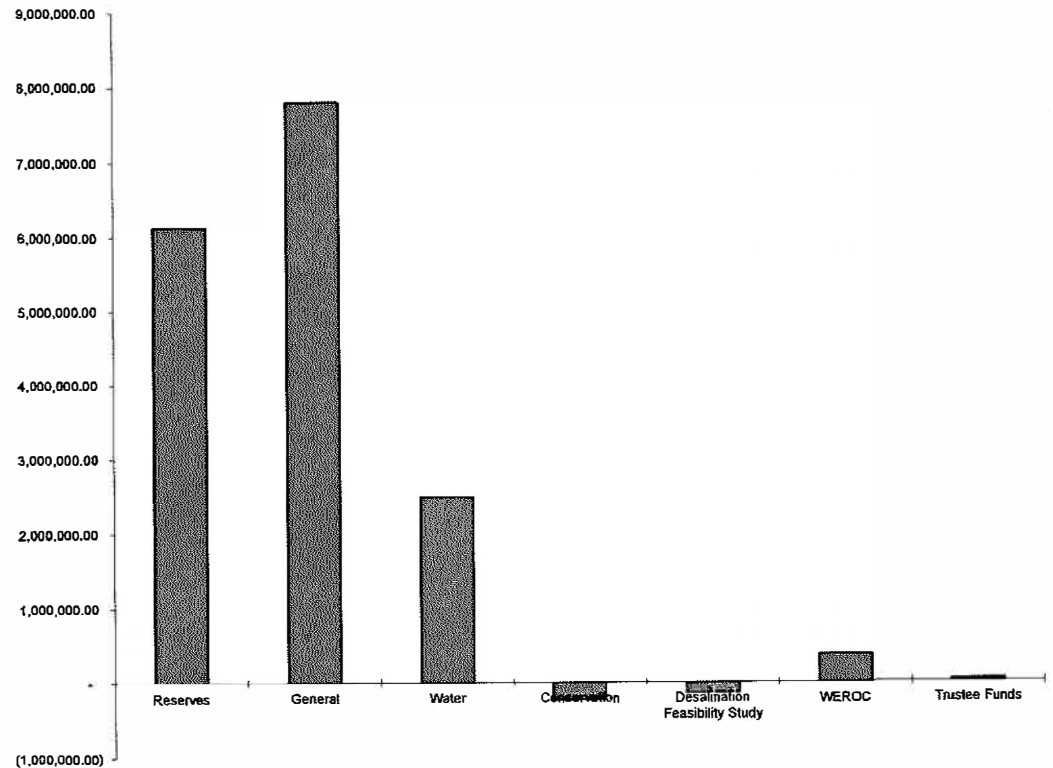
Issuer	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Negotiable Certificate Of Deposit</b>									
Barclays Bank	06740KKY2	9/27/2017	250,000.00	243,035.00	250,000.00	2.250	2.250	1,335	9/27/2022
Capital One Bank	14042E6C9	9/2/2015	250,000.00	249,492.50	250,000.00	1.950	1.950	215	9/3/2019
Comenity Capital	20033AUX2	7/25/2017	200,000.00	195,988.00	200,000.00	2.000	2.000	897	7/16/2021
Discover Bank	254673RV0	7/25/2018	250,000.00	251,370.00	250,000.00	3.300	3.300	1,636	7/25/2023
Goldman Sachs Bank	38148PT98	8/8/2018	250,000.00	251,862.50	250,000.00	3.350	3.350	1,650	8/8/2023
HSBC Bank	40434AK65	1/21/2016	250,000.00	251,075.00	250,000.00	3.250	2.534	171	1/21/2021
Morgan Stanley Bank	61747MJ36	2/1/2018	250,000.00	248,755.00	250,000.00	2.500	2.500	732	2/1/2021
Synchrony Bank	87164XBY1	7/25/2014	250,000.00	249,585.00	250,000.00	2.050	2.050	180	7/30/2019
<b>Sub Total</b>			<b>1,950,000.00</b>	<b>1,941,163.00</b>	<b>1,950,000.00</b>	<b>2.596</b>	<b>2.504</b>	<b>851</b>	
<b>Corporate Bond</b>									
JP Morgan Chase	46625HKA7	11/2/2015	500,000.00	496,845.00	500,454.64	2.250	2.152	326	1/23/2020
National Rural Util Coop	63743FE51	7/27/2017	200,000.00	189,820.00	200,000.00	2.500	2.500	1,261	7/15/2022
Wells Fargo	94974BGR5	1/13/2016	250,000.00	248,140.00	250,608.97	2.550	2.409	676	12/7/2020
Westpac Banking Corp	961214DQ3	7/25/2017	200,000.00	195,676.00	201,424.48	2.500	2.278	1,244	6/28/2022
<b>Sub Total</b>			<b>1,150,000.00</b>	<b>1,130,481.00</b>	<b>1,152,488.09</b>	<b>2.402</b>	<b>2.290</b>	<b>724</b>	
<b>Total Investments</b>			<b>3,100,000.00</b>	<b>3,071,644.00</b>	<b>3,102,488.09</b>	<b>2.524</b>	<b>2.425</b>	<b>804</b>	
<b>Total Earnings</b>									
			<b>Month Ending January</b>	<b>Fiscal Year To Date</b>					
Current Year			6,355.01	43,116.73					

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**Portfolio Management**  
**Short-Term Portfolio Details - Cash and Investments**  
**January 31, 2019**

Investments	CUSIP/Ticker	Settlement Date	Par Value	Market Value	Book Value	Coupon Rate	YTM @ Cost	Days To Call/Maturity	Maturity Date
<b>Local Agency Investment Funds</b>									
LAIF LGIP	LAIF	6/30/2010	9,263,895.52	9,263,895.52	9,263,895.52	2.346	2.346	1	N/A
<b>Sub Total</b>			<b>9,263,895.52</b>	<b>9,263,895.52</b>	<b>9,263,895.52</b>	<b>2.346</b>	<b>2.346</b>	<b>1</b>	
<b>Orange County Investment Pool</b>									
County of Orange LGIP	OCIP	6/29/2005	3,973,608.73	3,973,608.73	3,973,608.73	2.045	2.045	1	N/A
<b>Sub Total</b>			<b>3,973,608.73</b>	<b>3,973,608.73</b>	<b>3,973,608.73</b>	<b>2.045</b>	<b>2.045</b>	<b>1</b>	
<b>Total Investments</b>			<b>13,237,504.25</b>	<b>13,237,504.25</b>	<b>13,237,504.25</b>	<b>2.256</b>	<b>2.256</b>		
<b>Cash</b>									
Petty Cash Cash	CASH	7/1/2010	500.00	500.00	500.00	0.000	0.000	1	N/A
US Bank Cash	CASHUSBANK	7/25/2018	92,661.90	92,661.90	92,661.90	0.000	0.000	1	N/A
<b>Total Cash</b>			<b>93,161.90</b>	<b>93,161.90</b>	<b>93,161.90</b>	<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Total Cash and Investments</b>			<b>13,330,666.15</b>	<b>13,330,666.15</b>	<b>13,330,666.15</b>	<b>2.256</b>	<b>2.256</b>	<b>1</b>	
<b>Total Earnings</b>									
			<b>Month Ending January</b>		<b>Fiscal Year To Date</b>				
Current Year			41,812.62		302,900.28				

**Municipal Water District of Orange County  
Cash and Investments at January 31, 2019**

ALLOCATION	AMOUNT	%
<b>MWDOC</b>		
Designated Reserves		
General	\$ 3,341,910	20.34%
Grant & Project Cash Flow	1,500,000	9.13%
Election Expense	608,000	3.70%
Building Repair	385,408	2.35%
OPEB	297,147	1.81%
Total Designated Reserves	6,132,465	37.33%
General	7,800,691	47.45%
Water	2,489,437	15.15%
Conservation	(243,188)	-1.48%
Desalination Feasibility Study	(145,268)	-0.88%
WEROC	369,943	2.25%
<b>TOTAL MWDOC</b>	<b>\$ 16,404,080</b>	<b>99.82%</b>
<b>TRUSTEE ACTIVITIES</b>		
AMP Sales Admin	\$ 29,074	0.18%
<b>TOTAL TRUSTEE ACTIVITIES</b>	<b>\$ 29,074</b>	<b>0.18%</b>
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 16,433,154</b>	<b>100.00%</b>



**MUNICIPAL WATER DIST OF ORANGE COUNTY**  
**PARS Post-Employment Benefits Trust****Account Report for the Period**  
**1/1/2019 to 1/31/2019**Rob Hunter  
General Manager  
Municipal Water Dist of Orange County  
18700 Ward Street  
Fountain Valley, CA 92708**Account Summary**

Source	Beginning Balance as of 1/1/2019	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 1/31/2019
OPEB	\$1,983,617.42	\$0.00	\$105,010.39	\$413.26	\$0.00	\$0.00	\$2,088,214.55
PENSION	\$194,946.06	\$0.00	\$10,320.24	\$40.61	\$0.00	\$0.00	\$205,225.69
<b>Totals</b>	<b>\$2,178,563.48</b>	<b>\$0.00</b>	<b>\$115,330.63</b>	<b>\$453.87</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,293,440.24</b>

**Investment Selection****Source**

OPEB	<b>Moderate HighMark PLUS</b>
PENSION	<b>Moderate HighMark PLUS</b>

**Investment Objective****Source**

OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

**Investment Return**

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	5.29%	2.34%	-1.29%	7.87%	5.22%	-	10/26/2011
PENSION	5.29%	2.34%	-	-	-	-	7/31/2018

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.

Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

**Municipal Water District of Orange County  
WATER USE EFFICIENCY PROJECTS**  
Cash Flow as of 02/28/19

Cash - Beginning Balance	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	TOTALS
REVENUES:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
BUREC	4,605.00	111.00		102,395.93			162,953.35						\$ 270,065.28
City of Brea													-
City of Buena Park	222.00	222.00											222.00
City of Fountain Valley			1,376.29	663.05	111.00		222.00						2,594.34
City of Fullerton													-
City of Garden Grove	598.99												-
City of Huntington Beach	222.00			40.00									638.99
City of La Habra	3,244.99	9,442.99			3,312.00	1,245.00	3,694.36	222.00					444.00
City of San Clemente													22,623.33
City of San Juan Capistrano				1,683.99									-
City of Santa Ana													-
City of Tustin													-
City of Newport Beach		3,343.80		1,980.57		2,314.05	91.45	94.75					7,824.62
City of Orange	444.00		913.75	1,134.10	173.85	428.00	111.00						3,204.70
City of Westminster	333.00	539.00	555.00		666.00			111.00					2,204.00
County of Orange													-
Department of Water Resources	32,990.80												32,990.80
East Orange County Water District													-
El Toro Water District		774.00		2,544.00	4,063.10	290.00	104.00	1,928.80					9,703.90
Irvine Ranch Water District	8,271.11	47,878.73		11,080.04	98,495.70	108,960.16	11,960.75	31,806.10					318,472.59
Laguna Beach County Water District		15.00				30.00		45.00					90.00
Mesa Water District	66.82	197.98	170.00	140.00		356.00							930.80
Metropolitan Water District		191,093.43				27,066.04	14,020.41	204,594.98					436,764.86
Moulton Niguel Water District	38,341.68	7,726.23	10,281.98	10,872.48	21,400.00	32,011.70	53,277.39						173,911.46
Orange County Water District													-
Santa Margarita Water District													-
Trabuco Canyon Water District		605.76		18.98	100.00								724.74
Yorba Linda Water District		284.07											284.07
Miscellaneous Revenues													-
Miscellaneous	2,228.14			1,587.30									-
Interest Revenue	91,568.53	262,233.99	13,297.02	134,144.40	128,321.65	172,720.95	246,434.71	238,792.63	-	-	-	-	\$ 1,287,509.92
<b>Total Revenues</b>													
<b>EXPENDITURES:</b>													
Budget Based Tiered Rates, Ratfells	2,220.00	1,050.00	1,800.00	11,960.00	730.00	5,150.00	2,080.00						24,990.00
Droplet													-
IRWD													-
Golden State Water Company													-
City of Huntington Beach													-
Laguna Beach CWD													-
Metropolitan Water District	28,091.13		25,193.39	87,250.95	24,411.51		2,324.45	2,121.45					164,946.98
Mission RCD		20,060.11	18,627.78	13,404.64	2,770.71								59,309.14
Multi Family HET Direct			4,800.00		75,975.00	100,275.00	81,300.00	127,420.00					389,770.00
Pollard Water		44,516.38			3,045.00			3,045.00					50,606.38
Recycled Water On Site Retrofit program			11,099.50	1,384.50									12,484.00
South Coast Water District					18,800.00								18,800.00
Spray to Drip program	690.45	4,310.08	5,308.76	1,129.60	1,320.58	413.25	567.80	1,060.00					14,800.52
SMWD	34,905.00												34,905.00
Turf Removal	32,139.00	58,464.60	177,399.11	117,228.82	337,478.95	30,263.28	154,566.83	58,814.62					966,355.21
Water Savings Incentive Program							15,000.00						15,000.00
Miscellaneous Expenses													-
Interest Expense							67.77						67.77
Salary & Benefit			5,563.51	1,700.00	1,785.00	1,275.00	2,040.00						12,363.51
<b>Total Expenditures</b>	98,045.58	128,401.17	249,792.05	234,068.51	466,316.75	137,376.53	257,946.85	192,461.07	-	-	-	-	\$ 1,764,398.51
<b>Cash - Ending Balance</b>	<b>\$ 273,554.92</b>	<b>\$ 407,387.74</b>	<b>\$ 170,892.71</b>	<b>\$ 70,974.64</b>	<b>\$ (267,020.46)</b>	<b>\$ (231,676.04)</b>	<b>\$ (243,188.18)</b>	<b>\$ (196,856.62)</b>	<b>\$ (196,856.62)</b>	<b>\$ (196,856.62)</b>	<b>\$ (196,856.62)</b>	<b>\$ (196,856.62)</b>	

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**  
**COMBINED FINANCIAL STATEMENTS**  
**AND**  
**BUDGET COMPARATIVE**  
**JULY 1, 2018 THRU JANUARY 31, 2019**

**Municipal Water District of Orange County  
Combined Balance Sheet  
As of January 31, 2019**

<b><u>ASSETS</u></b>	<b>Amount</b>
Cash in Bank	93,161.90
Investments	16,339,992.34
Accounts Receivable	13,564,876.79
Accounts Receivable - Other	236,027.15
Accrued Interest Receivable	68,352.74
Prepays/Deposits	301,539.87
Leasehold Improvements	3,735,829.68
Furniture, Fixtures & Equipment	563,307.34
Less: Accum Depreciation	(2,967,039.90)
<b>TOTAL ASSETS</b>	<b><u>\$31,936,047.91</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>Liabilities</b>	
Accounts Payable	14,676,852.02
Accounts Payable - Other	390.85
Accrued Salaries and Benefits Payable	349,053.55
Other Liabilities	313,799.84
Unearned Revenue	954,311.68
Total Liabilities	<u>16,294,407.94</u>
 <b>Fund Balances</b>	
Restricted Fund Balances	
Water Fund - T2C	995,998.02
Total Restricted Fund Balances	<u>995,998.02</u>
Designated Reserves	
General Operations	3,341,910.36
Grant & Project Cash Flow	1,500,000.00
Election Expense	608,000.00
Building Repair	385,407.45
OPEB	297,147.00
Total Designated Reserves	<u>6,132,464.81</u>
General Fund	3,071,799.80
General Fund Capital	525,009.00
WEROC Capital	115,298.58
WEROC	183,846.12
Total Unrestricted Fund Balances	<u>10,028,418.31</u>
Excess Revenue over Expenditures	
Operating Fund	4,890,115.64
Other Funds	(272,892.00)
Total Fund Balance	<u>15,641,639.97</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 31,936,047.91</u></b>

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**From July 2018 thru January 2019**

	<b>Month to Date</b>	<b>Year to Date</b>	<b>Annual Budget</b>	<b>% Used</b>	<b>Encumbrance</b>	<b>Budget Remaining</b>
<b><u>REVENUES</u></b>						
Retail Connection Charge	0.00	7,697,005.75	7,697,006.00	100.00%	0.00	0.25
Ground Water Customer Charge	0.00	499,012.00	499,012.00	100.00%	0.00	0.00
Water rate revenues	0.00	8,196,017.75	8,196,018.00	100.00%	0.00	0.25
Interest Revenue	46,580.37	332,348.11	390,000.00	85.22%	0.00	57,651.89
Subtotal	46,580.37	8,528,365.86	8,586,018.00	99.33%	0.00	57,652.14
Choice Programs	0.00	1,084,394.86	1,174,750.00	92.31%	0.00	90,355.14
Miscellaneous Income	(44.76)	3,210.07	3,000.00	107.00%	0.00	(210.07)
School Contracts	7,878.87	42,406.98	102,031.00	41.56%	0.00	59,624.02
Gain on Sale of Investments	0.00	3.61	0.00		0.00	(3.61)
Transfer-In From Reserve	0.00	0.00	5,276.00	0.00%	0.00	5,276.00
Subtotal	7,834.11	1,130,015.52	1,285,057.00	87.94%	0.00	155,041.48
<b>TOTAL REVENUES</b>	<b>54,414.48</b>	<b>9,658,381.38</b>	<b>9,871,075.00</b>	<b>97.85%</b>	<b>0.00</b>	<b>212,693.62</b>



**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**General Fund**  
**From July 2018 thru January 2019**

	Month to Date	Year to Date	Annual Budget	% Used	Encumbrance	Budget Remaining
<b><u>EXPENSES</u></b>						
Salaries & Wages	309,774.52	2,055,034.06	3,522,982.00	58.33%	0.00	1,467,947.94
Salaries & Wages - Grant Recovery	0.00	(3,837.94)	(6,300.00)	60.92%	0.00	(2,462.06)
Salaries & Wages - Recovery	(1,713.60)	(6,426.00)	0.00	0.00%	0.00	6,426.00
Director's Compensation	19,334.08	112,885.93	255,360.00	44.21%	0.00	142,474.07
MWD Representation	12,473.60	72,465.58	145,920.00	49.66%	0.00	73,454.42
Employee Benefits	111,114.30	627,345.53	1,108,564.00	56.59%	0.00	481,218.47
CalPers Unfunded Liability Contribution	0.00	207,000.00	207,000.00	100.00%	0.00	0.00
Employee Benefits - Grant Recovery	0.00	(875.57)	0.00	0.00%	0.00	875.57
Employee Benefits - Recovery	(326.40)	(1,224.00)	0.00	0.00%	0.00	1,224.00
Director's Benefits	8,127.68	52,189.73	94,767.00	55.07%	0.00	42,577.27
Health Insurance for Retirees	6,026.24	37,503.79	70,519.00	53.18%	0.00	33,015.21
Training Expense	3,462.50	6,423.28	25,000.00	25.69%	0.00	18,576.72
Tuition Reimbursement	0.00	2,856.28	5,000.00	57.13%	0.00	2,143.72
Temporary Help Expense	0.00	0.00	5,000.00	0.00%	0.00	5,000.00
Personnel Expenses	468,272.92	3,161,340.67	5,433,812.00	58.18%	0.00	2,272,471.33
Engineering Expense	8,428.75	210,746.73	330,000.00	63.86%	113,679.67	5,573.60
Legal Expense	18,884.94	103,350.19	255,000.00	40.53%	151,649.81	0.00
Audit Expense	0.00	19,380.00	29,000.00	66.83%	0.00	9,620.00
Professional Services	110,984.76	504,703.03	1,430,758.00	35.28%	634,256.67	291,798.30
Professional Fees	138,298.45	838,179.95	2,044,758.00	40.99%	899,586.15	306,991.90
Conference-Staff	2,320.00	12,436.81	42,880.00	29.00%	0.00	30,443.19
Conference-Directors	2,651.00	8,281.81	24,930.00	33.22%	0.00	16,648.19
Travel & Accom.-Staff	4,564.01	26,247.64	99,600.00	26.35%	0.00	73,352.36
Travel & Accom.-Directors	1,770.32	16,315.49	51,750.00	31.53%	0.00	35,434.51
Travel & Conference	11,305.33	63,281.75	219,160.00	28.87%	0.00	155,878.25
Membership/Sponsorship	2,380.00	118,482.36	141,662.00	83.64%	0.00	23,179.64
CDR Support	11,761.07	35,283.21	47,044.00	75.00%	11,761.05	(0.26)
Dues & Memberships	14,141.07	153,765.57	188,706.00	81.48%	11,761.05	23,179.38
Business Expense	336.43	1,843.02	5,600.00	32.91%	0.00	3,756.98
Maintenance Office	6,599.51	56,874.98	132,796.00	42.83%	72,532.18	3,388.84
Building Repair & Maintenance	1,363.03	6,762.07	20,000.00	33.81%	14,562.56	(1,324.63)
Storage Rental & Equipment Lease	209.70	1,465.80	3,460.00	42.36%	994.20	1,000.00
Office Supplies	2,149.11	15,855.41	36,000.00	44.04%	1,878.42	18,266.17
Postage/Mail Delivery	961.78	5,748.22	9,000.00	63.87%	2,279.39	972.39
Subscriptions & Books	0.00	375.65	1,500.00	25.04%	0.00	1,124.35
Reproduction Expense	702.41	5,968.46	33,073.00	18.05%	1,102.21	26,002.33
Maintenance-Computers	360.35	2,802.54	8,000.00	35.03%	1,250.94	3,946.52
Software Purchase	869.20	30,946.90	45,861.00	67.48%	0.00	14,914.10
Software Support	1,483.26	27,240.85	51,934.00	52.45%	1,200.00	23,493.15
Computers and Equipment	0.00	9,041.24	11,850.00	76.30%	0.00	2,808.76
Automotive Expense	2,252.64	11,496.24	17,262.00	66.60%	0.00	5,765.76
Toll Road Charges	119.46	583.82	1,000.00	58.38%	0.00	416.18
Insurance Expense	8,787.18	63,590.73	138,500.00	45.91%	0.00	74,909.27
Utilities - Telephone	1,960.85	13,102.90	20,178.00	64.94%	673.32	6,401.78
Bank Fees	0.00	4,079.87	21,225.00	19.22%	0.00	17,145.13
Miscellaneous Expense	6,445.61	47,093.89	119,205.00	39.51%	0.00	72,111.11
MWDOC's Contrb. to WEROC	15,948.33	137,126.35	216,868.00	63.23%	0.00	79,741.65
Depreciation Expense	2,822.34	19,756.35	0.00	0.00%	0.00	(19,756.35)
Other Expenses	53,371.19	461,755.29	893,312.00	51.69%	96,473.22	335,083.49
Election Expense	0.00	0.00	304,000.00	0.00%	0.00	304,000.00
Building Expense	49,640.67	76,428.08	531,827.00	14.37%	138,657.33	316,741.59
Capital Acquisition	0.00	13,514.43	255,500.00	5.29%	0.00	241,985.57
TOTAL EXPENSES	735,029.63	4,768,265.74	9,871,075.00	48.31%	1,146,477.75	3,956,331.51
<b>NET INCOME (LOSS)</b>	<b>(680,615.15)</b>	<b>4,890,115.64</b>	<b>0.00</b>			

**Municipal Water District of Orange County**  
**Revenues and Expenditures Budget Comparative Report**  
**Water Fund**  
**From July 2018 thru January 2019**

	Month to Date	Year to Date	Annual Budget	% Used	Budget Remaining
<b><u>WATER REVENUES</u></b>					
Water Sales	5,303,769.20	98,276,819.30	188,976,940.00	52.00%	90,700,120.70
Readiness to Serve Charge	839,273.57	6,258,836.45	10,902,178.00	57.41%	4,643,341.55
Capacity Charge CCF	299,996.67	2,227,481.67	3,854,976.00	57.78%	1,627,494.33
SCP/SAC Pipeline Surcharge	21,964.04	207,160.77	365,000.00	56.76%	157,839.23
Interest	1,877.00	12,095.49	13,000.00	93.04%	904.51
<b>TOTAL WATER REVENUES</b>	<b>6,466,880.48</b>	<b>106,982,393.68</b>	<b>204,112,094.00</b>	<b>52.41%</b>	<b>97,129,700.32</b>
<b><u>WATER PURCHASES</u></b>					
Water Sales	5,303,769.20	98,276,819.30	188,976,940.00	52.00%	90,700,120.70
Readiness to Serve Charge	839,273.57	6,258,836.45	10,902,178.00	57.41%	4,643,341.55
Capacity Charge CCF	299,996.67	2,227,481.67	3,854,976.00	57.78%	1,627,494.33
SCP/SAC Pipeline Surcharge	21,964.04	207,160.77	365,000.00	56.76%	157,839.23
<b>TOTAL WATER PURCHASES</b>	<b>6,465,003.48</b>	<b>106,970,298.19</b>	<b>204,099,094.00</b>	<b>52.41%</b>	<b>97,128,795.81</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>1,877.00</b>	<b>12,095.49</b>	<b>13,000.00</b>		

**Municipal Water District of Orange County**  
**WUE Revenues and Expenditures (Actuals vs Budget)**  
**From July 2018 thru January 2019**

	Year to Date Actual	Annual Budget	% Used
<b>Spray To Drip Conversion</b>			
Revenues	15,562.06	128,540.00	12.11%
Expenses	<u>16,761.10</u>	<u>128,540.00</u>	13.04%
Excess of Revenues over Expenditures	(1,199.04)	0.00	
<b>Member Agency Administered Passthru</b>			
Revenues	408,570.00	100,000.00	408.57%
Expenses	<u>281,150.00</u>	<u>100,000.00</u>	281.15%
Excess of Revenues over Expenditures	127,420.00	0.00	
<b>ULFT Rebate Program</b>			
Revenues	10,748.34	43,500.00	24.71%
Expenses	<u>10,748.34</u>	<u>43,500.00</u>	24.71%
Excess of Revenues over Expenditures	0.00	0.00	
<b>HECW Rebate Program</b>			
Revenues	144,532.54	425,000.00	34.01%
Expenses	<u>144,571.89</u>	<u>425,000.00</u>	34.02%
Excess of Revenues over Expenditures	(39.35)	0.00	
<b>CII Rebate Program</b>			
Revenues	109,347.21	462,500.00	23.64%
Expenses	<u>109,230.00</u>	<u>462,500.00</u>	23.62%
Excess of Revenues over Expenditures	117.21	0.00	
<b>Turf Removal Program</b>			
Revenues	438,115.85	1,345,000.00	32.57%
Expenses	<u>928,088.56</u>	<u>1,345,000.00</u>	69.00%
Excess of Revenues over Expenditures	(489,972.71)	0.00	
<b>Comprehensive Landscape (CLWUE)</b>			
Revenues	65,600.84	366,840.00	17.88%
Expenses	<u>92,298.04</u>	<u>366,840.00</u>	25.16%
Excess of Revenues over Expenditures	(26,697.20)	0.00	
<b>Large Landscape Survey Program</b>			
Revenues	1,313.81	64,000.00	2.05%
Expenses	<u>8,824.69</u>	<u>64,000.00</u>	13.79%
Excess of Revenues over Expenditures	(7,510.88)	0.00	
<b>WSIP - Industrial Program</b>			
Revenues	0.00	36,755.00	0.00%
Expenses	<u>15,000.00</u>	<u>36,755.00</u>	40.81%
Excess of Revenues over Expenditures	(15,000.00)	0.00	
<b>WUE Projects</b>			
Revenues	1,193,790.65	2,972,135.00	40.17%
Expenses	<u>1,606,672.62</u>	<u>2,972,135.00</u>	54.06%
Excess of Revenues over Expenditures	(412,881.97)	0.00	
<b>WEROC</b>			
Revenues	328,506.35	489,160.00	67.16%
Expenses	<u>209,778.27</u>	<u>489,160.00</u>	42.89%
Excess of Revenues over Expenditures	118,728.08	0.00	



**CONSENT CALENDAR ITEM**

March 20, 2019

**TO:** Board of Directors

**FROM:** **Administration & Finance Committee**  
(Directors Thomas, Finnegan, Osborne)

Robert J. Hunter, General Manager  
Staff Contact: Melissa Baum-Haley, Sr. Water Resources Analyst

**SUBJECT: METROPOLITAN FUTURE SUPPLY ACTIONS PROGRAM FUNDING AGREEMENTS**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors: Authorize the General Manager to enter into (1) a not-to-exceed \$205,754 funding agreement with Metropolitan Water District of Southern California under the Future Supply Actions Funding Program for the “Smart Watershed Network” and (2) a complementary not-to-exceed \$205,754 funding agreement between MWD OC and Moulton Niguel Water District.

**COMMITTEE RECOMMENDATION**

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Committee concurred with staff recommendation.

**REPORT**

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In July 2018, the Metropolitan Water District of Southern California (Metropolitan) issued a Request for Proposals (RFP) under the Future Supply Actions Funding Program (FSA Program). The FSA Program funds technical studies and pilot tests targeting barriers to future production of recycled water, stormwater, seawater desalination, and groundwater resources.

<b>Budgeted (Y/N): N/A</b>	Budgeted amount: N/A	Core ____	Choice ____
<b>Action item amount: \$205,754</b>	Line item: N/A		
<b>Fiscal Impact (explain if unbudgeted): Pass-thru funding agreement from Metropolitan to Moulton Niguel Water District</b>			

Metropolitan received 17 proposals from 12 lead member agencies with a total funding request of \$4.36 million. A technical review panel evaluated and rated the proposals on the criteria established by the Metropolitan Board for the FSA Program. Based on the panel findings, the Metropolitan Board authorized funding agreements for 15 of the proposals that met the program criteria and fell within the \$3.5 million funding limit.

MWDOC was awarded \$205,754 within the stormwater category for the “Smart Watershed Network” in cooperation with Moulton Niguel Water District (MNWD). MWDOC will serve as the lead agency, handling the grant administration on behalf of MNWD with Metropolitan, while the project will be implemented by MNWD.

The Smart Watershed Network will provide information and tools to evaluate the sustainable use of urban runoff and stormwater as a potential water supply within the Aliso Creek Watershed. This project will help improve resiliency of the region’s water supply by providing a new way to look at the urban water balance to identify potential resource recovery projects. The project advances the field of knowledge in urban runoff recovery and provides a methodology and tools that can be applied to both other Metropolitan Member Agencies as well as retail agencies throughout the region.

The total cost of the project is \$411,508, with \$205,754 (50%) awarded from Metropolitan’s FSA Program and \$205,754 (50%) matched by MNWD. It is anticipated the project will begin immediately upon agreement execution, with the Final Project Report and presentation deliverables completed by January 2021.

If authorized by the Board, the General Manager will enter into (1) a not-to-exceed \$205,754 funding agreement with Metropolitan Water District of Southern California under the Future Supply Actions Funding Program for the “Smart Watershed Network” and (2) a complementary not-to-exceed \$205,754 funding agreement with Moulton Niguel Water District.

Attached is the Draft Agreement between Metropolitan and MWDOC for the FSA Program. In turn, MWDOC will also be developing a complementary agreement to be entered into by MWDOC and MNWD. The two agreements will be fundamentally the same aside from the following:

- Additional lead time for reporting requirements from MNWD to MWDOC
- Additional processing time for invoice payments to be passed through from Metropolitan to MWDOC to MNWD.

**Attachment: Draft Agreement between Metropolitan and MWDOC for the Future Supply Actions Program**



**DRAFT FSA AGREEMENT TEMPLATE – 2-25-19**

**AGREEMENT**

**BETWEEN**

**METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**AND**

**MUNICIPAL WATER DISTRICT OF ORANGE COUNTY**

**FUTURE SUPPLY ACTIONS FUNDING PROGRAM**

**AGREEMENT NUMBER**

**00000**

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# Table of Contents

Paragraph.....	Page
Contract Cover Page	
Explanatory Recitals.....	3
Terms of Agreement .....	4
1. Scope of Work.....	4
2. Time and Term .....	4
3. Agreement Administrators .....	4
4. Independent Contractor .....	5
5. Consultants and Sub-consultants .....	5
6. Metropolitan’s Maximum Amount Payable and Reimbursement Procedure .....	5
7. Billings and Payments .....	6
8. Reporting Requirements.....	8
9. Business Outreach Program .....	8
10. Successors and Assignment .....	9
11. Use of Materials.....	9
12. Intellectual Property .....	9
13. Nonuse of Intellectual Property of Third Parties .....	10
14. Representations.....	10
15. Legal Requirements .....	11
16. Guarantee and Warranty.....	11
17. Access to Metropolitan Premises.....	11
18. Indemnity .....	11
19. Insurance.....	12
20. Audit.....	15

21.	Equal Employment Opportunity, Affirmative Action, and Notification of Employee Rights Under the NLRA .....	16
22.	Prohibited Relationships with Sanctioned Countries and Persons .....	17
23.	Conflict of Interest and Gift Restrictions .....	17
24.	Use of Metropolitan’s Name .....	18
25.	Termination .....	18
26.	Force Majeure Events .....	19
27.	Notices .....	19
28.	Severability.....	20
29.	Jurisdiction and Venue .....	20
30.	Waiver .....	20
31.	Entire Agreement.....	20
32.	Joint Drafting .....	21
	Signature Page .....	21
	Exhibit A- Scope of Work .....	23
	Exhibit B- Sample Invoice.....	26
	Exhibit C – Semi-annual Progress Reports.....	28
	Exhibit D – Final Report Format.....	29
	Exhibit F – ACORD Form or Equivalent .....	31



THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AGREEMENT NO. 00000

FOR FUTURE SUPPLY ACTIONS FUNDING PROGRAM

This Agreement is between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public agency of the State of California, organized and existing under The Metropolitan Water District Act of the State of California, hereinafter referred to as Metropolitan, and the MUNICIPAL WATER DISTRICT OF ORANGE COUNTY, hereinafter referred to as Agency.

Explanatory Recitals

1. Metropolitan is a public agency of the State of California engaged in transporting, storing, and distributing water in the counties of Los Angeles, Orange, Riverside, San Diego, San Bernardino, and Ventura, within the State of California.

2. This Agreement is entered into with Agency in response to a 2018 Request for Proposals (RFP) for Future Supply Actions Funding Program, dated July 6, 2018, as an approach to fund Metropolitan member agency studies and research under this program as approved in Board Letter 8-6 dated April 10, 2018. Metropolitan, through its Future Supply Funding Program (FSA Funding Program), provides funding to member agencies for technical studies or pilot projects that reduce barriers to future production of recycled water, stormwater, seawater desalination, and groundwater resources. Metropolitan convened a technical review panel that reviewed and scored each proposal submitted by Metropolitan member agencies in accordance with the criteria and weight identified in the RFP. Board Letter 9-2 dated December 11, 2018, describes the final RFP selection process. Agency was selected through this RFP process. Metropolitan and Agency agree to enter into an agreement for **SMART WATERSHED NETWORK**, hereinafter referred to as Study.

3. Metropolitan desires to enter into this agreement with the Agency, and Agency desires to perform the work according to the terms set forth hereinafter.

## **Terms of Agreement**

### **1. Scope of Work**

a. Metropolitan hereby engages Agency to perform the work described in detail in the Scope of Work, Costs, and Schedule attached hereto as Exhibit A.

b. Agency shall provide study deliverables according to the schedule as set forth in Exhibit A. Each task identified in Exhibit A shall have a clearly defined deliverable, date for completion of task, and associated cost for each task.

c. Agency may adjust task descriptions, task budget amounts, and task schedules in Exhibit A, from time to time, upon written notice to and approval by Metropolitan; however, Agency must certify that any such adjustments do not materially change the basic scope of work, the scheduled final Study completion date, and/or the Maximum Cost to Metropolitan as identified in this Agreement.

d. Agency shall be responsible for verifying completion of a consultant's or sub-consultants work in accordance with Exhibit A.

### **2. Time and Term**

Time is of the essence in the performance of services under this Agreement. This Agreement is in effect from March XX, 2019 through February 28, 2021, subject to earlier termination pursuant to Section 27 Termination below.

### **3. Agreement Administrators**

a. In performing the work under this Agreement, Agency shall coordinate all contact with Metropolitan through its Agreement Administrator. For purposes of this Agreement, Metropolitan designates Ms. Nadia Hardjadinata as the Agreement Administrator. Metropolitan reserves the right to change this designation upon written notice to Agency.

b. For purposes of this Agreement, Agency designates [MR./MS. NAME] as the Agreement Administrator for the Agency. Agency reserves the right to change this designation upon written notice to Metropolitan.

4. Independent Contractor

Agency agrees to complete the Scope of Work detailed in Exhibit A under this Agreement in the capacity of an independent contractor and neither Agency and its participating entities, consultants, and sub-consultants nor any of their employees shall be considered to be an employee or agent of Metropolitan. Participating entities are other public and private entities, separate from Agency, which Agency has indicated are participating in the study, as identified in Exhibit A.

5. Consultants and Sub-consultants

a. Agency shall be responsible to Metropolitan for all work to be performed under this Agreement. All consultants and sub-consultants and their billing rates shall be approved by the Agency and shall be reflected in consultant and sub-consultant invoices submitted by Agency to Metropolitan. Agency shall be liable and accountable for any and all payments or other compensation to all consultants and sub-consultants performing services under any Agency agreement that is necessary and applicable to the performance and completion of this Agreement. Metropolitan shall not be liable for any payment or other compensation for any consultants or sub-consultants.

b. Agency's contracts with consultants and sub-consultants shall require consultants and sub-consultant to maintain Workers' Compensation and Automobile Liability insurance as required by the State of California and include the following articles: Intellectual Property, Nonuse of Intellectual Property of Third Parties, Audit, Indemnity and Equal Employment Opportunity and Affirmative Actions as set forth in this Agreement.

c. As applicable, Agency's use of consultants and sub-consultants shall adhere to the requirements of Metropolitan's Business Outreach Program as provided herein.

6. Metropolitan's Maximum Amount Payable and Reimbursement Procedure

a. Metropolitan's payment for the study is not to exceed **\$205,754** or fifty (50) percent of the total cost expended per task as established in exhibit A, whichever is less. Agency shall be responsible for all costs in excess of Metropolitan's match payment.

b. Agency must include documentation in the invoice that it did reimburse responsible parties for the costs in the invoice period. The invoice should include a cover letter with a brief summary of the work completed under the costs invoiced and a discussion of any milestones reached or problems encountered during the period invoiced.

c. For each invoice, Metropolitan will pay up to seventy-five (75) percent of eligible reimbursable costs and will withhold twenty-five (25) percent of eligible reimbursable costs in retention until a final report is submitted and accepted by Metropolitan. Agency shall promptly notify the Agreement Administrator, in writing, when fees and expenses incurred under this Agreement have reached **\$154,300** (75% of maximum amount allowable).

d. In-kind services are not eligible for reimbursement and shall not be included in Agency invoices to Metropolitan. In-kind services include, but are not limited to, work performed by staff of Agency or staff of Agency's participating entities contributing funding to Study, and related expenses (e.g., travel, overhead, etc.).

e. Eligible costs include work starting no earlier than March XX, which is in compliance with the requirements of this Agreement and as set forth in Exhibit A.

f. All invoices related to the Study must be submitted by Agency to Metropolitan by March 31, 2021 to be considered for payment under the provisions of this agreement. Invoices received after April 30, 2021 will not be paid unless Metropolitan, in its sole discretion, grants Agency, in writing, an extension of time to complete the work and submit its invoices.

## 7. Billings and Payments

a. Agency shall submit monthly invoices to Metropolitan's Accounts Payable Section, whose email address is [AccountsPayableBusiness@mw dh2o.com](mailto:AccountsPayableBusiness@mw dh2o.com), and provide a copy to the Agreement Administrator at [nhardjadinata@mw dh2o.com](mailto:nhardjadinata@mw dh2o.com). Agency address change must be submitted in writing to Metropolitan's Professional Services Contracting Team, at [AgreementAddressChange@mw dh2o.com](mailto:AgreementAddressChange@mw dh2o.com). Without proper notification of an address change, Agency's invoice payment may be delayed.

b. The individual listed in the agreement as Agency's Agreement Administrator or other identified designee shall sign and certify the invoice to be true and

correct to the best of his/her knowledge. Agency's invoices shall include the following information:

i. Agency's name and mailing address, the study name and agreement number, the beginning and ending billing dates, the maximum amount payable, a summary of costs for the current invoice, the amount due for this invoice, and cumulative total amount previously invoiced. A sample invoice is included in this Agreement as Exhibit B.

ii. Agency's consultant and sub-consultant labor charges shall be itemized by date of service, employee name, title/classification, corresponding labor rate, number of hours worked, description of work performed, total amount due for labor charges, and shall include the following affirmation:

*"By signing this invoice, consultant certifies that the billing hours and work described herein is an accurate and correct record of services performed for Metropolitan under this Agreement and these hours have not been billed on any other client invoices."*

iii. Invoices shall itemize allowable expenses and include receipts for which reimbursement is sought for any items over Ten Dollars (\$10.00). Attached receipts should itemize each cost and provide descriptive information so that expenses are separately identified.

iv. Agency shall attach a copy of each consultant and sub-consultant invoice for which reimbursement is sought. Consultant's and sub-consultants invoices shall set forth the actual rates and expenses charged to Agency.

c. Subject to the approval of the Agreement Administrator, Metropolitan shall make payment to Consultant 45 days after date of the invoice. Metropolitan will reject incomplete and inaccurate Agency invoices and will return such invoices to Agency within 45 days after the date of the invoice. In such cases of rejected invoices, Agency will submit a new, corrected invoice with a new invoice number and new date. Metropolitan will not approve payment to Agency until a full, complete, and accurate invoice has been submitted. Agency's invoices submitted 90 days after completion of work, may be delayed or not paid.

d. The final invoice shall be clearly marked "FINAL INVOICE." It shall be submitted after the final report is accepted by Metropolitan and should include a request for the release of the 25 percent retention.

8. Reporting Requirements

a. Agency shall submit to Metropolitan semi-annual progress reports within 45 days of the end of the preceding six month periods, in accordance with the reporting schedule in Exhibit A and Agency shall include, at a minimum, the items listed in Exhibit C, Semi-annual Progress Report Format. Agency shall document all activities and expenditures to date in the semi-annual reports. The submittal of these reports is a requirement for ongoing disbursement of funds.

c. Agency shall prepare and submit to Metropolitan, upon completion of the Study, a Final Report, which shall include, at a minimum, the items listed in Exhibit D, Final Report Format. The Final Report shall be provided in hard copy 10 copies and digital format prior to final payment of funds retained by Metropolitan.

d. Agency shall prepare and deliver a presentation on the findings of the study during a concluding symposium scheduled and organized by Metropolitan.

e. Failure of an Agency to submit progress reports, key deliverables, or the final report within the timeframe established in Exhibit A or any extension of time authorized in accordance with Section 2 Time and Term above will be a breach of this Agreement.

9. Business Outreach Program

It is the policy of Metropolitan Water District to solicit participation in the performance of all construction, professional services, procurement contracts, supplies, and equipment procured by Metropolitan by all individuals and businesses, including but not limited to small businesses, locally owned businesses, women, minorities, disabled veterans, and economically disadvantaged enterprises. In performing services under this Agreement, Agency shall endeavor to further this policy whenever practicable.

10. Successors and Assignment

This Agreement covers professional services of a specific and unique nature. Except as otherwise provided herein, Agency, including its participating entities, consultants, and sub-consultants, shall not assign or transfer its interest in this Agreement.

11. Use of Materials

Metropolitan will make available to Agency such materials from its files as may be required by Agency to perform services under this Agreement. Such materials shall remain the property of Metropolitan while in Agency's possession. Upon termination of this Agreement and payment of outstanding invoices of Agency, or completion of work under this Agreement, Agency shall turn over to Metropolitan any property of Metropolitan in its possession and any calculations, notes, reports, electronic files, or other materials prepared by Agency in the course of performing the services under this Agreement.

12. Intellectual Property

a. All intellectual property pursuant to this Agreement shall be owned by Agency and Agency hereby grants Metropolitan and its member public agencies a perpetual, nonexclusive license, at no cost, to use the intellectual property developed in the course of the work performed under this Agreement by Agency or any contractor and consultant working on Study as described in Exhibit A. As used herein, the term "intellectual property" includes, but is not limited to, all inventions, patents, copyrightable subject matter, copyrights, test data, trade secrets, other confidential information and software.

b. Agency agrees that all results produced in the performance of this Agreement may be released to the public.

c. Metropolitan may utilize any material prepared or utilize work performed by Agency pursuant to this Agreement, including computer software, in any manner which Metropolitan deems proper without additional compensation to Agency. Agency shall have no responsibility or liability for any revisions, changes, or corrections made by

Metropolitan, or any use or reuse pursuant to the paragraph unless Agency accepts such responsibility in writing.

d. Agency shall include the following language in its agreement with any consultant or contractor retained by Agency to work on the Study: "All intellectual property developed pursuant to this Agreement is owned by Agency. As used herein, the term "intellectual property" includes, but is not limited to, all inventions, patents, copyrightable subject matter, copyrights, test data, trade secrets, other confidential information and software.

e. Agency shall promptly notify Metropolitan, in writing, of all intellectual property conceived or developed in the course of Agency's work for Metropolitan under this Agreement.

13. Nonuse of Intellectual Property of Third Parties

Agency shall not use, disclose or copy any intellectual property of any third parties in connection with work carried out under this Agreement, except for intellectual property for which Agency has a license. Agency shall indemnify and hold Metropolitan harmless against all claims raised against Metropolitan based upon allegations that Agency has wrongfully used intellectual property of others in performing work for Metropolitan.

14. Representations

Each Party represents that it is represented by legal counsel, that it has reviewed this Agreement and agrees that:

- a. This Agreement is legally enforceable;
- b. Payments made by Metropolitan to Agency pursuant to this Agreement are a legal use of Metropolitan's funds; and,
- c. Metropolitan may legally recover the costs incurred by Metropolitan pursuant to this Agreement in the water rates charged to its Member Agencies, including Agency.



15. Legal Requirements

Agency shall secure and maintain all licenses or permits required by law and shall comply with all ordinances, laws, orders, rules, and regulations pertaining to the work.

16. Guarantee and Warranty

a. Agency guarantees and warrants that the work shall be performed and completed in accordance with generally accepted industry standards, practices, and principles applicable to the work.

b. Metropolitan's representatives shall at all times have access to the work for purposes of inspecting same and determining that the work is being performed in accordance with the terms of this Agreement.

17. Access to Metropolitan Premises

a. At least two business days in advance of any work to be performed on Metropolitan premises, Agency shall provide to the Agreement Administrator the names of its personnel or sub-consultant personnel requiring access to Metropolitan premises, intended work locations, and durations of work. The Agreement Administrator shall provide to the Security team manager or his designee written notification listing the names of the individuals requiring access, explaining the business need for these individuals to receive the requested access, and reflecting his/her approval. Except in extraordinary circumstances, all work on Metropolitan's premises shall be scheduled during Metropolitan's normal working days and hours. Metropolitan shall make a good faith effort to accommodate Agency's request, however, Metropolitan's operations and other conflicts may require rescheduling all or part of Consultant's work.

18. Indemnity

a. Agency assumes all risk of injury to its employees, agents, consultants, sub-consultants, and contractors, including loss or damage to property, in the performance of this Agreement, except for those losses due to Metropolitan's negligence, recklessness or willful misconduct.

b. Agency shall defend, indemnify, and hold harmless Metropolitan, its Board of Directors, officers, employees, and agents from and against all claims, suits, or causes of action for injury to any person or damage to any property to the proportionate extent arising out of, pertaining to, or related to Agency's and its participating entities', consultants', and sub-consultants negligence, recklessness or willful misconduct in the performance of this Agreement, including any claims, suits, or causes of action by any employee of the Agency and its participating entities, consultants, and sub-consultants relating to his or her employment status with Metropolitan and/or rights to employment benefits from Metropolitan.

19. Insurance

a. Agency shall procure and maintain for the duration of this Agreement insurance, or a program of self insurance, against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Agency and its participating entities, consultants, and sub-consultants, and their agents, representatives, or employees.

b. Agency shall sustain proof of insurance coverage in an updated ACORD form (attached hereto as Exhibit F), or equivalent, and incorporated by reference, during the term of this Agreement. Failure to provide the updated insurance ACORD form, or equivalent, annually may result in the withholding of Agency's invoice payment. Agency shall list the agreement number on the ACORD form, or equivalent, and email to Metropolitan's Agreement Administrator at **[nhardjadinata@mw dh2o.com](mailto:nhardjadinata@mw dh2o.com)** and a copy to **[AgreementInsurance@mw dh2o.com](mailto:AgreementInsurance@mw dh2o.com)** or fax to 213-576-6158.

c. Minimum Scope of Insurance

Coverage shall be at least as broad as:

i. Insurance Services Office Commercial Liability coverage (occurrence Form CG0001).

ii. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1, (any auto).

iii. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

iv. Professional Liability or Errors and Omissions Liability insurance appropriate to the Agency's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

d. Minimum Limits of Insurance

Agency shall maintain limits no less than:

i. General Liability: Including operations, products and completed operations as applicable, \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the study or location, or the general aggregate limit shall be twice the required occurrence limit.

ii. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

iii. Workers' Compensation: Shall be furnished in accordance with statutory requirements of the State of California and shall include Employer's Liability coverage of \$1,000,000 per accident for bodily injury or disease.

iv. Professional Liability or Errors and Omissions Liability: \$1,000,000 per claim, with a \$2 million aggregate.

e. Deductibles and Self-Insurance Retentions: Any deductibles or self-insured retentions must be declared to and approved by Metropolitan. At the option of Metropolitan, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respect to Metropolitan, its officers, officials, employees, agents and volunteers; or the Agency shall provide a financial guarantee satisfactory to Metropolitan guaranteeing payment of losses and related investigations, claim administration and defense expenses.

f. Verification of Coverage: Agency shall furnish Metropolitan with original certificates and amendatory endorsements affecting coverage required by this clause. The

endorsements and certificates are to be received and approved by Metropolitan prior to the commencement of work. Metropolitan reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting coverage, and coverage binders required by these specifications at any time.

g. Acceptability of Insurers: Insurance is to be placed with California admitted insurers with a current A.M. Best's rating of no less than A:VIII. A non-admitted carrier may be used with prior approval from Metropolitan, with an A.M. Best rating of no less than A: X. an exception to these standards will be made for the State Compensation Insurance Fund when not specifically rated.

h. General Liability and Automobile Liability Endorsements: The commercial general liability policy and automobile policies are to contain, or be endorsed to contain, the following provisions:

i. Metropolitan, its officers, officials, employees and agents are to be covered as additional insureds as respect to liability arising out of work or operations performed by or on behalf of the Agency; or automobiles owned, leased, hired or borrowed by the Agency.

ii. For any claims related to this study, the Agency's insurance coverage shall be primary insurance as respect to Metropolitan, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by Metropolitan, its officers, officials, employees or agents shall be excess of the Agency's insurance and shall not contribute with it.

iii. Each insurance policy required by this clause shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to Metropolitan.

iv. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

i. Other Endorsements and Insurance Provisions

i. All rights of subrogation under the property insurance policy (if the policy is required) have been waived against Metropolitan.

ii. The workers' compensation insurer, agrees to waive all rights of subrogation against Metropolitan for injuries to employees of the insured (Agency) resulting from work for Metropolitan or use of Metropolitan's premises or facilities.

iii. If General Liability, Pollution and/or any Asbestos Pollution Liability and/or professional liability or Errors & Omissions coverage are written on a claims-made form:

1) The "Retro Date" must be shown, and must be before the date of the contract or the beginning of contract work.

2) Insurance must be maintained for at least five (5) years after completion of the contract work. On Metropolitan's request, Agency shall provide evidence of insurance verifying that coverage is/was in effect during said five-year period.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a "Retro Date" prior to the contract effective date, the Agency must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

4) A copy of the claims reporting requirements must be submitted to Metropolitan for review if requested.

20. Audit

a. Agency shall be responsible for ensuring the accuracy and propriety of all billings and shall maintain all supporting documentation for the period specified below.

b. Metropolitan will have the right to audit Agency's invoices and all supporting documentation for purposes of compliance with this Agreement during the term of this Agreement and for a period of three years following completion of services under this Agreement.

i. Agency shall be responsible for maintaining the supporting documentation for a period of three years following completion of services under this agreement

c. Upon reasonable notice from Metropolitan, Agency shall cooperate fully with any audit of its billings conducted by Metropolitan and shall permit access to its books, records and accounts as may be necessary to conduct such audits.

21. Equal Employment Opportunity, Affirmative Action, and Notification of Employee Rights Under the NLRA

Metropolitan is an equal opportunity employer and a federal contractor.

**Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a), and 41 CFR 60-741.5(a) and that these regulations are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status, or disability.** The parties additionally agree that, as applicable, they will abide by the written affirmative action program requirements of 41 CFR 60-1.40, 41 CFR 60-300.40, and 41 CFR 60-741.40. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws. The parties further agree that, as applicable, they will abide by the requirements of Federal Acquisition Regulation Clauses 52.222-26 (Equal Opportunity), 52.222-35 (Equal Opportunity for Veterans), 52.222-36 (Affirmative Action for Workers with Disabilities), and 52.222-40 (Notification of Employee Rights Under the National Labor Relations Act) and that these regulations are incorporated herein by reference. Agency agrees to submit to Metropolitan evidence of compliance with this section, as applicable, within 30 days of a request.

22. Prohibited Relationships with Sanctioned Countries and Persons

Agency represents and warrants that both 1) Agency, and 2) to Agency's knowledge, its directors, officers, employees, subsidiaries, participating entities, consultants, and sub-consultants, are not engaged in any business transactions or other activities prohibited by any laws, regulations or executive orders relating to terrorism, trade embargoes or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), the Patriot Act, and the regulations administered by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List. Agency is in compliance with the regulations administered by OFAC and any other Anti-Terrorism Laws, including the Executive Order and the Patriot Act. In the event of any violation of this section, Metropolitan shall be entitled to immediately terminate this Agreement and take such other actions as are permitted or required to be taken under law or in equity.

23. Conflict of Interest and Gift Restrictions

a. Agency represents that it has advised Metropolitan in writing prior to the date of signing of this Agreement of any known relationships with a third party, Metropolitan's Board of Directors, or employees which would (1) present a conflict of interest with the work performed under this Agreement, (2) prevent Agency from performing the terms of this Agreement, or (3) present a significant opportunity for the disclosure of confidential information.

b. Agency agrees not to accept any employment during the term of this Agreement from any other person, firm or corporation where such employment is a conflict of interest or where such employment is likely to lead to a conflict of interest between Metropolitan's interest and the interests of such person, firm or corporation or any other third party. Agency shall immediately inform Metropolitan, throughout the term of this Agreement, if any employment contemplated may develop into a conflict of interest or potential conflict of interest.

c. Agency is hereby notified that Sections 7130 and 7131 Metropolitan's Administrative Code, the California Political Reform Act ("PRA") and regulations of the Fair Political Practices Commission ("FPPC") prohibit Metropolitan Board members, officers and employees from receiving or agreeing to receive, directly or indirectly, any compensation, reward or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of Metropolitan's business, except as specifically provided in the Administrative Code Sections 7130 and 7131, the PRA and FPPC regulations. Agency agrees not to provide any prohibited compensation, reward or gift to any Metropolitan Board member, officer or employee.

24. Use of Metropolitan's Name

Agency and its participating entities, consultants, and sub-consultants shall not publish or use any advertising, sales promotion, or publicity in matters relating to services, equipment, products, reports, and material furnished by Agency and its participating entities, consultants, and sub-consultants in which Metropolitan's name is used, or its identity implied without the Agreement Administrator's prior written approval. **This provision survives the termination of this Agreement.**

25. Termination

a. Metropolitan may terminate this Agreement with or without cause by providing written notice to Agency not less than thirty days prior to an effective termination date. Metropolitan's only obligation in the event of termination will be payment of fees and expenses incurred in conformity with this Agreement up to and including the effective date of termination.

b. Agency may terminate this Agreement with or without cause by providing written notice to Metropolitan not less than thirty days prior to an effective termination date. Metropolitan's only obligation in the event of termination will be payment of fees and expenses incurred in conformity with this Agreement up to and including the effective date of termination.



c. This Agreement may be terminated by Metropolitan upon written notice to the Agency if work on the Study has not started by August 31, 2019.

26. Force Majeure Events

a. Excuse to Performance: In addition to specific provisions of the Agreement, lack of performance by any Party shall not be deemed to be a breach of this Agreement, where delays or defaults are due to acts of God, or the elements, casualty, strikes, lockouts, or other labor disturbances, acts of the public enemy, orders or inaction of any kind from the government of the United States, the State of California, or any other governmental, military or civil authority (other than Metropolitan, or another party to this Agreement), war, insurrections, riots, epidemics, landslides, lightning, droughts, floods, fires, earthquakes, civil disturbances, freight embargoes, or any other inability of any Party, whether similar or dissimilar to those enumerated or otherwise, which are not within the control of the Party claiming such inability or disability, which such Party could not have avoided by exercising due diligence and care and with respect to which such Party shall use all reasonable efforts that are practically available to it in order to correct such condition (such conditions being herein referred to as "Force Majeure Events").

b. Responding to Force Majeure Events: The Parties agree that in the event of a Force Majeure Event which substantially interferes with the implementation of this Agreement, the Parties will use their good faith efforts to negotiate an interim or permanent modification to this Agreement which responds to the Force Majeure Event and maintains the principles pursuant to which this Agreement was executed.

27. Notices

Any notice or communication given under this Agreement shall be effective when deposited, postage prepaid, with the United States Postal Service and addressed to the contracting parties as follows:

Metropolitan Water District  
of Southern California  
Post Office Box 54153  
Los Angeles, CA 90054-0153

Agency's name  
Address  
Address  
Attention: Mr./Ms. Name

Attention: **Ms. Nadia Hardjadinata**

Either party may change the address to which notice or communication is to be sent by providing advance written notice to the other party.

28. Severability

If any provision of this Agreement shall be held illegal, invalid, or unenforceable, in whole or in part, such provision shall be modified to the minimum extent necessary to make it legal, valid, and enforceable, and the legality, validity, and enforceability of the remaining provisions shall not be affected thereby.

29. Jurisdiction and Venue

This Agreement shall be deemed a contract under the laws of the State of California and for all purposes shall be interpreted in accordance with such laws. Both parties hereby agree and consent to the exclusive jurisdiction of the courts of the State of California and that the proper venue of any action brought thereunder is and shall be Los Angeles County, California.

30. Waiver

No delay or failure by either party to exercise or enforce at any time any right or provision of this Agreement shall be considered a waiver thereof or of such party's right thereafter to exercise or enforce each and every right and provision of this Agreement. A waiver to be valid shall be in writing but need not be supported by consideration. No single waiver shall constitute a continuing or subsequent waiver.

31. Entire Agreement

a. This writing contains the entire agreement of the parties relating to the subject matter hereof; and the parties have made no agreements, representations, or warranties either written or oral relating to the subject matter hereof which are not set forth herein. Except as provided herein, this Agreement may not be modified or altered without formal amendment thereto.

b. Notwithstanding the foregoing, and to realize the purpose of this Agreement, the Agreement Administrator may issue a written modification to the Scope of Work, if this modification will not require a change to any other term of this Agreement.

32. Joint Drafting

Both parties have participated in the drafting of this Agreement.

/////

Signature Page

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date last written below.

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

NAME OF AGENCY (ALL CAPS)

Jeffrey Kightlinger  
General Manager

By \_\_\_\_\_

By \_\_\_\_\_

Print name \_\_\_\_\_

Name of Group Manager \_\_\_\_\_

Title \_\_\_\_\_

Title of Group Manager \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

(This Agreement must be signed in the above space  
by one of the following: Agency Chairman of the  
Board or General Manager.)

APPROVED AS TO FORM:

Marcia L. Scully  
General Counsel

By \_\_\_\_\_

By \_\_\_\_\_

Print name \_\_\_\_\_

Deputy General Counsel

Title \_\_\_\_\_

---

Date

(This Agreement must be signed in the above space  
by Agency General Counsel.)

---

Date

Analyst Initials: agr# - date  
Attachments

## **Exhibit A- Scope of Work**

**[Insert Study Name]**

### **1.0 Study Objective**

*[To be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan.]*

### **2.0 Background Information**

*[To be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan.]*

### **3.0 Study Description**

*[To be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan, including Participating Entities as described below.]*

#### **Participating Entities and Supporting Entities**

*[Include other member agencies, sub-agencies, and public agencies at participating entities, along with applicable consultants, sub-consultants, and other non-public agencies as supporting entities.]*

### **4.0 Description of Tasks**

*[To be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan. Include detailed descriptions of tasks and associated deliverable with each task completion.]*

### **5.0 Deliverables**

*[The following table is to be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan. Expand to as many rows as required.]*

Task/Subtask	Deliverables	Submittal Due Date

Task/Subtask	Deliverables	Submittal Due Date

## 6.0 Cost Estimate

*[The following table is to be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan. Expand to as many rows as required.]*

Task No.	Task Description	Total Study Cost	Requested Metropolitan Funding Match
<b>Totals</b>			

## 7.0 Schedule

*[The following table is to be completed by member agency based on content of submitted proposal and subject to review and approval by Metropolitan. Fill in cell(s) reflective of expected quarterly progress using example color. Expand to as many rows as required.]*

The following illustrates the expected quarterly progress schedule per task.

		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Jun
		2019				2020				2021
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Task	Task Name									

*Post-study reporting to Metropolitan is not shown on the graphical schedule, but should be submitted upon request by Metropolitan one year following Metropolitan's acceptance of the Final Report.*

#### **Reporting Schedule**

- Semi-Annual Progress Report 2019 No. 1 (January 2019 – June 2019).....July 31, 2019
- Semi-Annual Progress Report 2019 No. 2 (July 2019 – December 2019)..... January 31, 2020
- Semi-Annual Progress Report 2020 No. 1 (January 2020 – June 2020).....July 31, 2020
- Draft Final Report.....November 30, 2020
- Semi-Annual Progress Report 2020 No. 2 (July 2020 – December 2020)..... January 31, 2021
- **Final Report** .....**February 28, 2021**
- Post-Study Update Report ..... February 28, 2022

**Exhibit B- Sample Invoice**

<b>BILL TO</b>		<b>INVOICE</b>	
<b>Metropolitan Water District of Southern California</b> <b>Accounts Payable Section</b> <b>P.O. Box 54153</b> <b>Los Angeles, CA 90054-0153</b> <a href="mailto:AccountsPayableBusiness@mwdh2o.com">AccountsPayableBusiness@mwdh2o.com</a>			
<b>AGENCY NAME</b>	<b>INVOICE DATE</b>	<b>INVOICE NUMBER</b>	<b>INVOICE PERIOD</b>
<b>ADDRESS</b>		<b>STUDY NAME</b>	
<b>CONTACT</b>		<b>CONTACT PHONE</b>	<b>AGREEMENT NUMBER</b>
<b>MAXIMUM AWARD AMOUNT</b>	<b>AMOUNT PREVIOUSLY INVOICED</b>	<b>AWARD AMOUNT REMAINING</b>	
<b>ITEMIZED EXPENSES</b>			
<b>TASK</b>	<b>DETAILED DESCRIPTION</b> (e.g., consultant costs and hours, materials and supplies, lab costs, etc.)	<b>COST</b>	
<b>TOTAL COSTS</b>			
<b>TOTAL ELIGIBLE COSTS (UP TO 50% OF TOTAL COSTS)</b>			
<b>RETENTION (25% of total eligible reimbursable costs)</b>			
<b>TOTAL ELIGIBLE REQUEST - RETENTION</b>			
<b>BY SIGNING THIS INVOICE, AGENCY CERTIFIES THAT WORK DESCRIBED HEREIN IS AN ACCURATE AND CORRECT RECORD OF SERVICES PERFORMED FOR METROPOLITAN UNDER THIS AGREEMENT AND THIS WORK HAS NOT BEEN BILLED ON ANY OTHER CLIENT OR STUDY PARTNER INVOICES.</b>			
<b>STUDY MANAGER</b>			



## Exhibit B – Sample Invoice

### BILL TO:

Metropolitan Water District of Southern  
California  
Accounts Payable Section  
P.O. Box 54153  
Los Angeles, CA 90054-0153

# BUDGET Tracking

STUDY NAME	INVOICE PERIOD
	AGREEMENT NUMBER

A	B	C	D	E	F	G
TASK NUMBER AND NAME	TOTAL COSTS PAID BY MEMBER AGENCY FOR CURRENT INVOICE	ELIGIBLE REIMBURSABLE COSTS FOR CURRENT INVOICE (UP TO 50% OF B)	CUMULATIVE ELIGIBLE REIMBURSABLE COSTS (INCLUDING CURRENT INVOICE)	TOTAL AWARD AMOUNT PER EXHIBIT A SCOPE OF WORK	REMAINING AWARD BALANCE ( E – D )	PERCENT COMPLETE (D/E x100%)
TOTAL						

CUMULATIVE WITHHOLDING (INCLUDING CURRENT INVOICE)	
CUMULATIVE REIMBURSABLE REQUEST (INCLUDING CURRENT INVOICE)	

## **Exhibit C – Semi-annual Progress Reports**

Agency shall include, at minimum, the following items in the Semi-Annual Progress Reports.

### **1. Cover Letter**

Provide a brief description of the submittal, including the amount invoiced in the respective invoice period, a list of items being submitted, and contact information. The letter must be signed and include the following language:

***“I am informed and believe that the information contained in this report is true and that the supporting data is accurate and complete.”***

### **2. Semi-Annual Progress Report**

#### **2.1 Study Status**

- a) Describe work performed during the semi-annual period, by task.
- b) Describe major accomplishments, such as:
  - i. Tasks achieved
  - ii. Milestones met and deliverables completed
  - iii. Meetings held or attended
  - iv. Press release, etc.
- c) Where applicable, describe how the activities carried out differed from the plans outlined in the Study Scope of Work. Identify any problems encountered in the performance of the work under this Agreement, and how these matters were addressed.
- d) If the semi-annual period's objectives were not met, explain why and how these goals will be approached for the next reporting period.

#### **2.2 Cost Information**

- a) Identify costs incurred during the quarter by Agency and each partnering/supporting entity working on the Study.
- b) Discuss how the actual budget is progressing in comparison to the latest Study budget. Describe any differences that occurred, identifying budget impacts and/or problems encountered, and describe how these matters will be addressed for the next reporting period.
- c) Provide a revised budget, by task, if changed from the latest Study budget.

#### **2.3 Schedule Information**

- a) Provide a Study schedule showing actual progress versus planned progress from the latest schedule.
- b) Discuss how the actual schedule is progressing in comparison to the latest Study schedule. Justify any differences that occurred, identifying schedule impacts and/or problems encountered, and describe how these matters will be addressed for the next reporting period.
- c) Provide a revised schedule, by task, if changed from the latest Study schedule.

## **Exhibit D – Final Report Format**

Agency shall include, at minimum, the following items in the Final Report.

### **1. Cover Letter**

Provide a brief description of the submittal, including the total amount of funds disbursed, a list of items being submitted, and contact information. The letter must be signed and include the following language:

***“I am informed and believe that the information contained in this report is true and that the supporting data is accurate and complete.”***

### **2. Final Report**

#### **2.1 Executive Summary**

- a) Briefly summarize the content of the main report.

#### **2.2 Introduction**

- a) Provide an overview of the work performed and accomplishments achieved throughout the duration of the Study.
- b) Briefly describe the findings of the study.
- c) Describe the role/involvement of each partnering/supporting entity and their relationship to the Study.

#### **2.3 Cost Summary**

- a) Include a summary of the costs incurred and of funds disbursed throughout the duration of the Study.
- b) Provide a comparison between the planned budget in the Agreement and the actual budget. Justify any differences that occurred, identifying budget impacts and/or problems encountered, and how these matters were addressed.

#### **2.4 Schedule Summary**

- a) Include a summary of all tasks accomplished throughout the duration of the Study.
- b) Provide a comparison between the planned schedule in the Agreement and the actual schedule. Justify any differences that occurred, identifying schedule impacts and/or problems encountered, and how these matters were addressed.

#### **2.5 Study Results and Analysis**

- a) Describe and provide an analysis of the Study results and findings in detail.
- b) Were the Study goals and objectives as proposed achieved? Explain.
- c) Discuss any major problems that occurred in meeting the Study goals and objectives, including how, and if, they were resolved.
- d) Explain how the findings of the Study can be applied to other areas of the region. What types of obstacles, if any, would be anticipated before implementation/application can occur, and how could these matters be addressed?

#### **2.6 Conclusion**

- a) Describe lessons learned.
- b) Describe the next steps of the Study (e.g., applicability of the results, topics that may require additional research, new programs that should be developed, policy amendments, etc.).

### **Exhibit E – Post Study Update Format**

Agency shall include, at minimum, the following items in the Post-Study Update Report.

#### **1. Accomplishments and Applicability**

- a) What has been accomplished since the submittal of the Final Report? How have the Study findings/results of the Final Report been applied/implemented (e.g., regional application of results, pilot study results used for full-scale implementation, additional research performed, impacts on regulations/legislation, technical advances, etc.)?
- b) Discuss new information obtained during this reporting period, and how this knowledge will further future efforts.
- c) If applicable, provide additional data obtained since the submittal of the Final Report (e.g., pilot project water quality data, etc.).

#### **2. Next Steps**

- a) Describe specific plans, if any, for continuing work on this Study or related studies (e.g., what questions will be investigated, what programs will be developed, etc.).

## Exhibit F – ACORD Form or Equivalent

<b>ACORD™</b>		<b>CERTIFICATE OF INSURANCE</b>		ISSUE DATE (MM/DD/YY)	
Producer _____				THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
				<b>COMPANIES AFFORDING COVERAGE</b>	
CODE _____		SUB-CODE _____		Company Letter <b>A</b>	
INSURED _____				Company Letter <b>B</b>	
				Company Letter <b>C</b>	
				Company Letter <b>D</b>	
<b>COVERAGES</b>					
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.					
CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR. <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$ _____ PRODUCTS-COMP/OPS AGGREGATE \$ _____ PERSONAL & ADVERTISING INJURY \$ _____ EACH OCCURRENCE \$ _____ FIRE DAMAGE (ANY ONE FIRE) \$ _____ MEDICAL EXPENSE (ANY ONE PERSON) \$ _____
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ _____ BODILY INJURY (PER PERSON) \$ _____ BODILY INJURY (PER ACCIDENT) \$ _____ PROPERTY DAMAGE \$ _____
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ _____ AGGREGATE \$ _____
	<b>WORKERS COMPENSATION/EMPLOYERS LIABILITY</b> <input type="checkbox"/> AND EMPLOYERS' LIABILITY				STATUTORY \$ (EACH ACCIDENT) \$ (DISEASE-POLICY LIMIT) \$ (DISEASE-EACH EMPLOYEE)
	<b>OTHER</b> <input type="checkbox"/> ERRORS AND OMISSIONS <input type="checkbox"/> CRIME OR DISHONEST BOND				\$ _____ \$ _____
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS					
METROPOLITAN, ITS OFFICERS, OFFICIALS, EMPLOYEES AND AGENTS ARE TO BE COVERED AS INSUREDS. INSURANCE VERIFIED ON THIS CERTIFICATE IS APPLICABLE TO AGREEMENT NO. _____					
<b>CERTIFICATE HOLDER</b>				<b>CANCELLATION</b>	
Metropolitan Water District of Southern California P.O. Box 54153, Terminal Annex Los Angeles California 90054				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL _____ DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.	
				AUTHORIZED REPRESENTATIVE	
ACORD				ACORD CORPORATION 1998	



**CONSENT CALENDAR ITEM**

March 20, 2019

**TO:** Board of Directors

**FROM:** **Administration & Finance Committee**  
(Directors Thomas, Finnegan, Osborne)

Robert J. Hunter, General Manager  
Kelly Hubbard, WEROC Program Manager

**SUBJECT: AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A  
CONTRACT TO PROVIDE ASSISTANCE TO WEROC PROGRAM**

**STAFF RECOMMENDATION**

---

It is recommended that the Board of Directors authorize the General Manager to enter into a contract with Athena EHS Consulting, LLC in an amount not to exceed \$25,000 for WEROC Program assistance.

**COMMITTEE RECOMMENDATION**

---

Committee concurred with staff recommendation.

**SUMMARY**

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Francisco Soto will be leaving his position as WEROC Specialist on March 14, 2019. In an effort to meet project deadlines and continue to keep programming on schedule, staff is requesting technical assistance to the WEROC Program Manager. This would be a short term not to exceed contract while a replacement is hired for the position. Athena EHS Consulting will assist the WEROC program with various projects, including the completion of current planning efforts and follow-up on previous disaster response and exercise lessons learned with a focus on mutual aid and emergency water quality response.

Trisha Woolslayer, of Athena EHS, LLC has over 20 years experience in Environmental, Health, Safety, and Emergency Preparedness knowledge and has provided assistance to various public and private sector agencies. Ms. Woolslayer has previously worked for South Coast Water District and Moulton Niguel Water District and has been a key planning partner with the WEROC program. She has extensive knowledge of not just emergency management, but also Orange County and WEROC protocols.

Budgeted (Y/N): N	Budgeted amount: \$0	Core _X_	Choice __
Action item amount: \$25,000	Line item: 7040		
Fiscal Impact (explain if unbudgeted): Offset by unspent salaries & benefits.			



**CONSENT CALENDAR ITEM**

March 20, 2019

**TO:** Board of Directors

**FROM:** **Administration & Finance Committee**  
(Directors Thomas, Finnegan, Osborne)

Robert J. Hunter, General Manager

**SUBJECT:** **AUTHORIZE ATTENDANCE AT CALIFORNIA WATER  
ENVIRONMENT ASSOCIATION ANNUAL CONFERENCE, PALM  
SPRINGS, APRIL 9-12, 2019**

**STAFF RECOMMENDATION**

---

It is recommended that the Board of Directors: Authorize attendance at the California Water Environment Association Annual Conference, April 9-12, 2019 in Palm Springs, California.

**COMMITTEE RECOMMENDATION**

---

Committee concurred with staff recommendation.

**SUMMARY**

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The California Water Environment Association is a not-for-profit public benefit association of 10,000-plus water quality professionals who work for public agencies and collection systems, engineering firms, and equipment and service suppliers. CWEA members are responsible for cleaning California's water and returning it safely to the environment. CWEA educates and certifies water quality professionals, disseminates technical information, and promotes sound policies to benefit society through protection and enhancement of our water environment.

Director Yoo Schneider has been asked to be the Opening Session Chair on the conference committee and the moderator for the Women Impacting Water Panel at the CWEA Annual Conference.

Registration fees for speakers have been discounted to \$315 and hotel costs should be approximately \$600-\$1000.

Budgeted (Y/N): N	Budgeted amount:	Core ____	Choice ____
Action item amount: \$1500	Line item:		
Fiscal Impact (explain if unbudgeted):			

# REGISTRATION FORM

EARLYBIRD DEADLINE  
IS FEBRUARY 22!

REGISTRATION INFORMATION (PLEASE PRINT OR TYPE)

Register online: [MyCWEA.org](http://MyCWEA.org)

Name For Badge: \_\_\_\_\_

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Agency/Company: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone Number: \_\_\_\_\_ E-Mail: \_\_\_\_\_

Emergency Contact: \_\_\_\_\_ Emergency Phone: \_\_\_\_\_

☐ CWEA MEMBER ☐ WEF MEMBER ☐ CA-NV AWWA MEMBER # \_\_\_\_\_

Non-member rates includes 1 year membership in CWEA. Please check here if you do **not** wish to take advantage of CWEA membership: ☐

**Special Services:** ☐ Please check here if you require special accommodations to fully participate. Attach a written description of your needs.

**Dietary Restrictions:** ☐ Please check here to include any dietary restrictions: \_\_\_\_\_

Tell us a bit about you. Please select one response for each question.

1. WHAT IS YOUR CAREER STAGE?		2. WHAT IS YOUR PRIMARY PRACTICE AREA?	
<input type="checkbox"/> Student	<input type="checkbox"/> Job Seeker	<input type="checkbox"/> Collection Systems	<input type="checkbox"/> Electrical/Instrumentation
<input type="checkbox"/> Entry-level	<input type="checkbox"/> Journey-level	<input type="checkbox"/> Engineering	<input type="checkbox"/> Laboratory
<input type="checkbox"/> Supervisor	<input type="checkbox"/> Management	<input type="checkbox"/> Plant Operations	<input type="checkbox"/> Pretreatment
<input type="checkbox"/> Executive	<input type="checkbox"/> Retiree	<input type="checkbox"/> Stormwater	<input type="checkbox"/> Utility Executive
	<input type="checkbox"/> Other		<input type="checkbox"/> Other

3. WHAT TYPE OF ORGANIZATION DO YOU WORK FOR?	
<input type="checkbox"/> Municipal - Large (400K+ customers)	<input type="checkbox"/> Municipal - Medium (50K-400K customers)
<input type="checkbox"/> Municipal - Small (< 50K customers)	<input type="checkbox"/> Non-municipal - Consulting firm
<input type="checkbox"/> Non-municipal - Manufacturer or sales representative	<input type="checkbox"/> Non-municipal - Regulator, State or Federal
	<input type="checkbox"/> Other

FULL CONFERENCE ATTENDANCE: TUESDAY, APRIL 9 – FRIDAY, APRIL 12

	Early Bird (Before 2-22-19)	Saver (After 2-23-19)	Full Rate (After 3-22-19)
Member-Discounted Rate.....	<input type="checkbox"/> \$525.00	<input type="checkbox"/> \$625.00	<input type="checkbox"/> \$695.00
Non-Member Rate .....	<input type="checkbox"/> \$713.00	<input type="checkbox"/> \$813.00	<input type="checkbox"/> \$883.00
Retired Member .....		<input type="checkbox"/> \$320.00	
Regulators & Academics.....		<input type="checkbox"/> \$100.00	
Speaker: Please include session title, date and time*.....		<input type="checkbox"/> \$315.00	

\*

FEE SUBTOTAL \$ \_\_\_\_\_

ONE-DAY CONFERENCE ATTENDANCE (Please check the day you would like to attend below)

☐ Wednesday (4/10) ☐ Thursday (4/11)

	Early Bird (Before 2-22-19)	Saver (After 2-23-19)	Full Rate (After 3-22-19)
Member-Discounted Rate.....	<input type="checkbox"/> \$325.00	<input type="checkbox"/> \$350.00	<input type="checkbox"/> \$375.00
Non-Member Rate .....	<input type="checkbox"/> \$513.00	<input type="checkbox"/> \$538.00	<input type="checkbox"/> \$563.00
Full Time Student (must provide proof of attendance at a college or university with a minimum of 9 units)...	<input type="checkbox"/> FREE		
Speaker: Please include session title, date and time* .....		<input type="checkbox"/> \$195.00	

\*



## EXHIBITION ATTENDANCE ONLY

**California Water Technology Exhibition Only Attendee** - Please select the day you'll attend – no exhibits on Friday:

☐ **Wednesday** (4/10) \$45.00 Early Bird/Saver, \$54.00 after 3-22-19 ☐ **Thursday** (4/11) \$90.00 Early Bird/Saver, \$108.00 after 3-22-19

*Wednesday includes exhibit hall reception. Thursday includes lunch in exhibit hall and reception.*

**FEE SUBTOTAL \$** \_\_\_\_\_

## FRIDAY (4/12) ONE-DAY CONFERENCE ATTENDANCE

	Early Bird (Before 2-22-19)	Saver (After 2-23-19)	Full Rate (After 3-22-19)
<b>Member-Discounted Rate</b> .....	<input type="checkbox"/> \$120.00 .....	<input type="checkbox"/> \$145.00 .....	<input type="checkbox"/> \$170.00
<b>Non-Member Rate</b> .....	<input type="checkbox"/> \$308.00 .....	<input type="checkbox"/> \$333.00 .....	<input type="checkbox"/> \$358.00
<b>Full Time Student</b> (must provide proof of attendance at a college or university with a minimum of 9 units) ...	<input type="checkbox"/> FREE		
<b>Speaker:</b> Please include session title, date and time *.....	<input type="checkbox"/> \$72.00		

\*

**FEE SUBTOTAL \$** \_\_\_\_\_

## CONFERENCE FOOD & BEVERAGE EVENTS

*Unless otherwise noted, meals are not included with registration. Meals noted as free are not automatically included.*

**ICEBREAKER RECEPTION** (Tue, 4/9, 6:00 p.m. - 7:30 p.m.)

\_\_\_\_\_ ☐ FREE with Registration

**EXHIBIT HALL LUNCHEON** (Thu, 4/11, 12:00 p.m. - 1:30 p.m.)

\_\_\_\_\_ ☐ FREE with Registration

## BREAKFAST & LUNCH OPPORTUNITIES

*Register for only one breakfast and lunch per day. See page 42 for details.*

*The Women Impacting Water Breakfast and Closing Ceremony Awards Luncheon descriptions are on page 45 and 46.*

### WEDNESDAY BREAKFAST, 4/10 (7:00 a.m. - 8:15 a.m.):

Women Impacting Water Networking Breakfast

\_\_\_\_\_ ☐ \$45.00 (Early Bird and Saver) / \$54.00 (Full Rate after 3-22-19)

### WEDNESDAY LUNCH, 4/10 (12:15 p.m. - 1:45 p.m.):

Biosolids and Engineering & Research Lunch with Doug Walters

\_\_\_\_\_ ☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

Collection Systems Committee Awards Lunch

\_\_\_\_\_ ☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

O&M Networking Lunch: Moving on Up

\_\_\_\_\_ ☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

Students and Young Professionals Lunch with Felicia Marcus

\_\_\_\_\_ ☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

Lab Lunch: Creating a Winning Succession Plan with Nicki Branch

\_\_\_\_\_ ☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

### THURSDAY BREAKFAST, 4/11 (7:00 a.m. - 8:30 a.m.):

Laboratory Committee Breakfast

\_\_\_\_\_ ☐ \$35.00 (Early Bird and Saver) / \$42.00 (Full Rate after 3-22-19)

Operations & Maintenance Committee Breakfast

\_\_\_\_\_ ☐ \$35.00 (Early Bird and Saver) / \$42.00 (Full Rate after 3-22-19)

P3S Committee Breakfast

\_\_\_\_\_ ☐ \$35.00 (Early Bird and Saver) / \$42.00 (Full Rate after 3-22-19)

### FRIDAY BREAKFAST, 4/12 (7:00 a.m. - 8:30 a.m.):

Leadership Committee Breakfast

\_\_\_\_\_ ☐ \$35.00 (Early Bird and Saver) / \$42.00 (Full Rate after 3-22-19)

Safety Committee Breakfast

\_\_\_\_\_ ☐ \$35.00 (Early Bird and Saver) / \$42.00 (Full Rate after 3-22-19)

### FRIDAY LUNCH, 4/12 (11:30 a.m. - 1:30 p.m.):

Closing Ceremony Awards Luncheon

\_\_\_\_\_ ☐ \$55.00 (Early Bird and Saver) / \$66.00 (Full Rate after 3-22-19)

**FEE SUBTOTAL \$** \_\_\_\_\_

## PRE-CONFERENCE WORKSHOPS (TUE, 4/9, 8:30 a.m. – 3:30 p.m.)

See descriptions on pages 16 and 17. Workshops include a buffet lunch!

### TW1: BUILD YOUR LEADERSHIP SKILLS: EMERGENETICS AND LEVERAGING THE SOCIO-BIOLOGY OF TEAMS

☐ \$145.00 (Early Bird and Saver) / \$174.00 (Full Rate after 3-22-19)

### TW2: GETTING STARTED WITH ASSET MANAGEMENT

☐ \$175.00 (Early Bird and Saver) / \$210.00 (Full Rate after 3-22-19)

### TW3: MICROSCOPIC EVALUATION OF ACTIVATED SLUDGE

☐ \$250.00 (Early Bird and Saver) / \$300.00 (Full Rate after 3-22-19)

### TW4: PERMIT WRITERS WORKSHOP: WRITING AN INDUSTRIAL DISCHARGE PERMIT FROM START TO FINISH

☐ \$160.00 (Early Bird and Saver) / \$192.00 (Full Rate after 3-22-19)

### TW5: PRACTICAL IMPLEMENTATION OF THE 2016 TNI STANDARD

☐ \$200.00 (Early Bird and Saver) / \$240.00 (Full Rate after 3-22-19)

### TW6: PUMP BASICS AND MORE

☐ \$145.00 (Early Bird and Saver) / \$174.00 (Full Rate after 3-22-19)

### TW7: TREATMENT PLANT SIMULATOR: FUNDAMENTALS OF NUTRIENT REMOVAL FOR OPERATORS & ENGINEERS

☐ \$250.00 (Early Bird and Saver) / \$300.00 (Full Rate after 3-22-19)

FEE SUBTOTAL \$ \_\_\_\_\_

## WEDNESDAY WORKSHOPS (WED, 4/10, 8:30 a.m. – 3:30 p.m.)

See descriptions on pages 17. Workshops include a buffet lunch!

### WW1: MICROSCOPIC EVALUATION OF ACTIVATED SLUDGE

☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

### WW2: TREATMENT PLANT SIMULATOR: FUNDAMENTALS OF NUTRIENT REMOVAL FOR OPERATORS & ENGINEERS

☐ \$50.00 (Early Bird and Saver) / \$60.00 (Full Rate after 3-22-19)

FEE SUBTOTAL \$ \_\_\_\_\_

## TECHNICAL TOURS See tour info on page 26.

Tour registration may only be purchased in conjunction with a one-day or full conference registration.

### T1: CVWD: WATER RECLAMATION PLANTS 7 AND 10 TOUR (Wed, 4/10, 2:00 p.m. - 5:30 p.m.)

☐ \$40.00 (Early Bird and Saver) / \$48.00 (Full Rate after 3-22-19)

### T2: CANNABIS CULTIVATION IN THE COACHELLA VALLEY TOUR (Wed, 4/10, 2:00 p.m. - 5:00 p.m.)

☐ \$45.00 (Early Bird and Saver) / \$54.00 (Full Rate after 3-22-19)

### T3: DESERT WATER AGENCY: SNOW CREEK AND WHITEWATER TOUR (Thur, 4/11, 9:00 a.m. – 12:00 p.m.)

☐ \$40.00 (Early Bird and Saver) / \$48.00 (Full Rate after 3-22-19)

### T4: CANNABIS CULTIVATION IN THE COACHELLA VALLEY TOUR - REPEAT (Fri, 4/12, 8:00 a.m. – 11:00 a.m.)

☐ \$45.00 (Early Bird and Saver) / \$54.00 (Full Rate after 3-22-19)

FEE SUBTOTAL \$ \_\_\_\_\_

## EXHIBIT HALL TOURS *See tour info on page 36.*

Tour registration may only be purchased in conjunction with a one-day registration, full conference registration or Exhibition Only registration.

**EHT1: ADVANCED BIOSOLIDS HANDLING EXHIBIT HALL TOUR** (Thur, 4/11, 2:00 p.m. - 3:30 p.m.)

☐ \$30.00 (Early Bird and Saver) / \$36.00 (Full Rate after 3-22-19)

**EHT2: MEMBRANES EXHIBIT HALL TOUR** (Thur, 4/11, 4:15 p.m. - 5:45 p.m.)

☐ \$30.00 (Early Bird and Saver) / \$36.00 (Full Rate after 3-22-19)

**FEE SUBTOTAL \$** \_\_\_\_\_

## ACTIVITIES AND NETWORKING *See special events pages 44 to 47 for full descriptions*

**GT. GOLF TOURNAMENT** (Tue, 4/9 Check in 7:00 a.m., 8:00 a.m. start) – includes breakfast and lunch; upon registration and payment, you will be emailed a waiver and info and foursome form to be completed and returned

**INDIVIDUAL:** ☐ \$110.00 (Individual - Early Bird and Saver) ☐ \$135.00 (Full Rate after 3-22-19)

**FOURSOME:** ☐ \$440.00 (group of 4 people / foursome - Early Bird and Saver) ☐ \$540.00 (Full Rate after 3-22-19)

**SG. SPOUSE/GUEST REGISTRATION** (for more info on what is included in spouse/guest registration see page 50)

☐ \$50.00      Name: \_\_\_\_\_

**SYPM. NETWORKING MIXER BY STUDENTS & YOUNG PROFESSIONALS** (Wed, 4/10 from 7:00 p.m. - 9:00 p.m.)

☐ \$10.00 (Early Bird and Saver) / \$12.00 (Full Rate after 3-22-19)

**FEE SUBTOTAL \$** \_\_\_\_\_

## PAYMENT INFORMATION

Please add together all Fee Subtotals for the **GRAND TOTAL \$** \_\_\_\_\_

For payments by check or money order, make payable to: **CWEA 2019 AC**. For payments by credit card, please print clearly.

Credit card: ☐ VISA ☐ MASTERCARD ☐ DISCOVER ☐ AMEX      Signature: \_\_\_\_\_

Credit card number: \_\_\_\_\_      Expiration date: \_\_\_\_\_

Name of account holder: \_\_\_\_\_      Billing zip code: \_\_\_\_\_

*Disclaimer: CWEA is not responsible for theft of or damage to personal or agency/company property whether intended to be used for CWEA purposes or not.*

Mail registration payment & form to:

**CWEA**  
7677 Oakport St, Suite 600  
Oakland, CA 94621-1935

Fax credit card payments & form to:

**510-382-7810**  
Or, register on-line:  
**MyCWEA.org**

Need assistance?



**Contact Member Services**  
**510-382-7800 x0**  
**memberservices@cwea.org**



## 2019 Annual Conference PALM SPRINGS

Breakfast (FEE)

### Women Impacting Water Networking Breakfast (FEE)

 Wednesday, April 10  7:00 AM - 8:15 AM

**CWEA:** .5 Contact Hours

\$45 before Friday, March 22, 2019, and \$54 after

Join us for the Second Annual Women Impacting Water Breakfast! This event will be a morning of networking and discussion with California water leaders, engineers, operators and scientists at various career stages.

Attendees will have the chance to meet other water sector professionals and participate in facilitated discussions on challenges, career development and ways to encourage more women to join the water industry. Come build your network and make connections with people you will see throughout the conference while enjoying a buffet breakfast and latte cart.

Come hear from others and share your stories about the unique challenges facing women in the water sector. Discover what is needed to improve industry relationships and discuss what has been the most important aspect that has aided in your growth and development as a professional.

Here's a list of topics being proposed:

- How did you choose your career?
- Achieving work life balance
- Attracting millennials to the water industry - Studies show that when organizations promote top female talent into leadership roles, it creates an environment that allows

for women to more easily develop and maintain a strong peer network.

- Career Paths for new and seasoned professionals - Find out from others as well as share what has been the most important aspect that has aided in growth and development as a professional.
- Connecting candidates with opportunities in water operations - Can women be more successful in companies that foster career advancement and provide support without bias.
- How to find a mentor - Is collaboration your mindset, culture and method of working? Are you collaborating with a posture of learning and determination?
- Women empowering women panel - Is it a natural tendency to underestimate yourself while working in a male dominated field? Does this impact upward movement?

Primary Speaker(s)



**Megan Schneider**  
Director  
Municipal Water District of Orange County  
San Juan Capistrano, CA

Panelist(s)



**Connie Leonard**  
Senior Project Manager  
CDM Smith  
Irvine, CA



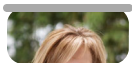
**Dorien McElroy**  
Collection Systems O&M Manager  
Irvine Ranch Water District  
Irvine, CA



**Rosalyn Prickett**



**Paula Rasmussen**





**Tama Snow**

Senior Associate/Operations Manager  
Hazen and Sawyer  
San Diego, CA

[Track Facilitator\(s\)](#)



**Berlinda Blackburn**

Environmental Programs Manager  
City of Coachella  
Coachella, CA





**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Administration & Finance Committee**  
(Directors Thomas, Finnegan, Osborne)

Robert J. Hunter, General Manager

**SUBJECT: AMENDMENTS TO ADMINISTRATIVE CODE**

**STAFF RECOMMENDATION**

---

It is recommended that the Board of Directors: Approve revision to Section 2201 (Level of Expenses and Expense Reimbursement Rates), and approve adding Section 1406 (Incompatible Offices) to the Administrative Code, and authorize staff to make such changes.

**COMMITTEE RECOMMENDATION**

---

Committee concurred with the change to Section 2201, however held discussion on the Incompatible Office addition. Committee requested staff confer with Legal Counsel to determine whether the incompatible office provision could or should extend to agencies outside of MWD OC's service area (e.g., other MET member agencies). Legal Counsel is currently reviewing the issue and will report at the Board meeting.

**SUMMARY**

---

Staff periodically reviews the Administrative Code for potential updates and Sections are submitted to the Board for suggested revisions. As a result, the following revisions/additions are recommended.

Section 2201 is located in Chapter 2, Business Expense and Credit Card Policy. Staff recommends the word "lodging" be added to Subsection c, as follows:

**§2201 LEVEL OF EXPENSES AND EXPENSE REIMBURSEMENT RATES**

Expenditures for lodging, meals, and transportation should provide for reasonable comfort and convenience. It should be borne in mind, however, that public funds are being spent and that only a reasonable level of expense is warranted. MWD OC shall not incur any costs for a spouse, or other accompanying person. The most

<b>Budgeted (Y/N):</b>	Budgeted amount:	Core ____	Choice ____
<b>Action item amount:</b>	Line item:		
<b>Fiscal Impact (explain if unbudgeted):</b>			

economical mode and class of transportation reasonably consistent with scheduling requirements will be used. In the event a more expensive class of transportation is used, the reimbursable amount will be limited to the cost of the most economical class of transportation available. Reimbursement for travel expenses are subject to the following limits:

- (a) Lodging shall be obtained at government group rates, when available. For conferences and organized educational activities, lodging costs shall not exceed the maximum group rate published by the sponsor of the conference or activity. If there is no government or group rate available, then lodging expenditures will be subject to the limitations of Section 2201 (c).
  - (b) Transportation costs and costs associated with transportation shall be reimbursed according to the requirements of Section 2203.
  - (c) Reimbursement to directors for meals, lodging, and other reasonable and necessary incidental expenses (excluding costs described in Section 2201 (a) or 2201 (b) above, shall not exceed \$700 per day.
  - (d) The maximum reimbursement amount in Section 2201(c) shall increase by 5% COLA each year on January 1, commencing January 1, 2016.
- 

Following discussion with the Executive Committee, it was recommended that a Section be added to the Administrative Code relative Incompatible Offices. Upon conferring with legal counsel, it is recommended the following Section be added to the Code.

#### **§1406 INCOMPATIBLE OFFICES**

A candidate for a position on the MWDOC Board of Directors must correct potential incompatible office conditions prior to being sworn in as a MWDOC Director. Such conditions would include, without limitation, the public offices of Director, City Council Member, Mayor, General Manager, City Manager, or any other office in which that person serves as the principal executive of a MWDOC Member Agency. In order to be sworn in as a MWDOC Director, a candidate must resign the incompatible office, with such resignation having an effective date prior to being sworn in as a MWDOC Director.

Additionally, it is the position of the MWDOC Board of Directors that the offices of MWDOC Director or MWDOC-MET Director and a public office of a MWDOC Member Agency, including Director, City Council Member, Mayor, General Manager, City Manager, or any other office in which that person serves as the principal executive, shall constitute impermissible incompatible offices. A MWDOC Director or a MWDOC-MET Director will not need to resign from his or her position as a MWDOC Director or a MWDOC-MET Director to be nominated or tentatively selected for such incompatible office. However, the MWDOC Director or MWDOC-MET Director must resign his or her position as a MWDOC Director or MWDOC-MET Director prior to being sworn into the incompatible office. Failure to do so shall result in automatic removal from his or her position as a MWDOC Director or MWDOC-MET Director upon being sworn into the incompatible office.



It should be noted that several sections from the Finance Department, including the Investment Policy & Guidelines will be reviewed and any recommended changes will be presented to the Committee and Board in April and/or May.



**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: SB 307 (ROTH) – WATER CONVEYANCE: USE OF FACILITY WITH  
UNUSED CAPACITY**

**STAFF RECOMMENDATION**

---

Staff recommends the Board of Directors vote to adopt an oppose position on SB 307 (Roth).

**COMMITTEE RECOMMENDATION**

---

Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BILL SUMMARY**

---

SB 307 would prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in consultation with the Department of Fish and Wildlife, finds the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.

“Desert lands” are defined as the portion of California located south of Interstate 15, east of State Highway 247, north of State Highway 62, west of Interstate 95, and west of the Nevada state line between Interstate 95 and Interstate 15.

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core X	Choice ____
<b>Action item amount:</b> None	Line item:		
<b>Fiscal Impact (explain if unbudgeted):</b>			

## BACKGROUND

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Two bills with nearly identical language have been introduced by the Legislature the past two years. In 2017, AB 1000 (Friedman) was introduced as a “gut and amend” in July 2017 but died in the Senate Appropriations Committee. In 2018, SB 120 (Roth) was also a “gut and amend” in late August, with just two weeks remaining in the legislative session.

In 2017, Senate Natural Resources and Water Committee Consultant Dennis O’Connor had a very thorough committee analysis of then AB 1000 (Friedman):

*It is All About Cadiz.* This bill is focused on the proposed groundwater transfer and storage project known as the Cadiz Valley Water Conservation, Recovery and Storage Project. The Cadiz Valley is about 3 miles south of historic Route 66 near the now abandoned town of Chambless in the Mojave Desert. According to the Cadiz Inc. website, the project “is designed to capture and conserve billions of gallons of renewable native groundwater flowing beneath our property in California’s Mojave Desert that is currently being lost to evaporation and salt contamination at nearby dry lakes. Through the active management of the aquifer system and employing a state-of-the-art groundwater protection program, the Project will reduce the loss of groundwater to evaporation from the dry lakes, put this water to beneficial use and create a reliable water supply for Southern California.”

*Long Standing Controversy.* In 1998, Cadiz Inc. and Metropolitan Water District of Southern California (MWD) began discussion about a project that would have imported Colorado River water to Cadiz, Ca. and exported groundwater from Cadiz to the MWD service area. Ultimately, MWD decided not to go forward citing uncertainties about potential for environmental impacts.

In the intervening years, there have been environmental documents certified, numerous court challenges, sometimes-conflicting findings by federal agencies, and strong and consistent opposition by Senator Feinstein and others.

The crux of the dispute is differing estimates of the sustainable yield of the Cadiz Valley groundwater basin. Cadiz, citing a CH2M study, claims the groundwater basin naturally recharges at 32,500 acre-feet/year and can sustainably support the proposed water supply and storage project. Opponents respond that the U.S. Geological Survey’s study found that the natural refill rate of the desert aquifer is between 2,000 and 10,000-acre feet of water per year.

*Why the State Lands Commission?* The bill makes approval of the transfer contingent on a finding by the State Lands Commission, in consultation with the Department of Fish and Wildlife, that the transfer of the water will not adversely affect the natural or cultural resources, including groundwater resources or habitat, of those federal and state lands. One might wonder why the State Lands Commission is the key decision maker. In 1984, the California Legislature enacted the School Land Bank Act, requiring the Commission to take all action necessary to fully develop school lands into a permanent and productive resource base. According to the author’s office, there are school lands in and around the Cadiz Valley.

That might be, but the State Lands Commission doesn't have expertise in groundwater, water transfers, groundwater dependent desert ecosystems, water quality, or any of the other major points of contention that this project has generated over the years.

Given the controversy about this project, it might make sense for some sort of state role in approving this project. However, there are other state agencies might make more appropriate leads. For example, the Department of Water Resources has expertise in groundwater management and water transfers. The Department of Fish and Wildlife updated the groundwater priorities under the Sustainable Groundwater Management Act to reflect groundwater dependent ecosystems. The State Water Resources Control Board manages water quality under the Federal Clean Water Act and Porter-Cologne Water Quality Control Act. Any of these agencies would seem a reasonable lead agency for evaluating and approving a project under this bill.

Should the committee pass this bill, it might want to encourage the author to more fully explore which state agency should take the lead in determining if the project is appropriately protective of natural and cultural resources when the bill is in the appropriations committee.

## **ARGUMENTS IN SUPPORT**

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According to the author, "The California desert is home to unique scenic, historical, archeological, ecological, wildlife, cultural, scientific, educational, and recreational values used and enjoyed by millions of Americans for hiking and camping, scientific study and scenic appreciation. Through acts of Congress and designations by past Presidents, the California desert is home to national parks, preserves, monuments and wilderness areas that preserve the unique values and history of the California desert including but not limited to: Mojave National Preserve, Mojave Trails National Monument, Joshua Tree National Park, Sheephole Valley Wilderness, and Clipper Mountains Wilderness.

These unique lands, which support wildlife and sustain tourism economies, face increasing threats to their existence from ongoing development and the effects of climate change. The current federal administration and the United States Congress has signaled a series of direct challenges to protections previously provided by the federal government to the California desert, including national monuments.

The federal administration has prioritized the Cadiz water extraction project—a proposed environmentally harmful groundwater extraction project in the Mojave Desert—by rescinding policies that would trigger a federal environmental review of the project. The project was also included on the "Emergency and National Security Projects" list developed by the administration.

Scientists have determined that the Cadiz project would draw out up to 10 times more water from the desert aquifer than can be naturally recharged. Cadiz asserts that the aquifer's water recharge rate is 32,000-acre feet per year and proposes to export an average of 50,000-acre feet of groundwater from the region each year over a 50-year period. However, the U.S. Geological Survey has stated the recharge rate is less than 5,000-acre feet per year.

SB 307 strengthens protections for the ecologically fragile Mojave Desert by ensuring any water transfers from desert groundwater basins do not adversely affect the region's natural or cultural resources, including vital groundwater or habitat."

## **ARGUMENTS IN OPPOSITION**

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According to the Santa Margarita Water District, this measure seeks to impose an unnecessary and duplicative environmental review of the [Cadiz Valley Water Conservation, Recovery & Storage Project (Project)]. Since 2009, the Project has been extensively studied, publicly-reviewed, and approved under California's stringent environmental laws. Following a multi-year public California Environmental Quality Act (CEQA) review process, Project operations were determined to have no significant adverse environmental impacts of any kind. Separately, under the County of San Bernardino's desert groundwater ordinance, the Project was independently reviewed, constrained and then approved, again with the determination that it would not harm the area's groundwater resources.

The CEQA approvals were challenged by opponents of the Project in 12 separate cases in Superior Court and the California Court of Appeal over four years from 2012 – 2016. Every claim brought by each opponent in every case was denied in court; and the Project's Environmental Impact Report and Groundwater Management Plan were upheld in their entirety, both at trial and on appeal. Not one word in the environmental documents has been changed by the courts or remanded back for further study.

If enacted, SB 307 will have far-reaching negative impacts on the entire California water community. The transportation of water in existing conveyance facilities is already a highly regulated process that must also follow CEQA. The creation of a new legislative layer to block the Cadiz Water Project sets a dangerous precedent that can be used to block any water conveyance project.

## **MWDOC'S POLICY PRINCIPLES**

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MWDOC's adopted policy principles directly reflect a position that hinders a local agency's ability to develop local resources and water planning decisions. *It is MWDOC's policy to oppose legislation or regulation that: 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. And, restricts or limits a local governmental agency's ability to establish local priorities for water resources planning decisions.*

## **DETAILED REPORT**

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The full text of SB 307 is attached for your information.

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**Introduced by Senator Roth**  
**(Principal coauthor: Senator Portantino)**  
(Principal coauthor: Assembly Member Friedman)  
**(Coauthor: Senator Allen)**

February 15, 2019

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An act to add Section 1815 to the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 307, as introduced, Roth. Water conveyance: use of facility with unused capacity.

Existing law prohibits the state or a regional or local public agency from denying a bona fide transferor of water from using a water conveyance facility that has unused capacity for the period of time for which that capacity is available, if fair compensation is paid for that use and other requirements are met.

This bill would, notwithstanding that provision, prohibit a transferor of water from using a water conveyance facility that has unused capacity to transfer water from a groundwater basin underlying desert lands, as defined, that is in the vicinity of specified federal lands or state lands to outside of the groundwater basin unless the State Lands Commission, in consultation with the Department of Fish and Wildlife, finds that the transfer of the water will not adversely affect the natural or cultural resources of those federal and state lands.

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

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

1 SECTION 1. Section 1815 is added to the Water Code, to read:

1 1815. (a) Notwithstanding Section 1810, a transferor of water  
2 shall not use a water conveyance facility that has unused capacity  
3 to transfer water from a groundwater basin underlying desert lands  
4 that is in the vicinity of a national monument, a national preserve,  
5 a national park, a state or federal wilderness area, or state lands to  
6 outside of the groundwater basin unless the State Lands  
7 Commission, in consultation with the Department of Fish and  
8 Wildlife, finds that the transfer of the water will not adversely  
9 affect the natural or cultural resources, including groundwater  
10 resources or habitat, of those federal and state lands.

11 (b) For purposes of this section, “desert lands” means the portion  
12 of California located within the following area:

13 Beginning at Interstate 15 and the intersection of the range line  
14 between Ranges 5 and 6 East, Township 11 North, San Bernardino  
15 Baseline and Meridian, southerly along those range lines to the  
16 intersection with Interstate 40 in Township 8 North, San Bernardino  
17 Baseline and Meridian;

18 Thence easterly along Interstate 40 to the intersection of  
19 Interstate 40 and the range lines between Ranges 12 and 13 East,  
20 Township 7 North, San Bernardino Baseline and Meridian;

21 Thence southerly along the range lines between Ranges 12 and  
22 13 East to the intersection with State Highway Route 62 in  
23 Township 1 South, San Bernardino Baseline and Meridian;

24 Thence easterly along State Highway Route 62 to the intersection  
25 with United States Highway 95;

26 Thence northerly along United States Highway 95 to the  
27 California-Nevada boundary;

28 Thence northerly along the California-Nevada boundary to  
29 Interstate 15;

30 Thence westerly along Interstate 15 to the point of beginning.

O



**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: SB 669 (CABALLERO) – SAFE DRINKING WATER FUND**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors vote to adopt a support position on SB 669 (Caballero).

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BACKGROUND**

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On February 20, 2019 the MWD OC Board of Directors adopted a “Support in Concept” position on this proposal which is sponsored by the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA). At that time the bill language was not yet available and the Board directed that this item be brought back to the Public Affairs and Legislation Committee once the bill language was in print.

**BILL SUMMARY**

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SB 669 was developed over a period of weeks by an ACWA working group to establish an alternative to a tax on water. This measure would establish the Safe Drinking Water Fund

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core X	Choice ____
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			



in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board (State Board). The bill would require the State Board to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified.

The bill would authorize the State Board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests, transfers by the Legislature from the General Fund and the Greenhouse Gas Reduction Fund, funding from authorized general obligation bond acts, and net revenue from the Safe Drinking Water Trust that this bill would create.

SB 669 would require the state board to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants. The bill by July 1, 2021, and by July 1 of each year thereafter, would require the State Board to adopt, working with a multi-stakeholder advisory group, after a public workshop and a public hearing, an annual fund implementation plan.

The bill would require the state board annually to prepare and make publicly available a report of expenditures of the fund and to adopt annually, after a public hearing, an annual update to a specified needs analysis.

In addition, SB 669 would create in the State Treasury the Safe Drinking Water Trust Fund, to hold the trust property of the Safe Drinking Water Trust. The bill would create the Safe Drinking Water Trust Commission, consisting of three (3) members, to serve as the trustee of the trust and would require the trustee to abide by the act and have all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of a trust.

## **ARGUMENTS IN SUPPORT**

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A financial solution is needed to fund Operations and Maintenance (O&M) in areas that are currently not providing safe drinking water to their customers. O&M costs generally cannot be financed with existing federal and state safe drinking water funding sources. Funding a durable Trust via the General Fund makes sense because taxpayers with higher incomes would contribute more, and taxpayers with lower income would contribute less.

State law sets forth a policy of a “human right to water” for human consumption that is safe, clean, affordable and accessible. Adding a regressive statewide water tax on local water bills would work against keeping water affordable for all Californians. An alternative proposal to a water tax that provides dedicated funding available to non-compliant systems, by addressing the problem directly using General Fund dollars, is the best approach.

## **ARGUMENTS IN OPPOSITION**

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The Administration and other water tax supporters feel like a tax on water meters provides the most consistent form of funding needed to bring non-compliant systems back into compliance. Money invested in the trust is invested and therefore subject to the rise and fall of the stock market.

## STAFF COMMENTS

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MWDOC's Legislative Policy Principles indirectly reflect supporting legislation that would be an alternative to a tax on water. Specifically, *it is MWDOC's policy to oppose legislation and regulation that: imposes a "public goods charge" "water user fee", or "water tax" on public water agencies or their ratepayers.*

### Attached:

SB 669 Full Text  
SB 669 Fact Sheet

**Introduced by Senator Caballero**February 22, 2019

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An act to add Chapter 4.6 (commencing with Section 116765) and Chapter 4.7 (commencing with Section 116771) to, Part 12 of Division 104 of the Health and Safety Code, relating to water, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

SB 669, as introduced, Caballero. Water quality: Safe Drinking Water Fund.

(1) Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the state board. The bill would require the state board to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests, transfers by the Legislature from the General Fund and the Greenhouse Gas Reduction Fund, funding from authorized general obligation bond acts, and net revenue from the Safe Drinking Water Trust that this bill would create.

The bill would require the state board to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants. The bill by July 1, 2021, and by July 1 of each year thereafter, would require the state board to adopt, working with a multistakeholder advisory group, after a public workshop and a public hearing, an annual fund implementation plan. The bill would require the state board annually to prepare and make publicly available a report of expenditures of the fund and to adopt annually, after a public hearing, an annual update to a specified needs analysis. By creating a new continuously appropriated fund, this bill would make an appropriation.

(2) Existing law requires a trustee to administer a trust with reasonable care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity would use, as specified. The existing Uniform Prudent Investor Act requires a trustee to invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.

This bill would create in the State Treasury the Safe Drinking Water Trust Fund, to hold the trust property of the Safe Drinking Water Trust. The bill would create the Safe Drinking Water Trust Commission, consisting of 3 members, to serve as the trustee of the trust and would require the trustee to abide by the act and have all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of a trust. The bill would require the trustee to transfer the net income from the trust fund to the Safe Drinking Water Fund for expenditure, as prescribed. The bill would authorize funding of the trust principal, subject to transfer by the Legislature. The bill would require the trustee to accept donations that shall be deemed trust property and increase the principal of the trust. The bill would require the trustee to meet, not less than quarterly, to review the investment of the trust principal and administer the trust. The bill would require the trustee to provide the state board annually with an accounting of the investments and a forecast of the projected income to be distributed from the funds in future fiscal years. The bill would require the trust to be deemed a charitable trust subject to the supervision of the Attorney General.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

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

1     SECTION 1. Chapter 4.6 (commencing with Section 116765)  
2     is added to Part 12 of Division 104 of the Health and Safety Code,  
3     to read:

4  
5                   CHAPTER 4.6. SAFE DRINKING WATER

6  
7                 Article 1. Legislative Findings and Declarations

8  
9     116765. The Legislature finds and declares all of the following:

10    (a) Section 106.3 of the Water Code declares that it is the policy  
11    of the state that every human being has the right to safe, clean,  
12    affordable, and accessible water adequate for human consumption,  
13    cooking, and sanitary purposes.

14    (b) For all community water systems, the operation and  
15    maintenance costs to supply, treat, and distribute potable water  
16    that complies with federal and state drinking water standards on  
17    a routine and consistent basis may be significant.

18    (c) Some community water systems in disadvantaged  
19    communities that do not have access to safe drinking water do not  
20    have the technical, managerial, or financial capacity that is needed  
21    to comply with the federal and state drinking water standards on  
22    a routine and consistent basis.

23    (d) Some state or federal drinking water project funding sources  
24    prohibit the use of that funding for operation and maintenance  
25    costs. If a community water system does not have the financial  
26    capacity to fund operations and maintenance costs, the community  
27    water system may not be able to access funding for capital costs  
28    to comply with the federal and state drinking water standards on  
29    a routine and consistent basis.

30    (e) Hundreds of thousands of Californians, particularly those  
31    living in small disadvantaged communities, rely on unsafe drinking  
32    water from a chronically noncompliant community water system,  
33    which impacts human health, household costs, and community  
34    economic development.

35    (f) It is important that new permitted public water systems are  
36    sustainable.

37    (g) Chapter 843 of the Statutes of 2016 added Section 116527  
38    to and amended Section 116540 of the Health and Safety Code

1 and added Section 106.4 to the Water Code to authorize the State  
2 Water Resources Control Board to prevent the permitting of new,  
3 unsustainable public water systems.

4 (h) It is in the interest of the state to identify, help develop, and  
5 help implement solutions for those chronically noncompliant  
6 community water systems in disadvantaged communities that do  
7 not have the technical, managerial, or financial capacity to comply  
8 with the federal and state drinking water standards, and as a result,  
9 have ongoing violations.

10 (i) To assist chronically noncompliant community water systems  
11 in disadvantaged communities to come into compliance with the  
12 federal and state drinking water standards and become  
13 self-sufficient, the net revenue from a safe drinking water trust is  
14 a reasonable and sustainable way to provide state funding  
15 assistance for operation and maintenance costs and consolidation  
16 costs where financial assistance is needed.

17 (j) Funding of the trust with General Fund dollars during one  
18 or more years of state budget surplus is an appropriate priority for  
19 the state because the lack of access to safe drinking water in some  
20 disadvantaged communities is a social and public health issue for  
21 the state. Once the trust is funded, the revenue from the trust will  
22 be a long-term durable solution to assist chronically noncompliant  
23 community water systems in disadvantaged communities in  
24 becoming self-sufficient relative to safe drinking water.

## 25 26 Article 2. Definitions

27  
28 116766. For the purposes of this chapter:

29 (a) “Administrator” has the same meaning as defined in Section  
30 116686.

31 (b) “Board” means the State Water Resources Control Board.

32 (c) “Community water system” has the same meaning as defined  
33 in Section 116275.

34 (d) “Disadvantaged community” has the same meaning as  
35 defined in Section 116275.

36 (e) “Eligible applicant” means a public agency, a local  
37 educational agency, a nonprofit organization, a public utility, a  
38 federally recognized Indian tribe, a state Indian tribe listed on the  
39 Native American Heritage Commission’s California Tribal  
40 Consultation List, a mutual water company, and an administrator.

1 (f) “Fund” means the Safe Drinking Water Fund established  
2 pursuant to Section 116767.

3 (g) “Public water system” has the same meaning as defined in  
4 Section 116275.

5 (h) “Replacement water” means bottled water, vended water,  
6 or point-of-use or point-of-entry treatment units.

7  
8 Article 3. Safe Drinking Water Fund  
9

10 116767. The Safe Drinking Water Fund is hereby established  
11 in the State Treasury. Notwithstanding Section 13340 of the  
12 Government Code, all moneys in the fund are continuously  
13 appropriated to the board, without regard to fiscal years, in  
14 accordance with this chapter. Moneys in the fund at the close of  
15 the fiscal year shall remain in the fund and shall not revert to the  
16 General Fund. Moneys in the fund shall not be available for  
17 appropriation or borrowed for use for any purpose not established  
18 in this chapter unless that use of the moneys is authorized by statute  
19 that receives an affirmative vote of two-thirds of the membership  
20 in each house of the Legislature.

21 116768. (a) The board shall administer the fund to assist  
22 community water systems in disadvantaged communities that are  
23 chronically noncompliant relative to the federal and state drinking  
24 water standards and do not have the financial capacity to pay for  
25 operation and maintenance costs to comply with those standards  
26 by providing assistance for all of the following:

27 (1) Operation and maintenance costs to both help bring the  
28 systems into compliance with those standards and help the systems  
29 become self-sufficient relative to safe drinking water.

30 (2) Consolidation costs for the community water systems.

31 (3) Replacement water to provide the systems with safe drinking  
32 water as a short-term solution.

33 (4) The provision of administrative and managerial services  
34 under Section 116686 for purposes of helping the systems become  
35 self-sufficient in the long term.

36 (b) Consistent with subdivision (a), the board shall expend  
37 moneys in the fund for grants, loans, contracts, or services to assist  
38 eligible applicants.

(c) Consistent with subdivision (a), the goals for implementation of this fund are that community water systems benefitting from the funding both:

(1) Will become compliant relative to the federal and state drinking water standards.

(2) Will become self-sufficient and will need assistance for no longer than 10 years.

(d) The board may undertake any of the following actions to implement the fund:

(1) Provide for the deposit of all of the following moneys into the fund:

(A) Federal funding.

(B) Transfers by the Legislature from the General Fund.

(C) Net revenue from the Safe Drinking Water Trust.

(D) Funding from a general obligation bond act that authorizes the deposit of bond moneys into the fund.

(E) Transfers by the Legislature from the Greenhouse Gas Reduction Fund.

(F) Voluntary contributions, gifts, grants, or bequests.

(2) Enter into agreements for contributions to the fund from the federal government, local or state agencies, private corporations, or nonprofit organizations.

(3) Direct portions of the fund to a subset of eligible applicants as required or appropriate based on funding source and consistent with the annual fund implementation plan.

(e) The board may expend moneys from the fund for reasonable costs associated with administration of the fund, including outreach regarding the availability of the funding. The board may expend no more than 5 percent of the annual revenue from the fund for reasonable costs associated with the administration of the fund.

(f) The board shall provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the fund.

(g) At least every five years, the board, in consultation with the Legislative Analyst's Office, shall conduct a public review and assessment of the fund that evaluates and reports on all of the following:

(1) The effectiveness of expending moneys from the fund in terms of both helping bring chronically noncompliant community water systems in disadvantaged communities into compliance with



1 the federal and state safe drinking water standards and helping  
2 chronically noncompliant community water systems in  
3 disadvantaged communities become self-sufficient.

4 (2) The sources of funding and the amount of funding from each  
5 source that went into the fund during the time period that is being  
6 reviewed and assessed.

7 (3) The community water systems for which self-sufficiency  
8 has been achieved and for which funding from the fund is no longer  
9 necessary.

10 (4) The community water systems that have received funding  
11 for 10 years or more and for which self-sufficiency has not been  
12 achieved, the actions that have been taken, the reasons why  
13 self-sufficiency has not been achieved, and, where appropriate,  
14 the reasons why continued funding from the fund is necessary.

15 (h) The board shall make a report of the public review and  
16 assessment described in subdivision (g) available on the board's  
17 internet website.

18 (i) The board, an employee of the board, or any authorized  
19 person shall not be deemed to have incurred or be required to incur  
20 any obligation to provide additional funding or undertake additional  
21 action solely as a result of having undertaken an action pursuant  
22 to this chapter.

23 116769. By July 1, 2021, and by July 1 of each year thereafter,  
24 the board shall do all of the following:

25 (a) Prepare and make publicly available a report of expenditures  
26 from the fund.

27 (b) Adopt, after a public hearing, an annual update to the needs  
28 analysis of drinking water systems first directed by the Legislature  
29 in Item 3940-002-0001 of Section 2.00 of the Budget Act of 2018.

30 (c) Work with a multistakeholder advisory group to obtain input  
31 regarding priorities for the fund that can reasonably be  
32 accomplished in the next year and development of the annual fund  
33 implementation plan.

34 (d) Adopt, after a public workshop and a public hearing, an  
35 annual fund implementation plan.

36 SEC. 2. Chapter 4.7 (commencing with Section 116771) is  
37 added to Part 12 of Division 104 of the Health and Safety Code,  
38 to read:

1 CHAPTER 4.7. SAFE DRINKING WATER TRUST ACT OF 2019

2  
3 Article 1. Short Title

4  
5 116771. This chapter shall be known, and may be cited, as the  
6 Safe Drinking Water Trust Act of 2019.

7  
8 Article 2. Legislative Findings of Necessity and Cause for  
9 Action

10  
11 116772. (a) Because Section 106.3 of the Water Code  
12 establishes the policy of the state that every human being has the  
13 right to safe, clean, affordable, and accessible water adequate for  
14 human consumption, cooking, and sanitary purposes, it is in the  
15 interest of the people of the state to enact this chapter to establish  
16 a trust fund for the governmental purpose of providing a perpetual  
17 source of funding to assist community water systems in  
18 disadvantaged communities that are chronically noncompliant  
19 relative to the federal and state drinking water standards and do  
20 not have the financial capability to pay for operation and  
21 maintenance costs to comply with those standards by providing  
22 funding assistance for all of the following:

23 (1) Operation and maintenance costs to both help bring the  
24 systems into compliance with those standards and help the systems  
25 to become self-sufficient.

26 (2) Consolidation costs for the systems.

27 (3) Replacement water to provide the systems with safe drinking  
28 water as a short-term solution.

29 (4) The provision of administrative and managerial services  
30 pursuant to Section 116686 for purposes of helping the systems  
31 become self-sufficient in the long term.

32 (b) The primary purpose of the Safe Drinking Water Trust, a  
33 charitable trust established pursuant to this chapter, shall be to  
34 provide a perpetual source of funding each year to the Safe  
35 Drinking Water Fund established pursuant to Section 116767 in  
36 furtherance of the trust fund purposes in subdivision (a).

37 (c) It is the intent of the Legislature that the funding for the trust  
38 be from General Fund dollars transferred to the trust by the  
39 Legislature during one or more years of state budget surplus.

Article 3. Safe Drinking Water Trust

116773. Unless the context otherwise requires, the following definitions govern the construction of this chapter:

(a) “Board” means the State Water Resources Control Board.

(b) “Beneficiary” means the people of the state, as represented by the board in its implementation of the provisions of Chapter 4.6 (commencing with Section 116765) and its administration of the Safe Drinking Water Fund established pursuant to Section 116767. The beneficiary’s interest in the trust shall only be to the net income generated from the trust principal.

(c) “Income” means the money, enhanced value, or other income the trust receives as current return from the investment of the trust principal.

(d) “Net income” means the trust income earned July 1 to June 30, inclusive, of the previous year minus all of the necessary and reasonable expenses incident to the administration of the trust during that same period.

(e) “Principal” means the trust property, inclusive of any increase designated as part of the trust principal by the trustee as a result of a higher than anticipated return on the investment pursuant to paragraph (2) of subdivision (b) of Section 116773.6 that is held in trust for the beneficiary and to accomplish the purposes described in Section 116772.

(f) “Trust” means the Safe Drinking Water Trust.

(g) “Trust fund” means the account established pursuant to subdivision (a) of Section 116773.2 to hold the trust property.

(h) “Trust property” means the money transferred to the trust fund pursuant to subdivision (d) of Section 116773.6 and any donation to the trust fund received and accepted by the trustee after January 1, 2020.

(i) “Trustee” means the Safe Drinking Water Trust Commission.

116773.2. (a) There is hereby created in the State Treasury the Safe Drinking Water Trust Fund for holding the trust property of the Safe Drinking Water Trust and for the purpose of implementing the public and governmental purposes of this chapter. Net income distributed by the trustee from the trust fund is hereby transferred to the board for deposit in and expenditure from the Safe Drinking Water Fund in accordance with Chapter 4.6 (commencing with Section 116765).

(b) Moneys in the trust fund, including the trust principal and trust income, shall not be available for appropriation or be borrowed for use for any purpose not established in this chapter.

(c) Funding of the trust principal is hereby authorized and is subject to transfer by the Legislature. All transfers to the trust are hereby irrevocably transferred from the General Fund during budget surplus years to the trustee for deposit in the Safe Drinking Water Trust Fund for investment to accomplish the purposes of this chapter and on the conditions prescribed in Section 116773.6.

(d) Notwithstanding any other law, moneys deposited into the Safe Drinking Water Trust Fund or to fund the trust shall not be transferred to the General Fund.

116773.4. (a) There is hereby created the Safe Drinking Water Trust Commission, consisting of three members, selected as follows:

(1) The Treasurer, or the Treasurer's designee.

(2) The Lieutenant Governor, or the Lieutenant Governor's designee.

(3) The Controller, or the Controller's designee.

(b) The Safe Drinking Water Trust Commission shall serve as the trustee of the trust having all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of a trust.

(c) The Treasurer shall serve as chairperson of the Safe Drinking Water Trust Commission. The commission shall annually elect from its members a vice chairperson and a secretary who shall hold office until December 31 and shall continue to serve until their respective successors are elected.

(d) The trustee shall do all of the following:

(1) Meet not less than quarterly to review the investment of the trust principal and administer the trust.

(2) Meet on the call of the chairperson, at the request of a majority of the members, or at the request of the Governor.

(3) Adopt bylaws or other governing documents it deems necessary for the regulation of its affairs and the conduct of its business.

(e) Notwithstanding Section 10231.5 of the Government Code, the Safe Drinking Water Trust Commission annually shall provide the board with an accounting of the investments and a forecast of the projected income to be distributed from the fund in future fiscal

1 years. The board shall include the information in the fund  
2 implementation plan prepared by subdivision (c) of Section  
3 116769.

4 116773.6. (a) The trustee of the Safe Drinking Water Trust  
5 shall hold the trust property for the primary benefit of the trust's  
6 beneficiary and shall hold, manage, and invest the trust principal  
7 with the obligation of providing a perpetual source of annual  
8 funding to the Safe Drinking Water Fund established in Section  
9 116767. The trustee shall not invade the trust principal.

10 (b) The trustee shall collect, receive, and monetize, if prudent,  
11 the income from the trust, and shall transfer the trust's net income  
12 annually as follows:

13 (1) If the net income earned by the trust during the previous  
14 fiscal year is less than or equal to \_\_\_\_ dollars (\$\_\_\_\_), the trustee  
15 shall deposit the entire value of the net income into the Safe  
16 Drinking Water Fund for the benefit of the trust's beneficiary.

17 (2) If the net income earned by the trust during the previous  
18 fiscal year is greater than \_\_\_\_ dollars (\$\_\_\_\_), the trustee shall  
19 deposit at least \_\_\_\_ dollars (\$\_\_\_\_) into the Safe Drinking Water  
20 Fund for the benefit of the trust's beneficiary and shall determine  
21 if any additional portion of the net income should be deposited  
22 into the Safe Drinking Water Fund that year. Any portion of the  
23 net income not deposited in the Safe Drinking Water Fund shall  
24 be deemed a part of the trust principal by the trustee as a result of  
25 a higher than anticipated return on the investment on the trust  
26 principal in the previous fiscal year.

27 (3) Notwithstanding any other law, the trustee, and any  
28 employee or agent of the trustee, shall not sell, purchase, exchange,  
29 or otherwise deal with or dispose of all or any parts of the principal  
30 of the trust.

31 (c) The trustee shall exercise its administration of the trust as a  
32 fiduciary to the beneficiary. The trustee, in its administration of  
33 the trust, shall abide by the Uniform Prudent Investor Act (Article  
34 2.5 (commencing with Section 16045) of Chapter 1 of Part 4 of  
35 Division 9 of the Probate Code). The trustee shall have the powers,  
36 obligations, and responsibilities of a trustee prescribed in Part 4  
37 (commencing with Section 16000) of Division 9 of the Probate  
38 Code that are not inconsistent with the purposes and provisions of  
39 this chapter.

40 (d) The trust shall have both of the following powers:

- 1     (1) To accept donations that shall be deemed trust property and  
2     increase the principal of the trust.
- 3     (2) Use no more than 1 percent of the trust income earned July  
4     1 to June 30, inclusive, of each year to pay for the necessary and  
5     reasonable expenses incident to the administration of the trust  
6     during that same period.
- 7     (e) The trust shall be deemed a charitable trust subject to the  
8     supervision of the Attorney General.

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# WATER TAX FACTS

Feb. 22, 2019

## **Facts on ACWA and CMUA Proposal for a Safe Drinking Water Trust**

The Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CMUA) are sponsoring SB 669 (Caballero) to create a Safe Drinking Water Trust that will help community water systems in disadvantaged communities provide safe drinking water. The Trust would be funded with General Fund dollars during a state budget surplus year with the net income from the Trust creating a durable funding source.

### **Why is there a need for safe drinking water funding in California?**

- Most Californians have access to safe drinking water, but some disadvantaged communities do not
- Lack of access to safe drinking water is a public health issue the state must address
- A funding gap exists for operations & maintenance (O&M) costs for community water systems that treat water
- In general, O&M costs cannot be financed using existing state and federal drinking water funding sources
- In some situations, consolidation of a community water system may be the most effective solution
- A financial solution is needed for O&M and consolidation costs that can complement existing federal and state funding sources for capital costs

### **How would the ACWA/CMUA proposal for a Trust work?**

- The Trust's principal would be initially financed with a one-time infusion of General Fund dollars during a budget surplus year
- There is a record budget surplus for the 2019-2020 Fiscal Year, which makes it the perfect time to create and fund the Trust
- The Trust's principal would be invested, and the net income would be transferred to a Safe Drinking Water Fund, which the State Water Resources Control Board would administer
- Funding the Trust via the General Fund serves as a progressive source of revenue, as taxpayers with higher income would contribute more, while lower income taxpayers would contribute less

**The governor and some legislators are proposing a statewide tax on drinking water. How would that work?**

- The state would levy a monthly tax on the water bills of more than 10 million homes and businesses in California
- More than 3,000 local water agencies would serve as tax collectors for the state in collecting the tax on drinking water bills
- Local agencies would incur significant administrative and technology expenses associated with implementing new systems used for collecting water tax revenues from local water bills
- Revenues generated from the tax would be funneled through the State Water Board, which would allocate funding to safe drinking water projects in the state

For more information about the Safe Drinking Water Trust proposal or the proposed statewide water tax, please visit [www.watertaxfacts.org](http://www.watertaxfacts.org). You may also contact ACWA Deputy Executive Director for Government Relations [Cindy Tuck](#) at [\(916\) 441-4545](tel:(916)441-4545).





**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: SB 414 (CABALLERO) - THE SMALL SYSTEM WATER AUTHORITY ACT OF 2019**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors:

- Receive presentation on SB 414 (Caballero) from Paul Jones, General Manager of Eastern Municipal Water District
- Adopt a support position on SB 414 (Caballero) - The Small System Water Authority Act of 2019.

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BACKGROUND**

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On February 20, 2019 the MWD OC Board of Directors adopted a "Support in Concept" position on this proposal. At that time the bill language was not yet available and the Board directed that this item be brought back to the Public Affairs and Legislation Committee once the bill language was in print.

<b>Budgeted (Y/N):</b> n/a	<b>Budgeted amount:</b> n/a	<b>Core</b> X	<b>Choice</b> ___
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

## BILL SUMMARY

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Last year, Senator Ana Caballero (then in the Assembly) introduced AB 2050 sponsored by the Eastern Municipal Water District (EMWD) and the California Municipal Utilities Association (CMUA) that would have created an additional tool to prevent chronically non-compliant water systems from serving contaminated water to Californians. AB 2050 proposed to merge non-compliant water systems into larger and more robust public water system that can take advantage of improved economies of scale, streamlined managerial functions and enhanced financial capacity.

SB 414 by now Senator Caballero makes some changes to what was in AB 2050 while keeping the overall concept that would be effective in helping non-compliant systems.

## ARGUMENTS IN SUPPORT

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Nearly 800,000 people in California lack access to safe and reliable drinking water on a daily basis. The State Water Resources Control Board (State Board) has identified 329 (as of November 2017) systems statewide that chronically serve contaminated drinking water or cannot provide reliable water service due to unsound infrastructure or because they lack the local financial, managerial, and technical resources to do so. The vast majority of these systems are small, rural systems that typically serve less than 10,000 people. A sustainable solution is necessary to address this drastic health and safety crisis.

To date, laws have been passed that address various elements of the water accessibility issue including voluntary and forced consolidations, supplying resources and technical support, and limiting the development of new unsustainable water systems. While these efforts have created a portfolio of options to address this critical issue of water accessibility in California, immediate and lasting changes to the governance structure of chronically noncompliant small systems are still needed to protect public health and safety.

SB 414 will provide yet another valuable tool to prevent chronically non-compliant water systems from serving contaminated water to Californians.

## ARGUMENTS IN OPPOSITION

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AB 2050 (Caballero, 2018) was vetoed by then Governor Jerry Brown. In his veto message he said that, “While I appreciate the author’s intent, this bill creates an expensive, bureaucratic process and does not address the most significant problem with providing safe drinking water – a stable funding source to pay for ongoing operations and maintenance.” While the new version also does not include a funding source, the Association of California Water Agencies and CMUA are co-sponsoring another measure that addresses that issue.

## STAFF COMMENTS

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MWDOC’s Legislative Policy Principles indirectly reflect supporting legislation that would be an alternative to a tax on water. This measure is another resource that can be used to assist non-compliant water providers that a tax on water is proposing to help. Specifically, *it is MWDOC’s policy to oppose legislation and regulation that: imposes a “public goods charge” “water user fee”, or “water tax” on public water agencies or their ratepayers.*

**Attached:**

SB 414 Full Text

SB 414 Summary of Language Changes

**Introduced by Senator Caballero**February 20, 2019

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An act to amend Sections 56017.1, 56017.2, 56069, 56653, 56658, and 56895 of, and to add Section 56666.5 to, the Government Code, and to add Division 23 (commencing with Section 78000) to the Water Code, relating to small system water authorities.

## LEGISLATIVE COUNSEL'S DIGEST

SB 414, as introduced, Caballero. Small System Water Authority Act of 2019.

Existing law, the California Safe Drinking Water Act, provides for the operation of public water systems and imposes on the State Water Resources Control Board various responsibilities and duties. The act authorizes the state board to order consolidation with a receiving water system where a public water system or a state small water system, serving a disadvantaged community, as defined, consistently fails to provide an adequate supply of safe drinking water. The act, if consolidation is either not appropriate or not technically and economically feasible, authorizes the state board to contract with an administrator to provide administrative and managerial services to designated public water systems and to order the designated public water system to accept administrative and managerial services, as specified.

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified.

This bill would create the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified. The bill would require the state board to provide a copy of the notice, in the case of a water corporation, to the Public Utilities Commission and would require the Public Utilities Commission to be responsible with the state board for ensuring compliance with the provisions of the bill. The bill would require an entity receiving the notice to respond to the state board, and, if appropriate, the Public Utilities Commission, as to whether the violations of drinking water standards are remedied and the basis for that conclusion, as specified. The bill would require an entity reporting a continuing violation of drinking water standards to have 180 days from the date of a specified response filed with the state board to prepare and submit a plan to the state board to permanently remedy a violation of drinking water standards within a reasonable time that is not later than January 1, 2025. The bill would require the state board to review the plan and accept, accept with reasonable conditions, or reject the plan, as prescribed. The bill would require an entity with an accepted plan to provide quarterly reports to the state board on progress towards a permanent remedy for violations of drinking water standards and would require the state board to annually hold a public hearing to consider whether the progress is satisfactory. The bill would require the state board, if it rejects the plan and after a certain period to allow for a petition for reconsideration, to cause the formation of an authority by the applicable local agency formation commission to serve the customers of the public water system that submitted the plan the state board rejects, if certain findings are made by the state board. If the state board is unable to make those findings, the bill would require the state board to remedy the failure to meet the applicable drinking water standards, as specified.

The bill would require the state board, no later than July 1, 2021, to provide written notice to each county, city, water district, private water

company, or mutual water company located within a county where an entity receiving a notice to cure from the state board is located stating that the state board may consider the formation of an authority within that county and inviting other public water suppliers to consider a voluntary dissolution and subsequent inclusion into the authority that may be formed. The bill would require an entity wishing to consolidate into a proposed authority to provide a written statement opting into an authority to the administrator of the authority on or before December 31, 2021. The bill would authorize an entity wishing to join an authority after the formation of an authority to do so by a proposal or petition to the local agency formation commission and would require an entity to join a proposed authority upon the petition of the entity's customers, as prescribed. The bill would require any county or city receiving a notice to cure from the state board to determine, not later than November 1, 2021, whether any county service areas, county waterworks districts, or other dependent special districts providing water service or water and sewer service located within the county that provide water service or water and sewer service only in the proposed area of the authority should be included within the proposed authority, as prescribed. The bill would authorize an authority to include areas that are not contiguous.

The bill would require the state board, no later than 30 days after the rejection of an entity's plan to permanently remedy a violation of drinking water standards, to notify a local agency formation commission of a county where the public water system that submitted the plan is located, and if appropriate, the Public Utilities Commission, that it has determined that the public water system shall be consolidated into an authority. The bill would require the state board, no later than 60 days after the rejection, to notify the local agency formation commission, and if appropriate, the Public Utilities Commission, of the public water systems that will be consolidated into an authority and to appoint an administrator for each proposed authority. The bill would require an administrator to be responsible for the interim administration and management of the authority and would require the state board to bear the cost of the administrator, as specified. The bill would require the administrator, after consultation with the executive officer of the local agency formation commission, to submit to the state board a conceptual formation plan, with specified components. The bill would require the state board to provide comments on the conceptual formation plan to the administrator and applicable local agency formation commission within 60 days of its receipt.

The bill would require the administrator, within 180 days after the state board provides comments on the draft conceptual formation plan, to submit an application for formation and proposed plan for service to the local agency formation commission for review and would require the commission to hold a hearing on the plan and approve or deny it, as prescribed. The bill would require an authority to file a statement, under penalty of perjury, with the executive office of the local agency formation commission certifying that the authority will take the appropriate actions to comply with an approved plan. By expanding the application of the crime of perjury, this bill would impose a state-mandated local program. The bill would require the executive officer of the commission, within 30 days of the filing of a statement, to issue a notice of completion to the authority and send a copy of that notice to the state board. The bill would authorize the state board, in the event that the authority fails to timely file a statement certifying compliance with the plan, to issue an order to the authority requiring the filing of a statement certifying compliance with the plan or other remedial action as may be appropriate. The bill would require, annually for the first 3 years after the date of an authority's formation by a local agency formation commission, an authority to file a certain report with the local agency formation commission and the state board. The bill would require a local agency formation commission to hold a public hearing within 90 days of receipt of the report to review the authority's performance during the previous year and would authorize the state board to order an authority to remedy any failures to comply with conditions imposed by the state board or the plan for service. The bill would authorize the state board to impose a civil penalty on an authority of up to \$500 per day for each violation if an authority fails to timely comply with a remedial order by the state board, up to a maximum of \$10,000 per year for each particular violation.

The bill would require the Public Utilities Commission to order the dissolution of a public water system and the transfer of all assets of a subject water corporation to an authority formed by the local agency formation commission, as prescribed. The bill would require the state board to petition a court for an order dissolving any mutual water company, water corporation, or private corporation that has been operating a public water system and transferring the assets of that company or corporation to the authority formed by the local agency formation commission. The bill would provide for an owner or shareholder of a dissolved public water system to be compensated, as

specified, in accordance with a distressed business valuation issued by the state board. The bill would authorize an authority to receive financing from the state to pay all liabilities assumed from a public water system and would require an authority to issue bonds to repay the state with interest.

The bill would require the Controller, no later than January 1, 2026, to prepare and submit to the Legislature a report regarding the fiscal and operational health of the authorities that includes a recommendation regarding the need for supplemental state funding, if any, and the potential sources of that funding. The bill would require the state board, no later than January 1, 2026, to prepare and submit to the Legislature a report specifying the number of public water systems that, at any time between July 1, 2018, and January 1, 2025, were out of compliance with one or more state or federal primary drinking water standards, as specified.

The bill would provide for the appointment of an initial board of an authority, and the election of subsequent boards of an authority. The bill would require a director to be a resident of the area served by the authority and, to the extent practicable, to represent a division with equal population being served by the authority. The bill would require a director to receive compensation in an amount not to exceed \$250 per day, not to exceed a total of 10 days in any calendar month, together with any expenses incurred in the performance of the director's duties required or authorized by the board. The bill would require the board to hold meetings, exercise and perform all powers, privileges, and duties of an authority, designate a depository to have custody of the funds of the authority, appoint officers, and hire employees, as specified. The bill would require the board to file a certain certificate with the Secretary of State within 180 days of its initial meeting after formation. The bill would require a person convicted of an infraction for a violation of any local ordinance or regulation adopted by an authority to be punished upon a first conviction by a fine not exceeding \$50 and for a 2nd conviction within a period of one year by a fine of not exceeding \$100 and for a 3rd or any subsequent conviction within a period of one year by a fine of not exceeding \$250. By creating new crimes, this bill would impose a state-mandated local program.

The bill would specify the powers of an authority, including that an authority is authorized to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and stormwater, for the beneficial use of the authority. The bill would



authorize the authority to fix a water standby assessment or availability charge, as prescribed. The bill would require a board of supervisors to levy the standby charge in the amounts for the respective parcels fixed by the board of the authority. The bill would require all county officers charged with the duty of collecting taxes to collect authority standby charges with the regular tax payments to the county and would require the charges to be paid to the authority. The bill would authorize an authority to restrict the use of authority water, as specified, and would provide that it is a misdemeanor, punishable as specified, for any person to use or apply water received from the authority contrary to or in violation of any restriction or prohibition specified in the authority's ordinance. By creating a new crime, this bill would impose a state-mandated local program. The bill would authorize an authority to conduct inspections and would authorize an authority to obtain an inspection warrant. Because the willful refusal of an inspection lawfully authorized by an inspection warrant is a misdemeanor, this bill would impose a state-mandated local program by expanding the application of a crime. The bill would require an authority to notify the county or city building inspector, county health inspector, or other affected county or city employee or office, in writing, within a reasonable time if an actual violation of an authority, city, or county ordinance is discovered during the investigation.

The bill would require the administrator to prepare and submit a capital improvement plan to the state board no later than one year after the date upon which an authority is formed. The bill would require the plan to bring the authority into full compliance with drinking water standards within 3 years, which time may be extended by the state board for good cause. The bill would require the state board, upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, to provide funding for the administrator and for formation and startup costs for up to 3 fiscal years after formation of the authority, as specified. The bill would provide for the state board, upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, to receive up to an unspecified amount for the preparation of distressed business valuations to determine the net fair market value of the water corporation or mutual water company. The bill would require, if those moneys are not sufficient to meet the

statewide needs of the authorities, funding to be made available upon appropriation from the Safe Drinking Water State Revolving Fund.

By imposing new duties or a higher level of service on cities, counties, and local agency formation commissions, this bill would impose a state-mandated local program.

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

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

- 1 SECTION 1. Section 56017.1 of the Government Code is
- 2 amended to read:
- 3 56017.1. "Applicant" means a local agency or person or persons
- 4 that submits an application, as defined by Section ~~56017.2.~~
- 5 ~~56017.2, or the State Water Resources Control Board where an~~
- 6 ~~application is submitted by its appointed administrator pursuant~~
- 7 ~~to Section 78038 of the Water Code.~~
- 8 SEC. 2. Section 56017.2 of the Government Code is amended
- 9 to read:
- 10 56017.2. "Application" means any of the following:
- 11 (a) A resolution of application or petition initiating a change of
- 12 organization or reorganization with supporting documentation as
- 13 required by the commission or executive officer.
- 14 (b) A request for a sphere of influence amendment or update
- 15 pursuant to Section 56425.
- 16 (c) A request by a city or district for commission approval of
- 17 an extension of services outside the agency's jurisdictional
- 18 boundaries pursuant to Section 56133.
- 19 (d) A request by a public agency for commission approval of
- 20 an extension of services outside the agency's jurisdictional
- 21 boundaries pursuant to Section 56134.

1 (e) A request by the State Water Resources Control Board that  
2 includes the formation of a small system water authority made  
3 pursuant to Section 78038 of the Water Code.

4 SEC. 3. Section 56069 of the Government Code is amended  
5 to read:

6 56069. “Proposal” means a desired change of organization or  
7 reorganization initiated by a ~~petition or~~ petition, by resolution of  
8 application of a legislative body or school ~~district~~ district, or by  
9 order of the State Water Resources Control Board in the case of  
10 an application including the formation of a small system water  
11 authority submitted pursuant to Section 78038 of the Water Code,  
12 for which a certificate of filing has been issued.

13 SEC. 4. Section 56653 of the Government Code, as amended  
14 by Section 1 of Chapter 43 of the Statutes of 2017, is amended to  
15 read:

16 56653. (a) If a proposal for a change of organization or  
17 reorganization is submitted pursuant to this part, the applicant shall  
18 submit a plan for providing services within the affected territory.

19 (b) The plan for providing services shall include all of the  
20 following information and any additional information required by  
21 the commission or the executive officer:

22 (1) An enumeration and description of the services currently  
23 provided or to be extended to the affected territory.

24 (2) The level and range of those services.

25 (3) An indication of when those services can feasibly be  
26 extended to the affected territory, if new services are proposed.

27 (4) An indication of any improvement or upgrading of structures,  
28 roads, sewer or water facilities, or other conditions the local agency  
29 would impose or require within the affected territory if the change  
30 of organization or reorganization is completed.

31 (5) Information with respect to how those services will be  
32 financed.

33 (c) (1) In the case of a change of organization or reorganization  
34 initiated by a local agency that includes a disadvantaged,  
35 unincorporated community as defined in Section 56033.5, a local  
36 agency may include in its resolution of application for change of  
37 organization or reorganization an annexation development plan  
38 adopted pursuant to Section 99.3 of the Revenue and Taxation  
39 Code to improve or upgrade structures, roads, sewer or water  
40 facilities, or other infrastructure to serve the disadvantaged,

1 unincorporated community through the formation of a special  
2 district or reorganization of one or more existing special districts  
3 with the consent of each special district's governing body.

4 (2) The annexation development plan submitted pursuant to this  
5 subdivision shall include information that demonstrates that the  
6 formation or reorganization of the special district will provide all  
7 of the following:

8 (A) The necessary financial resources to improve or upgrade  
9 structures, roads, ~~sewer~~, ~~sewer~~ or water ~~facilities~~ *facilities*, or other  
10 infrastructure. The annexation development plan shall also clarify  
11 the local entity that shall be responsible for the delivery and  
12 maintenance of the services identified in the application.

13 (B) An estimated timeframe for constructing and delivering the  
14 services identified in the application.

15 (C) The governance, oversight, and long-term maintenance of  
16 the services identified in the application after the initial costs are  
17 recouped and the tax increment financing terminates.

18 (3) If a local agency includes an annexation development plan  
19 pursuant to this subdivision, a local agency formation commission  
20 may approve the proposal for a change of organization or  
21 reorganization to include the formation of a special district or  
22 reorganization of a special district with the special district's  
23 consent, including, but not limited to, a community services district,  
24 municipal water district, or sanitary district, to provide financing  
25 to improve or upgrade structures, roads, sewer or water facilities,  
26 or other infrastructure to serve the disadvantaged, unincorporated  
27 community, in conformity with the requirements of the principal  
28 act of the district proposed to be formed and all required formation  
29 proceedings.

30 (4) Pursuant to Section 56881, the commission shall include in  
31 its resolution making determinations a description of the annexation  
32 development plan, including, but not limited to, an explanation of  
33 the proposed financing mechanism adopted pursuant to Section  
34 99.3 of the Revenue and Taxation Code, including, but not limited  
35 to, any planned debt issuance associated with that annexation  
36 development plan.

37 (d) This section shall not preclude a local agency formation  
38 commission from considering any other options or exercising its  
39 powers under Section 56375.

1     (e) *A plan for providing services accompanying an application*  
2     *that includes the formation of a small system water authority*  
3     *submitted pursuant to subdivision (a) of Section 78038 of the Water*  
4     *Code shall meet the requirements set forth in subdivision (b) of*  
5     *Section 78038 of the Water Code.*

6     ~~(e)~~

7     (f) This section shall remain in effect only until January 1, 2025,  
8     and as of that date is repealed.

9     SEC. 5. Section 56658 of the Government Code is amended  
10    to read:

11     56658. (a) Any petitioner or legislative body desiring to initiate  
12     proceedings shall submit an application to the executive officer of  
13     the principal county.

14     (b) (1) Immediately after receiving an application and before  
15     issuing a certificate of filing, the executive officer shall give mailed  
16     notice that the application has been received to each affected local  
17     agency, the county committee on school district organization, and  
18     each school superintendent whose school district overlies the  
19     affected territory. The notice shall generally describe the proposal  
20     and the affected territory. The executive officer shall not be  
21     required to give notice pursuant to this subdivision if a local agency  
22     has already given notice pursuant to subdivision (c) of Section  
23     56654.

24     (2) It is the intent of the Legislature that a proposal for  
25     incorporation or disincorporation shall be processed in a timely  
26     manner. With regard to an application that includes an  
27     incorporation or disincorporation, the executive officer shall  
28     immediately notify all affected local agencies and any applicable  
29     state agencies by mail and request the affected agencies to submit  
30     the required data to the commission within a reasonable timeframe  
31     established by the executive officer. Each affected agency shall  
32     respond to the executive officer within 15 days acknowledging  
33     receipt of the request. Each affected local agency and the officers  
34     and departments thereof shall submit the required data to the  
35     executive officer within the timelines established by the executive  
36     officer. Each affected state agency and the officers and departments  
37     thereof shall submit the required data to the executive officer within  
38     the timelines agreed upon by the executive officer and the affected  
39     state departments.

1 (3) If a special district is, or as a result of a proposal will be,  
2 located in more than one county, the executive officer of the  
3 principal county shall immediately give the executive officer of  
4 each other affected county mailed notice that the application has  
5 been received. The notice shall generally describe the proposal  
6 and the affected territory.

7 (c) Except when a commission is the lead agency pursuant to  
8 Section 21067 of the Public Resources Code, the executive officer  
9 shall determine within 30 days of receiving an application whether  
10 the application is complete and acceptable for filing or whether  
11 the application is incomplete.

12 (d) The executive officer shall not accept an application for  
13 filing and issue a certificate of filing for at least 20 days after giving  
14 the mailed notice required by subdivision (b). The executive officer  
15 shall not be required to comply with this subdivision in the case  
16 of an application ~~which~~ *that* meets the requirements of Section  
17 56662 or in the case of an application for which a local agency  
18 has already given notice pursuant to subdivision (c) of Section  
19 56654.

20 (e) If the appropriate fees have been paid, an application shall  
21 be deemed accepted for filing if no determination has been made  
22 by the executive officer within the 30-day period. An executive  
23 officer shall accept for filing, and file, any application submitted  
24 in the form prescribed by the commission and containing all of  
25 the information and data required pursuant to Section 56652.

26 (f) When an application is accepted for filing, the executive  
27 officer shall immediately issue a certificate of filing to the  
28 applicant. A certificate of filing shall be in the form prescribed by  
29 the executive officer and shall specify the date upon which the  
30 proposal shall be heard by the commission. From the date of  
31 issuance of a certificate of filing, or the date upon which an  
32 application is deemed to have been accepted, whichever is earlier,  
33 an application shall be deemed filed pursuant to this division.

34 (g) If an application is determined not to be complete, the  
35 executive officer shall immediately transmit that determination to  
36 the applicant specifying ~~those~~ *which* parts of the application ~~which~~  
37 are incomplete and the manner in which they can be made  
38 complete.

39 (h) Following the issuance of the certificate of filing, the  
40 executive officer shall proceed to set the proposal for hearing and

1 give published notice thereof as provided in this part. The date of  
2 the hearing shall be not more than 90 days after issuance of the  
3 certificate of filing or after the application is deemed to have been  
4 accepted, whichever is earlier. *In the case of an application*  
5 *submitted pursuant to subdivision (a) of Section 78038 of the Water*  
6 *Code by an administrator appointed by the State Water Resources*  
7 *Control Board, the date of the hearing shall be not more than 180*  
8 *days after issuance of the certificate of filing or after the*  
9 *application is deemed to have been accepted, whichever is earlier.*

10 Notwithstanding Section 56106, the date for conducting the  
11 hearing, as determined pursuant to this subdivision, is mandatory.

12 SEC. 6. Section 56666.5 is added to the Government Code, to  
13 read:

14 56666.5. (a) This section applies only to a proposal that  
15 includes the formation of a small system water authority submitted  
16 pursuant to subdivision (a) of Section 78038 of the Water Code.

17 (b) At the hearing described in Section 56666, the commission  
18 shall approve the plan and the formation of the authority, approve  
19 the plan and the formation of the authority with modifications, or  
20 disapprove the plan and request resubmittal by the administrator.

21 (c) If the commission disapproves the plan, the commission  
22 shall, within 30 days of the hearing, provide the administrator with  
23 written comments identifying the changes that the administrator  
24 must make in order to submit an acceptable plan. If the  
25 administrator concurs with those changes, the administrator may  
26 provide a written statement of concurrence to the commission and  
27 the commission shall deem approved the commission's proposed  
28 changes upon receipt of the written statement of concurrence. If  
29 the administrator disagrees with those changes, the administrator  
30 shall provide a revised plan for service to the commission no later  
31 than 90 days after the date on which the commission provides the  
32 administrator with comments disapproving the plan.

33 (d) The commission shall hold a hearing no later than 90 days  
34 after the date the administrator provides a revised plan for service  
35 to the commission, during which the commission shall approve  
36 the revised plan for service, either as proposed by the administrator  
37 or with the modifications the commission believes best serve the  
38 public interest.

39 SEC. 7. Section 56895 of the Government Code is amended  
40 to read:

1 56895. (a) When a commission has adopted a resolution  
2 making determinations, any person or affected agency may file a  
3 written request with the executive officer requesting amendments  
4 to or reconsideration of the resolution. The request shall state the  
5 specific modification to the resolution being requested and shall  
6 state what new or different facts that could not have been presented  
7 previously are claimed to warrant the reconsideration. If the request  
8 is filed by a school district that received notification pursuant to  
9 Section 56658, the commission shall consider that request at a  
10 public hearing.

11 (b) Notwithstanding Section 56106, the deadlines set by this  
12 section are mandatory. The person or agency shall file the written  
13 request within 30 days of the adoption of the initial or superseding  
14 resolution by the commission making determinations. If no person  
15 or agency files a timely request, the commission shall not take any  
16 action pursuant to this section.

17 (c) Upon receipt of a timely request, the executive officer shall  
18 not take any further action until the commission acts on the request.

19 (d) Upon receipt of a timely request by the executive officer,  
20 the time to file any action, including, but not limited to, an action  
21 pursuant to Section 21167 of the Public Resources Code and any  
22 provisions of Part 4 (commencing with Section 57000) governing  
23 the time within which the commission is to act shall be tolled for  
24 the time that the commission takes to act on the request.

25 (e) The executive officer shall place the request on the agenda  
26 of the next meeting of the commission for which notice can be  
27 given pursuant to this subdivision. The executive officer shall give  
28 notice of the consideration of the request by the commission in  
29 the same manner as for the original proposal. The executive officer  
30 may give notice in any other manner as ~~he or she~~ *the executive*  
31 *officer* deems necessary or desirable.

32 (f) At that meeting, the commission shall consider the request  
33 and receive any oral or written testimony. The consideration may  
34 be continued from time to time but not to exceed 35 days from the  
35 date specified in the notice. The person or agency that filed the  
36 request may withdraw it at any time prior to the conclusion of the  
37 consideration by the commission.

38 (g) At the conclusion of its consideration, the commission may  
39 approve with or without amendment, wholly, partially, or  
40 conditionally, or disapprove the request. If the commission



1 disapproves the request, it shall not adopt a new resolution making  
2 determinations. If the commission approves the request, with or  
3 without amendment, wholly, partially, or conditionally, the  
4 commission shall adopt a resolution making determinations that  
5 shall supersede the resolution previously issued.

6 (h) The determinations of the commission shall be final and  
7 conclusive. No person or agency shall make any further request  
8 for the same change or a substantially similar change, as  
9 determined by the commission.

10 (i) Notwithstanding subdivision (h), clerical errors or mistakes  
11 may be corrected pursuant to Section 56883.

12 (j) *This section does not apply to commission determinations*  
13 *for a proposal that includes the formation of a small system water*  
14 *authority submitted pursuant to subdivision (a) of Section 78038*  
15 *of the Water Code.*

16 SEC. 8. Division 23 (commencing with Section 78000) is added  
17 to the Water Code, to read:

18  
19 DIVISION 23. SMALL SYSTEM WATER AUTHORITY  
20 ACT OF 2019

21  
22 PART 1. SHORT TITLE

23  
24 78000. This division shall be known, and may be cited, as the  
25 Small System Water Authority Act of 2019.

26  
27 PART 2. FINDINGS AND DECLARATIONS

28  
29 78001. The Legislature finds and declares all of the following:

30 (a) As of November 2017, according to the state board, there  
31 are approximately 300 public water systems in the State of  
32 California that are chronically serving contaminated water to their  
33 customers and are operationally deficient in violation of public  
34 health regulations.

35 (b) The vast majority of those systems are small, only serving  
36 a population of less than 10,000 people, with deficiencies that  
37 range from natural contaminants, manmade contaminants, and  
38 failing infrastructure. These systems are located throughout  
39 California, with a greater percentage of these failing systems  
40 primarily located in economically distressed or rural counties.

1 (c) These chronically out of compliance systems lack the  
2 financial, managerial, and technical resources to adequately serve  
3 their communities and face higher costs per customer to provide  
4 adequate service because of their small size, rural location, and  
5 aging infrastructure.

6 (d) There is an inefficient deployment of existing local system  
7 financial resources and potential funding shortfalls, largely due to  
8 duplication of overhead and the inability to access state and other  
9 funding streams necessary for modern water service.

10 (e) A new category of public water agency is needed to absorb  
11 and consolidate failing small public water systems to provide  
12 technical, managerial, and financial capabilities to ensure the  
13 provision of safe, clean, affordable, and accessible water and local  
14 governance.

15 (f) This act authorizes the creation of small system water  
16 authorities that will have unique powers to absorb, improve, and  
17 competently operate currently noncompliant public water systems  
18 with either contiguous or noncontiguous boundaries.

19 (g) Existing public water systems, whether public agencies,  
20 investor-owned utilities, water corporations regulated by the Public  
21 Utilities Commission, private mutual water companies, or other  
22 private unregulated water systems, that are currently providing  
23 adequate water service but that are located in a county where an  
24 authority may be formed will have the option of voluntarily  
25 consolidating with a new authority.

### 26 27 PART 3. DEFINITIONS

28  
29 78005. Unless the context otherwise requires, the provisions  
30 of this part govern the construction of this division.

31 78006. "Affected county" means any county in which the land  
32 of a proposed authority is situated.

33 78007. "Authority" means a small system water authority  
34 formed pursuant to this division.

35 78008. "Board" means the board of directors of an authority.

36 78009. "Board of supervisors" means the board of supervisors  
37 of the principal county.

38 78010. "City" means any chartered or general law city.

39 78011. "County clerk" means the county clerk of the principal  
40 county.

1 78012. “Local agency formation commission” means a local  
2 agency formation commission of the principal county in which  
3 the proposed authority is located.

4 78013. “President” means the president of the board of directors  
5 of an authority.

6 78014. “Principal county” means the county in which the  
7 greater portion of the land of a proposed authority is situated.

8 78015. “Private corporation” means any private corporation  
9 organized under the laws of the United States or of this or any  
10 other state.

11 78016. “Public agency” means the state or any department or  
12 agency thereof, and a county, city, public corporation, or public  
13 district of the state, including an authority formed pursuant to this  
14 division.

15 78017. “Public water system” has the same meaning as defined  
16 in Section 116275 of the Health and Safety Code.

17 78018. “Secretary” means the secretary of an authority.

18 78019. “State board” means the State Water Resources Control  
19 Board.

20 78020. “Voter” means a voter as defined in Section 359 of the  
21 Elections Code.

22 78021. “Water” includes potable water and nonpotable water.

23 78022. “Water corporation” has the same meaning as defined  
24 in Section 241 of the Public Utilities Code.

## 25 26 PART 4. FORMATION

### 27 28 CHAPTER 1. IN GENERAL

29  
30 78025. The area proposed to be served by a proposed authority  
31 may consist of the service areas of one or more public agencies,  
32 private water companies, or mutual water companies that need not  
33 be contiguous. The area proposed to be served by a proposed  
34 authority may also include one or more parcels that need not be  
35 contiguous, either with each other or with the service areas of the  
36 public agencies, private water companies, or mutual water  
37 companies that will be served through the proposed authority.

CHAPTER 2. FORMATION PROCEEDINGS

78030. (a) No later than March 1, 2020, the state board shall provide written notice to cure to all public agencies, private water companies, or mutual water companies that meet both of the following criteria:

(1) Operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people.

(2) Are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels based on a running average for the period from July 1, 2018, through December 31, 2019.

(b) In the case of a water corporation, the state board shall provide a copy of the notice to the Public Utilities Commission and the Public Utilities Commission shall be responsible with the state board for ensuring compliance with this part.

78031. An entity receiving a notice pursuant to subdivision (a) of Section 78030 shall respond to the state board and, if appropriate, the Public Utilities Commission, within 60 days of receiving the notice as to whether the violations of drinking water standards are remedied and the basis for that conclusion.

78032. (a) (1) If an entity receiving a notice pursuant to subdivision (a) of Section 78030 reports pursuant to Section 78031 that a violation of drinking water standards is continuing, the entity shall have 180 days from the date of the response filed with the state board pursuant to Section 78031 to prepare and submit a plan to the state board to permanently remedy a violation of drinking water standards within a reasonable time that is not later than January 1, 2025.

(2) The state board shall review a plan submitted pursuant to paragraph (1) and, within 60 days of receipt, shall accept, accept with reasonable conditions, or reject the plan.

(3) The state board shall not accept the plan with reasonable conditions or reject the plan without meeting with the entity at least 15 days before the acceptance with reasonable conditions or rejection of the plan. The state board may extend the 60-day period described in paragraph (2) by no more than 180 days in order to allow for full consultation and collaboration between the state board and the entity, with the goal of that full consultation and collaboration being a mutually agreeable plan to remedy the

1 violations of drinking water standards in a timely manner. The  
2 state board shall not unreasonably withhold or delay approval of  
3 a plan or impose unreasonable conditions on a plan.

4 (b) If an entity receiving a notice pursuant to subdivision (a) of  
5 Section 78030 has begun a remediation plan under the authority  
6 of the state board, a California regional water quality control board,  
7 the Public Utilities Commission, or a local agency formation  
8 commission, the state board shall deem the remediation plan  
9 acceptable without additional conditions.

10 (c) (1) If the state board accepts the plan or accepts the plan  
11 with conditions, the entity shall provide quarterly reports to the  
12 state board on progress towards a permanent remedy for the  
13 violations of drinking water standards and the state board shall  
14 hold an annual public hearing to consider whether progress is  
15 satisfactory.

16 (2) If the state board rejects the plan, the state board shall cause  
17 the formation of an authority, subject to the provisions of  
18 subdivision (d), by the applicable local agency formation  
19 commission, in accordance with Section 78034, to serve the  
20 customers of the public water system that submitted the plan the  
21 state board rejects, if the state board makes all of the following  
22 findings:

23 (A) The continued operation of the public water system in its  
24 current condition is a threat to public health and safety.

25 (B) The public water system lacks the financial, managerial, or  
26 technical resources required to remedy the violation of state or  
27 federal primary drinking water standards, which results in the  
28 entity's inability to remain operationally viable as a public water  
29 system.

30 (C) There is no reasonable alternative that would protect the  
31 public drinking water supplies of the public water system other  
32 than for there to be the formation of an authority to serve the  
33 customers of the public water system.

34 (3) If the state board is unable to make all of the findings in  
35 paragraph (2), the state board shall do either of the following:

36 (A) Exercise its authority to remedy the failure to meet  
37 applicable drinking water standards pursuant to Article 9  
38 (commencing with Section 116650) of Chapter 4 of Part 12 of  
39 Division 104 of the Health and Safety Code.

1 (B) Use existing funding sources and existing legal authority  
2 to remedy the failure to meet applicable drinking water standards.

3 (d) Before causing the formation of an authority by the  
4 applicable local agency formation commission, the state board  
5 shall provide the entity with a period of 15 business days from the  
6 date on which the state board issues a written determination  
7 rejecting the plan to file a petition for reconsideration. The state  
8 board shall, if so requested by the entity, hold an evidentiary  
9 hearing under the provisions of the Administrative Procedure Act  
10 that shall commence within 90 days of the date on which the  
11 petition for reconsideration is filed with the state board and shall  
12 issue a final order not later than 60 days after the close of the  
13 evidentiary hearing. If the entity does not request an evidentiary  
14 hearing, the state board shall issue a final order not later than 60  
15 days after the date on which the entity files its petition for  
16 reconsideration.

17 (e) If the state board and the Public Utilities Commission reject  
18 the plan of a water corporation regulated by the commission, the  
19 commission shall proceed with the consolidation or receivership,  
20 or both, under the commission's existing programs, or, in  
21 consultation with the state board, the commission shall cause the  
22 dissolution and transfer of assets of the water corporation into an  
23 authority pursuant to paragraph (2) of subdivision (a) of Section  
24 78037.

25 78033. (a) (1) No later than July 1, 2021, the state board shall  
26 provide written notice to each county, city, water district, private  
27 water company, or mutual water company located within a county  
28 where an entity receiving a notice under subdivision (a) of Section  
29 78030 is located stating that the state board may consider the  
30 formation of an authority within that county and inviting other  
31 public water suppliers to consider a voluntary dissolution and  
32 subsequent inclusion into the authority that may be formed.

33 (2) (A) An entity wishing to consolidate into a proposed  
34 authority shall provide a written statement opting into an authority  
35 to the administrator of the authority on or before December 31,  
36 2021. After the formation of an authority, an entity wishing to join  
37 an authority may do so by means of a proposal or petition to the  
38 local agency formation commission pursuant to the  
39 Cortese-Knox-Hertzberg Local Government Reorganization Act

1 of 2000 (Division 3 (commencing with Section 56000) of Title 5  
2 of the Government Code).

3 (B) (i) The customers of an entity identified in paragraph (1)  
4 may submit a petition to the administrator of a proposed authority  
5 on or before December 31, 2021, that their public water system  
6 be included in the proposed authority by filing a petition containing  
7 the signatures of either of the following, whichever is less:

8 (I) One thousand residents of the area served by the public water  
9 system

10 (II) Ten percent of the service connections of the public water  
11 system.

12 (ii) If a petition is timely submitted under this subparagraph,  
13 the administrator shall deem that petition to be a request by the  
14 entity to be included within the authority. The administrator may  
15 deny the request if the administrator determines that including the  
16 entity would substantially increase the costs for other anticipated  
17 customers of the authority or if the administrator determines that  
18 the consolidation of the water systems cannot be accomplished in  
19 a successful manner in a reasonable period of time, taking into  
20 account economic, environmental, legal, social and technological  
21 factors.

22 (b) On or before November 1, 2021, a county or city receiving  
23 notice from the state board pursuant to subdivision (a) shall  
24 determine whether any county service areas, county waterworks  
25 districts, or other dependent special districts providing water  
26 service or water and sewer service located within the county that  
27 provide water service or water and sewer service only in the  
28 proposed area of the authority should be included within the  
29 proposed authority. If the governing board of the county or city  
30 determines that the dependent special district should be included  
31 within the proposed authority, the county or city shall provide a  
32 written statement on behalf of the dependent special district opting  
33 into an authority to the administrator of the authority on or before  
34 December 1, 2021. After the formation of an authority, a county  
35 or city that concludes that a dependent special district should be  
36 consolidated into an authority shall make a proposal or petition to  
37 the local agency formation commission for the consolidation  
38 pursuant to the Cortese-Knox-Hertzberg Local Government  
39 Reorganization Act of 2000 (Division 3 (commencing with Section  
40 56000) of Title 5 of the Government Code).

1 (c) An authority may include areas that are not contiguous.

2 (d) No later than November 1, 2021, the administrator for an  
3 authority shall consult with all entities identified pursuant to  
4 subdivision (a) to provide advice as to the advantages and  
5 disadvantages of opting into being included in the authority.

6 78034. (a) No later than 30 days after the rejection of a plan  
7 pursuant to Section 78032, the state board shall notify a local  
8 agency formation commission of a county where the public water  
9 system that submitted the plan is located, and, if appropriate given  
10 the governance of the public water system, the Public Utilities  
11 Commission, that it has determined that the public water system  
12 shall be consolidated into an authority.

13 (b) No later than 60 days after the rejection of a proposed plan,  
14 the state board shall do both of the following:

15 (1) Notify the appropriate state agency identified in subdivision  
16 (a) of the public water systems that will be consolidated into an  
17 authority.

18 (2) Appoint an independent administrator pursuant to Section  
19 78035 for each proposed authority who shall be responsible for  
20 the preparation of a plan for service and interim administration  
21 and management of the authority.

22 78035. (a) On or before March 1, 2022, the administrator,  
23 after consultation with the executive officer of the local agency  
24 formation commission, shall submit to the state board a conceptual  
25 formation plan that includes all of the following:

26 (1) The public water system service areas to be served by the  
27 authority.

28 (2) The population to be served by the authority.

29 (3) The available infrastructure to be used by the authority and  
30 any known deficiencies.

31 (4) The recorded violations of drinking water standards and the  
32 nature of the threat to public health and safety.

33 (5) Financial and operational provisions to be addressed in the  
34 plan for service pursuant to Section 78038.

35 (6) A plan for the provision of safe and clean water supplies to  
36 the customers of the public water system being included in the  
37 authority from the date of submission until the date upon which  
38 all infrastructure repair, construction, rehabilitation, or  
39 reconstruction needed to provide safe and clean drinking water is  
40 completed.



1 (b) The state board shall provide comments on the conceptual  
2 formation plan to the administrator and applicable local agency  
3 formation commission within 60 days of its receipt.

4 (c) The state board or an authority may determine the legality  
5 of the existence of the authority or validate the financial provisions  
6 of an interim plan in an action brought pursuant to Chapter 9  
7 (commencing with Section 860) of Title 10 of Part 2 of the Code  
8 of Civil Procedure.

9 78036. (a) On or before March 1, 2021, the state board shall  
10 establish and publish a list of individuals who meet the  
11 qualifications in subdivision (e) to serve as administrators pursuant  
12 to this division.

13 (b) A single administrator may provide services to several  
14 authorities if, in the judgment of the state board, the services can  
15 be provided in a manner that achieves the purposes of this division.

16 (c) An administrator, who may be an employee of a consulting  
17 firm, shall provide or contract for administrative and managerial  
18 service to establish the authority, retain staff and consultants, and  
19 commence the remediation of the violations of drinking water  
20 standards.

21 (d) The state board shall bear the cost of the administrator and  
22 be responsible for all compensation of and reasonable expenses  
23 incurred by the administrator for the duration of the period that  
24 the administrator serves the authority.

25 (e) The minimum qualifications and selection process for an  
26 administrator appointed by the state board pursuant to this division  
27 shall be consistent with the minimum qualifications and selection  
28 process for administrators appointed in accordance with paragraph  
29 (1) of subdivision (m) of Section 116686 of the Health and Safety  
30 Code.

31 (f) An administrator shall serve at the pleasure of the state board  
32 until whichever of the following dates occurs earlier:

33 (1) The local agency formation commission issues a notice of  
34 completion of the plan for service pursuant to Section 78038.

35 (2) Three years from the date that the local agency formation  
36 commission forms an authority.

37 (3) No sooner than 30 days after the appointment of a general  
38 manager by the board of the authority, at which date the services  
39 of the administrator shall be terminated.

1 78037. (a) (1) No later than 240 days after the state board  
2 issues a notice pursuant to paragraph (1) of subdivision (b) of  
3 Section 78034, the Public Utilities Commission shall order the  
4 dissolution of the public water system and the transfer of all assets  
5 of the water corporation subject to this paragraph to the authority  
6 formed by the local agency formation commission.

7 (2) No later than 240 days after the state board issues a notice  
8 pursuant to paragraph (1) of subdivision (b) of Section 78034, the  
9 state board shall petition a court of competent jurisdiction for an  
10 order dissolving any mutual water company, water corporation,  
11 or private corporation that has been operating a public water system  
12 identified in subdivision (a) of Section 78034 and transferring the  
13 assets of that company or corporation to the authority formed by  
14 the local agency formation commission.

15 (b) An owner or shareholder of a water corporation or a mutual  
16 water company consolidated into an authority pursuant to  
17 subdivision (a) shall be compensated as follows:

18 (1) Within 180 days of the dissolution, the state board shall  
19 cause to be prepared a distressed business valuation to determine  
20 the net fair market value of the corporation or company, calculated  
21 as follows:

22 (A) The assets of the water corporation or mutual water company  
23 shall be calculated by estimating the net book value of all assets,  
24 including, but not limited to, cash and investments, receivables,  
25 prepaid expenses, water in storage, real property, water rights,  
26 structures and improvements, equipment, general facilities, and  
27 other assets.

28 (B) Notwithstanding subparagraph (A), water rights shall be  
29 appraised at their market value if both of the following  
30 requirements are met:

31 (i) The water rights provide for the extraction of groundwater  
32 in a groundwater basin that has been fully adjudicated and wherein  
33 the production right of the water corporation or mutual water  
34 company has been determined in that adjudication.

35 (ii) The market valuation is calculated so as to exclude any  
36 capital or operating costs that may be required to bring the water  
37 being produced under the water right into full compliance with all  
38 state and federal law.

39 (C) The liabilities of the water corporation or mutual water  
40 company shall be calculated by estimating the financial liabilities,

1 including, but not limited to, accounts payable, unfunded pension  
2 or other benefit liabilities, notes payable, bonds payable, as well  
3 as outstanding fines, fees, or other assessments for drinking water  
4 or other public health violations, estimated costs for outstanding  
5 litigation and other anticipated liabilities, and the estimated costs  
6 to bring all structures and works into good repair and in compliance  
7 with contemporary water infrastructure and drinking water  
8 standards.

9 (2) Upon issuance by the state board of the distressed business  
10 valuation determining the net fair market value, the authority may  
11 seek an order for immediate possession of all of the assets and  
12 liabilities of the corporation or company using the procedures set  
13 forth in Article 3 (commencing with Section 1255.410) of Chapter  
14 6 of Title 7 of Part 3 of the Code of Civil Procedure. A court shall  
15 grant immediate possession if the court determines that the  
16 procedures in this section have been followed. Judicial review of  
17 the determinations by the state board shall be based on substantial  
18 evidence in the record before the state board.

19 (3) If an owner or shareholder disputes the distressed business  
20 valuation of the state board, the owner or shareholder may file an  
21 action pursuant to Section 1094.5 of the Code of Civil Procedure  
22 seeking a writ of mandate overturning the valuation. An action  
23 pursuant to this paragraph shall have preference in the civil  
24 calendar.

25 (4) Payment of the net fair market value of the water corporation  
26 or mutual water company, with interest accruing from the effective  
27 date of dissolution, shall be paid by the authority within two years  
28 of the authority's formation from the proceeds of bond sales or  
29 other available funds derived from rates, fees, charges, taxes, or  
30 other revenue sources.

31 (5) The authority shall assume all obligations and liabilities of  
32 the public water system. After paying the net fair market value to  
33 the owners or shareholders of a water corporation or mutual water  
34 company, the authority may receive financing from the state to  
35 pay all liabilities. The authority shall issue bonds to repay the state  
36 with interest for those liabilities pursuant to Part 8 (commencing  
37 with Section 78100).

38 (c) At the time a water corporation or a mutual water company  
39 is dissolved and consolidated into an authority pursuant to  
40 subdivision (a), if there is pending any action in state or federal

1 court or other judicial proceeding brought or maintained by the  
2 water corporation or mutual water company for damages to  
3 property associated with contamination or pollution of its water  
4 supply against one or more responsible parties, both of the  
5 following apply:

6 (1) The water corporation's or mutual water company's rights,  
7 interests, claims, and causes of action in the action or proceeding  
8 shall be deemed transferred, as that term is used in Section 954 of  
9 the Civil Code and Section 368.5 of the Code of Civil Procedure,  
10 to the authority.

11 (2) The authority shall assume any and all contractual  
12 obligations of the water corporation or mutual water company  
13 owed to any attorney or law firm in connection with the attorney's  
14 or firm's representation of the water corporation or mutual water  
15 company in connection with the action or proceeding.

16 78038. (a) Within 180 days after the state board provides  
17 comments on the draft conceptual formation plan pursuant to  
18 subdivision (b) of Section 78035, the administrator shall submit  
19 an application for the dissolution and formation and proposed plan  
20 for service to the local agency formation commission for review  
21 and potential approval pursuant to Part 3 (commencing with  
22 Section 56650) of Division 3 of Title 5 of the Government Code.  
23 An application to form an authority shall include at least five public  
24 water systems, unless the administrator determines that the  
25 authority would be financially and operationally viable with fewer  
26 than five public water systems, and may include the following:

27 (1) A public water system from a county service area or other  
28 dependent special district.

29 (2) A public water system that has been meeting drinking water  
30 standards and that wishes to join the proposed authority.

31 (3) A public water system identified by the state board as  
32 chronically serving water that fails to meet drinking water standards  
33 in the county in which the proposed authority will be formed.

34 (4) A public water system for which a petition was submitted  
35 to the administrator pursuant to subparagraph (B) of paragraph (2)  
36 of subdivision (a) of Section 78033 and not denied by the  
37 administrator.

38 (b) A proposed plan for service shall include all of the following  
39 information, as well as any additional information required or

1 requested by the local agency formation commission or its  
2 executive officer:

3 (1) In the case of the formation of an authority that does not  
4 involve the dissolution of an existing special district, the plan for  
5 service shall include all of the following:

6 (A) An enumeration and description of the services currently  
7 provided and to be extended to the affected territory, including the  
8 level and range of those services and an indication of when those  
9 services can feasibly be extended to the affected territory.

10 (B) An indication of any improvement or upgrading of water  
11 facilities, or other conditions the authority would impose or require  
12 within the affected territory.

13 (C) Information with respect to how the services to be provided  
14 by the authority will be financed, in accordance with Articles XIII,  
15 XIII A, XIII C, and XIII D and any other applicable provisions of  
16 the California Constitution, that shall include all of the following:

17 (i) The necessary financial resources to improve or upgrade  
18 water facilities or other infrastructure identified in the formation  
19 application.

20 (ii) A discussion of the economies of scale that accrue when  
21 several small organizations are consolidated into a single authority.

22 (iii) An estimated timeframe for constructing and delivering the  
23 services identified in the formation application.

24 (iv) The operation and maintenance needs of the authority.

25 (v) Financial plans for the financing of capital improvements,  
26 operation and maintenance of facilities, and operation of the  
27 authority.

28 (vi) The governance, oversight, and long-term maintenance of  
29 the services identified in the formation application after the initial  
30 costs are recouped and any tax increment financing terminates.

31 (D) Information showing how the area currently being serviced  
32 by a public water system that will be included within an authority  
33 will be served with water during the period when the authority is  
34 being formed until the completion of all capital improvement  
35 projects needed to provide safe and clean drinking water.

36 (2) In the case of the formation of an authority that includes  
37 dissolution of an existing special district, the plan for services shall  
38 include all of the following:

39 (A) All of the elements required pursuant to subparagraphs (A)  
40 to (C), inclusive, of paragraph (1).

1 (B) An enumeration and description of the services currently  
2 provided by the special district proposed for dissolution and  
3 identification of the authority proposed to be formed by the  
4 successor to assume responsibility for the services following  
5 completion of the dissolution.

6 (C) An enumeration and description of each service proposed  
7 to be discontinued or transferred, the current financing of each  
8 service, and any method of financing proposed by the successor.

9 (D) A delineation of any existing financing of services currently  
10 provided to include, but not be limited to, bonds, assessments,  
11 general taxes, special taxes, other charges, and joint powers  
12 authorities or agreements.

13 (E) Information about any current bankruptcy proceeding,  
14 including, but not limited to, the status and exit plan.

15 (F) Information about any current order relating to services  
16 provided by the special district proposed for dissolution by any  
17 agency, department, office, or other division of the state, including,  
18 but not limited to, a cease and desist order or water prohibition  
19 order.

20 (G) Information showing how the area currently being serviced  
21 by a public water system that will be included within an authority  
22 will be served with water during the period when the authority is  
23 being formed until the completion of all capital improvement  
24 projects needed to provide safe and clean drinking water.

25 (H) Any other information that the local agency formation  
26 commission or its executive officer may deem necessary to evaluate  
27 the plan for services submitted.

28 (3) A statement by the administrator that the administrator has  
29 consulted with representatives of the entities whose customers will  
30 be served by the authority to consider the plan for service.

31 (c) (1) If the administrator determines that the formation of an  
32 authority would be infeasible for financial, technical, or operational  
33 reasons, or would not provide the necessary economies of scale  
34 or operating benefits, the administrator may set forth those  
35 conclusions in a report to the state board in lieu of submitting a  
36 plan for service to the local agency formation commission.

37 (2) The report to the state board shall be submitted at the same  
38 time that the administrator would have submitted the application  
39 for consolidation to the local agency formation commission.

(3) If the state board receives notice from the administrator pursuant to paragraph (1), the state board shall, based on substantial evidence, determine whether the following conditions are present:

(A) The continued operation of the public water system in its current condition is a threat to public health and safety.

(B) The public water system lacks the financial, managerial, or technical resources required to remedy the violation of state or federal primary drinking water standards, which results in the entity's inability to remain operationally viable as a public water system.

(4) If the state board makes both of the findings in paragraph (3), the state board shall do either of the following:

(A) Exercise its authority to remedy the failure to meet applicable drinking water standards pursuant to Article 9 (commencing with Section 116650) of Chapter 4 of Part 12 of Division 104 of the Health and Safety Code.

(B) Use existing funding sources and existing legal authority to remedy the failure to meet applicable drinking water standards.

(d) (1) If the local agency formation commission approves the plan and the formation of the authority, the authority shall take the appropriate actions to comply with the plan, subject to Articles XIII, XIII A, XIII C, and XIII D and any other applicable provisions of the California Constitution.

(2) If the local agency formation commission approves the plan and the formation of the authority with modifications, the authority shall take the appropriate actions to comply with the modifications within 180 days of the plan's approval with modifications in accordance with Articles XIII, XIII A, XIII C, and XIII D and any other applicable provisions of the California Constitution.

(3) An authority subject to paragraph (1) or (2) shall file a statement, under penalty of perjury, with the executive officer of the local agency formation commission certifying compliance with the plan. An authority shall take the appropriate actions to comply with Articles XIII, XIII A, XIII C, and XIII D and any other applicable provisions of the California Constitution and shall file a statement, under penalty of perjury, with the executive officer of the local agency formation commission certifying the compliance. Within 30 days of filing a statement, the executive officer of the local agency formation commission shall issue a notice of completion to the authority and send a copy of that notice

1 to the state board. In the event that the authority fails to timely file  
2 a statement certifying compliance with the plan, the state board  
3 may issue an order to the authority requiring the filing or other  
4 remedial action as may be appropriate.

5 (e) An authority is deemed to be a successor agency to an entity  
6 identified in subdivision (a) of Section 78030. An action described  
7 in this chapter shall not affect an authority's eligibility or priority  
8 for a state loan or grant.

9 78039. Division 13 (commencing with Section 21000) of the  
10 Public Resources Code does not apply to either of the following:

11 (a) The formation of an authority pursuant to this chapter.

12 (b) The dissolution of a public water system pursuant to this  
13 chapter.

14 78040. (a) Annually for the first three years after the date of  
15 an authority's formation by the local agency formation commission,  
16 an authority shall file a report with the local agency formation  
17 commission and state board as follows:

18 (1) The report shall contain both of the following:

19 (A) A description of operations over the past year.

20 (B) Details of any violations of drinking water standards and  
21 the actions taken to remediate a violation.

22 (2) The administrator or, after the discharge of the administrator,  
23 the general manager of the authority shall submit the report.

24 (3) A certificate stating that the report consists of a true, full,  
25 and complete description of the activities of the authority during  
26 the past year shall accompany the report.

27 (b) A local agency formation commission shall hold a public  
28 hearing within 90 days of receipt of a report pursuant to subdivision  
29 (a) to review the authority's performance during the previous year.  
30 If a report states that an authority has failed to comply with any  
31 conditions imposed by the commission on either the original  
32 formation or the plan for service adopted pursuant to Section  
33 78038, the state board may order the authority to remedy the  
34 violations within a reasonable period of time. If an authority fails  
35 to timely comply with a remedial order by the state board, the state  
36 board may impose a civil penalty on the authority in an amount  
37 not to exceed five hundred dollars (\$500) per day for each violation  
38 and not to exceed ten thousand dollars (\$10,000) per year for each  
39 particular violation.



1 78041. (a) No later than January 1, 2026, the Controller shall  
2 prepare, or cause the preparation of, and submit to the Legislature  
3 a report that does all of the following:

4 (1) Reviews and evaluates the startup operations of the  
5 authorities, in terms of timeliness and cost-effective provision of  
6 safe and clean water.

7 (2) Evaluates the fiscal and operational health of the authorities.

8 (3) Makes a recommendation regarding the need for  
9 supplemental state funding, if any, and the potential sources of  
10 that funding.

11 (b) In preparing the report, the Controller may consult with any  
12 individual or organization the Controller deems appropriate,  
13 including, but not limited to, the state board, the Association of  
14 California Water Agencies, the California Association of Local  
15 Agency Formation Commissions, the California Municipal Utilities  
16 Association, the California Association of Mutual Water  
17 Companies, or the California State Association of Counties.

18 (c) (1) A report to be submitted pursuant to subdivision (a)  
19 shall be submitted in compliance with Section 9795 of the  
20 Government Code.

21 (2) Pursuant to Section 10231.5 of the Government Code, the  
22 requirement for submitting a report imposed under subdivision (a)  
23 is inoperative on January 1, 2030.

24 78042. (a) No later than January 1, 2026, the state board shall  
25 prepare and submit to the Legislature a report specifying the  
26 number of public water systems that, at any time between July 1,  
27 2018, and January 1, 2025, were out of compliance with one or  
28 more state or federal primary drinking water standards on a running  
29 annual average. The report shall identify the public water systems  
30 that satisfy any of the following conditions:

31 (1) Were brought into compliance with the applicable drinking  
32 water standards through the creation of an authority pursuant to  
33 this division.

34 (2) Were brought into compliance with the applicable drinking  
35 water standards pursuant to Article 9 (commencing with Section  
36 116650) of Chapter 4 of Part 12 of Division 104 of the Health and  
37 Safety Code.

38 (3) Remain out of compliance with the applicable drinking water  
39 standards.

(b) For those public water systems that remain out of compliance with those standards as of January 1, 2025, the report shall propose one or more plans that will, using financial and other resources then available to the state board to the greatest extent feasible, bring those public water systems into compliance with the applicable drinking water standards by January 1, 2029.

(b) (1) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.

(2) Pursuant to Section 10231.5 of the Government Code, the requirement for submitting a report imposed under subdivision (a) is inoperative on January 1, 2030.

## PART 5. INTERNAL ORGANIZATION

### CHAPTER 1. DIRECTORS

78045. (a) The initial board of an authority shall consist of an odd number of directors composed as follows:

(1) One representative from each entity consolidated into the authority appointed by the entity before its dissolution.

(2) One representative from the board of supervisors.

(3) Additional directors, as needed, appointed by the board of supervisors to comprise at least a five-member board of directors, if one of the entities does not appoint a director.

(b) The public water system representatives in consultation with the administrator shall determine the final number of directors that will compose the initial board if it will consist of more than five members because of the number of former public water systems included in the authority. If the number of directors cannot be agreed upon by the representatives of the public water systems that will become part of the authority in a timely manner, the local agency formation commission shall determine the number of directors that will compose the initial board.

(c) If the initial board consists of five members, the directors shall classify themselves by lot so that two of them shall hold office until the qualification of their successors after the first general district election and three of them shall hold office until the election and qualification of their successors and the second general district election. If the initial board of directors consists of more than five

1 members, the local agency formation commission shall provide  
2 for the classification of directors so as to provide that not more  
3 than a majority of the directors stand for election every two years.

4 (d) If the initial board consists of more than five members, the  
5 administrator shall include, as part of the plan for service, after  
6 consultation with the representatives of public water systems, and  
7 the local agency formation commission shall include, as part of  
8 the order forming the authority, a transitional plan that will bring  
9 the number of directors to five within a reasonable period of time.

10 To the extent practicable, the transitional plan shall ensure that  
11 each director represents a division with equal population being  
12 served by the authority and that the final divisions are drawn so  
13 as to ensure that each director represents a division with equal  
14 population being served by the authority.

15 78046. (a) A director shall be a resident of the area served by  
16 the authority. To the extent practicable, a director shall represent  
17 a division with equal population being served by the authority. If  
18 a director moves residence, as defined in Section 244 of the  
19 Government Code, outside of the area served by the authority, the  
20 director shall have 180 days after the move to reestablish a place  
21 of residence within the area served by the authority. If a director  
22 cannot establish a place of residence, it shall be presumed that a  
23 permanent change of residence has occurred and that a vacancy  
24 exists on the board of directors pursuant to Section 1770 of the  
25 Government Code.

26 (b) Each elected director shall hold office for a term of four  
27 years. A director elected to office shall take office at noon on the  
28 first Friday in December succeeding the director's election.

29 (c) Whenever a vacancy occurs in the office of director it shall  
30 be filled pursuant to Section 1780 of the Government Code by a  
31 qualified person.

32 78047. Notwithstanding Section 20201, a director shall receive  
33 compensation in an amount not to exceed two hundred fifty dollars  
34 (\$250) per day for each day's attendance at meetings of the board  
35 or for each day's service rendered as a director by request of the  
36 board, not exceeding a total of 10 days in any calendar month,  
37 together with any expenses incurred in the performance of the  
38 director's duties required or authorized by the board. For purposes  
39 of this section, the determination of whether a director's activities  
40 on any specific day are compensable shall be made pursuant to,

1 and reimbursement for these expenses is subject to, Article 2.3  
2 (commencing with Section 53232) of Chapter 2 of Part 1 of  
3 Division 2 of Title 5 of the Government Code. The board may  
4 adjust the compensation for directors pursuant to Chapter 2  
5 (commencing with Section 20200) of Division 10.

6  
7 CHAPTER 2. THE BOARD  
8

9 78050. (a) The board is the governing body of the authority.

10 (b) The board shall hold its first meeting as soon as possible  
11 after the selection of the first board of directors and not later than  
12 the sixth Monday after the date of the formation.

13 (c) At its first meeting, the board shall provide for the time and  
14 place of holding its meetings and the manner in which its special  
15 meetings may be called.

16 (d) At its first meeting, and its first meeting in the month of  
17 January of each odd-numbered year, the board shall elect one of  
18 its members as president. The board may, at any meeting, elect  
19 one of its members as vice president. If the president is absent or  
20 unable to act, the vice president shall exercise the powers of the  
21 president granted in this division.

22 (e) A majority of the board shall constitute a quorum for the  
23 transaction of business. However, no ordinance, motion, or  
24 resolution may become effective without the affirmative vote of  
25 a majority of the members of the board.

26 (f) The board shall act only by ordinance, resolution, or motion.  
27 Votes of the members of the board shall not be cast or exercised  
28 by proxy.

29 (g) On all ordinances the roll shall be called and the ayes and  
30 noes shall be recorded in the journal of the proceedings of the  
31 board.

32 (h) The board may adopt resolutions or motions by voice vote,  
33 but on demand of any member of the board, the roll shall be called.

34 (i) The board may destroy a record pursuant to Chapter 7  
35 (commencing with Section 60200) of Division 1 of Title 6 of the  
36 Government Code.

37 78051. (a) The board shall exercise and perform all powers,  
38 privileges, and duties of an authority.

1 (b) Any executive, administrative, and ministerial powers may  
2 be delegated and redelegated by the board to any of the offices  
3 created by this division or by the board.

4 (c) The board may fix the time and place or places at which its  
5 regular meetings will be held and shall provide for the calling and  
6 holding of special meetings.

7 (d) The board may fix the location of the principal place of  
8 business of the authority and the location of all offices and  
9 departments maintained under this division.

10 (e) The board may, by ordinance, prescribe a system of business  
11 administration.

12 (f) The board may create any necessary offices and establish  
13 and reestablish the powers, duties, and compensation of all officers  
14 and employees.

15 (g) The board may require and fix the amount of all official  
16 bonds necessary for the protection of the funds and property of  
17 the authority.

18 (h) The board may, by ordinance, prescribe a system of civil  
19 service.

20 (i) The board may, by ordinance, delegate and redelegate to the  
21 officers of the authority the power to employ clerical, legal, and  
22 engineering assistants and labor.

23 (j) The board may prescribe a method of auditing and allowing  
24 or rejecting claims and demands.

25 (k) The board shall designate a depository or depositories to  
26 have the custody of the funds of the authority, all of which  
27 depositories shall give security sufficient to secure the authority  
28 against possible loss, and who shall pay the warrants drawn by the  
29 authority's treasurer for demands against the authority under any  
30 rules the directors may prescribe.

31 (l) An authority may issue bonds, borrow money, and incur  
32 indebtedness as authorized by law.

33 (m) An authority may refund bonds, loans, or indebtedness by  
34 the issuance of the same obligations following the same procedure  
35 or retire any indebtedness or lien that may exist against the  
36 authority or its property.

37 (n) An authority may insure its directors, officers, assistants,  
38 employees, agents, and deputies for injury, death, or disability  
39 incurred while engaged in the business of the authority and the  
40 cost of the insurance is a proper charge against the authority. The

1 insurance is in addition to any compensation secured under the  
2 provisions of Division 4 (commencing with Section 3200) of the  
3 Labor Code and inuring to the benefit of the director, officer,  
4 deputy, assistant, employee, or agent, or their beneficiary or heir.

5 78052. Within 180 days of its initial meeting after formation,  
6 the board shall file a certificate with the Secretary of State that  
7 includes all of the following:

8 (a) The name of the authority.

9 (b) The date of formation.

10 (c) Any county in which the authority is located and a legal  
11 description of the boundaries of the authority, a reference to a map  
12 showing the boundaries of the authority, or a reference to a map  
13 on file with a county recorder's office showing the boundaries of  
14 the authority.

15 (d) An identification of all of the public agencies, water  
16 corporations, or mutual water companies that were consolidated  
17 into the authority.

18  
19 CHAPTER 3. OFFICERS AND EMPLOYEES  
20

21 78055. (a) At its first meeting, or as soon as practicable, the  
22 board shall appoint, by a majority vote, a secretary, treasurer,  
23 attorney, general manager, and auditor. The board, at any meeting,  
24 may appoint a deputy secretary and a deputy treasurer. The board  
25 shall define the duties of these officers and fix their compensation.  
26 Each officer shall serve at the pleasure of the board. A deputy  
27 director, deputy secretary, attorney, general manager, and auditor  
28 shall not be directors, but the secretary and treasurer may be  
29 directors.

30 (b) The officers appointed pursuant to subdivision (a) shall,  
31 until such time as the local agency formation commission issues  
32 a notice of completion, pursuant to Section 78038, take direction  
33 from the administrator appointed by the state board.

34 (c) The board may employ additional assistants, contractors,  
35 and employees as the board deems necessary to efficiently maintain  
36 and operate the authority.

37 (d) The board may consolidate the offices of secretary and  
38 treasurer.

1 78056. (a) The president and secretary, in addition to the duties  
2 imposed on them by law, shall perform any duties that may be  
3 imposed on them by the board.

4 (b) The treasurer, or other person as may be authorized by the  
5 board, shall draw checks or warrants to pay demands when the  
6 demands have been audited and approved in the manner prescribed  
7 by the board.

8 (c) Subject to the approval of the board, the general manager  
9 shall have full charge and control of the maintenance, operation,  
10 and construction of the waterworks or waterworks system of the  
11 authority, with full power and authority to employ and discharge  
12 all employees and assistants, other than those described in  
13 subdivision (a) of Section 78055, at pleasure, prescribe their duties,  
14 and fix their compensation.

15 (d) The general manager shall perform duties as may be imposed  
16 on the general manager by the board. The general manager shall  
17 report to the board in accordance with the rules and regulations  
18 adopted by the board.

19 (e) The attorney shall be the legal adviser of the authority and  
20 shall perform any other duties that may be prescribed by the board.

21 (f) The general manager, secretary, and treasurer, and other  
22 employees or assistants of the authority designated by the board,  
23 shall give any bonds to the authority conditioned for the faithful  
24 performance of their duties that the board from time to time may  
25 provide. The premiums on the bonds shall be paid by the authority.

## 26 27 PART 6. ELECTIONS

28  
29 78060. Elections shall be conducted pursuant to the provisions  
30 of the Uniform District Election Law (Part 4 (commencing with  
31 Section 10500) of Division 10 of the Elections Code).

## 32 33 PART 7. POWERS AND PURPOSES

### 34 35 CHAPTER 1. POWERS GENERALLY

36  
37 78065. An authority may exercise the powers that are expressly  
38 granted by this division or are necessarily implied.

39 78066. An authority may have perpetual succession. An  
40 authority may adopt a seal and alter it at pleasure.

1     78067. An authority may make contracts, employ labor, and  
2 do all acts necessary for the full exercise of its powers.

3     78068. (a) An authority may provide by ordinance for the  
4 pensioning of officers or employees, for the terms and conditions  
5 under which the pensions shall be awarded, and for the time and  
6 extent of service of officers or employees before the pensions shall  
7 be available to them.

8     (b) An authority may contract with any insurance corporation,  
9 the Public Employees' Retirement System, or any other insurance  
10 carrier for the maintenance of a service covering the pension of  
11 the authority officers or employees and for their health and accident  
12 insurance coverage.

13     78069. An authority may disseminate information concerning  
14 the rights, properties, and activities of the authority. The power  
15 shall not be construed as an exception to the California Public  
16 Records Act (Chapter 3.5 (commencing with Section 6250) of  
17 Division 7 of Title 1 of the Government Code).

18     78070. An authority may, by resolution, obtain membership  
19 in an association having for its purpose the furtherance of a subject  
20 relating to the powers and duties of the authority and for the  
21 interchange of information relating to those powers and duties. An  
22 authority may appropriate the funds necessary for these purposes.

23     78071. An authority may, by resolution of the board of directors  
24 spread on its minutes, change the name of the authority. Certified  
25 copies of the resolution changing the name of the authority shall  
26 be recorded in the office of the county recorder of every affected  
27 county and sent to the county clerk of every affected county and  
28 to the state board.

29     78072. Every person convicted of an infraction for a violation  
30 of any local ordinance or regulation adopted pursuant to this  
31 division shall be punished upon a first conviction by a fine not  
32 exceeding fifty dollars (\$50) and for a second conviction within a  
33 period of one year by a fine of not exceeding one hundred dollars  
34 (\$100) and for a third or any subsequent conviction within a period  
35 of one year by a fine of not exceeding two hundred fifty dollars  
36 (\$250).

37     78073. (a) In order to enforce the provisions of any ordinance  
38 of the authority, including an ordinance fixing charges for the  
39 furnishing of commodities or services, the authority may correct  
40 any violation of an ordinance of the authority. The authority may



1 also petition the superior court for the issuance of a preliminary  
2 or permanent injunction, or both, as may be appropriate, restraining  
3 any person from the continued violation of any ordinance of the  
4 authority or for the issuance of an order stopping or disconnecting  
5 a service if the charges for that service are unpaid at the time  
6 specified in the ordinance.

7 (b) The authority may enter upon the private property of any  
8 person within the jurisdiction of the authority in order to investigate  
9 possible violations of an ordinance of the authority. The  
10 investigation shall be made with the consent of the owner or tenant  
11 of the property or, if consent is refused, with a warrant duly issued  
12 pursuant to the procedures set forth in Title 13 (commencing with  
13 Section 1822.50) of Part 3 of the Code of Civil Procedure, except  
14 that, notwithstanding Section 1822.52 of the Code of Civil  
15 Procedure, the warrant shall be issued only upon probable cause.

16 (c) The authority shall notify the county or city building  
17 inspector, county health inspector, or other affected county or city  
18 employee or office, in writing, within a reasonable time if an actual  
19 violation of an authority, city, or county ordinance is discovered  
20 during the investigation.

## 21 22 CHAPTER 2. WATER 23

24 78075. (a) An authority may acquire, control, distribute, store,  
25 spread, sink, treat, purify, recycle, recapture, and salvage any water,  
26 including sewage and stormwater, for the beneficial use of the  
27 authority.

28 (b) An authority may undertake a water conservation program  
29 to reduce water use and may require, as a condition of new service,  
30 that reasonable water-saving devices and water reclamation devices  
31 be installed to reduce water use.

32 (c) An authority may sell water under its control, without  
33 preference, to cities, other public corporations, agencies, and  
34 persons, within the authority for use within the authority.

35 (d) An authority may fix the rates at which water shall be sold.  
36 Different rates may be established for different classes or conditions  
37 of service, but rates shall be uniform throughout the authority for  
38 like classes and conditions of service. Rates fixed by an authority  
39 shall result in revenues that will do all of the following:

40 (1) Pay the operating expenses of the authority.

1 (2) Provide for repairs and depreciation of works.

2 (3) Provide a reasonable surplus for improvements, extensions,  
3 and enlargements.

4 (4) Pay the interest on any bonded debt.

5 (5) Provide a sinking or other fund for the payment of the  
6 principal of the bonded debt as it becomes due.

7 (e) An authority furnishing water for residential use to a tenant  
8 shall not seek to recover any charge or penalty for the furnishing  
9 of water to or for the tenant's residential use from any subsequent  
10 tenant on account of nonpayment of charges by a previous tenant.  
11 The authority may require that service to subsequent tenants be  
12 furnished on the account of the landlord or property owner.

13 78076. (a) Pursuant to the notice, protest, and hearing  
14 requirements imposed by Section 53753 of the Government Code,  
15 an authority, by ordinance on or before the third Monday in August  
16 in each fiscal year, may fix a water standby assessment or  
17 availability charge in the authority or in any portion of the authority  
18 to which the authority makes water available, whether the water  
19 is actually used or not.

20 (b) The standby assessment or availability charge shall not  
21 exceed one hundred dollars (\$100) per acre per year for each acre  
22 of land on which the charge is levied or one hundred dollars (\$100)  
23 per year for a parcel less than one acre.

24 (c) The ordinance fixing a standby assessment or availability  
25 charge shall be adopted by the board pursuant to the notice, protest,  
26 and hearing procedures in Section 53753 of the Government Code  
27 and only after adoption of a resolution setting forth the particular  
28 schedule or schedules of charges or assessments proposed to be  
29 established by ordinance and after a hearing on the resolution.

30 (d) If the procedures set forth in this section were followed, the  
31 board may, by ordinance, continue the standby assessment or  
32 availability charge pursuant to this chapter in successive years at  
33 the same rate. If new, increased, or extended assessments are  
34 proposed, the board shall comply with the notice, protest, and  
35 hearing procedures in Section 53753 of the Government Code.

36 (e) An ordinance fixing a standby assessment or availability  
37 charge may establish a schedule varying the charges according to  
38 land uses, water uses, and degree of water availability.

39 (f) On or before the third Monday in August, the board shall  
40 furnish in writing to the board of supervisors and the county auditor

1 of each affected county a description of each parcel of land within  
2 the authority upon which a standby charge is to be levied and  
3 collected for the current fiscal year, together with the amount of  
4 standby charge fixed by the authority on each parcel of land.

5 (g) The board shall direct that, at the time and in the manner  
6 required by law for the levying of taxes for county purposes, the  
7 board of supervisors shall levy, in addition to any other tax it levies,  
8 the standby charge in the amounts for the respective parcels fixed  
9 by the board.

10 (h) All county officers charged with the duty of collecting taxes  
11 shall collect authority standby charges with the regular tax  
12 payments to the county. The charges shall be collected in the same  
13 form and manner as county taxes are collected, and shall be paid  
14 to the authority.

15 (i) Charges fixed by the authority shall be a lien on all the  
16 property benefited by the charges. Liens for the charges shall be  
17 of the same force and effect as other liens for taxes, and their  
18 collection may be enforced by the same means as provided for the  
19 enforcement of liens for state and county taxes.

20 78077. (a) An authority may restrict the use of authority water  
21 during any emergency caused by drought, or other threatened or  
22 existing water shortage, and may prohibit the wastage of authority  
23 water or the use of authority water during periods for any purpose  
24 other than household uses or other restricted uses as the authority  
25 determines to be necessary. An authority may also prohibit use of  
26 authority water during these periods for specific uses that it finds  
27 to be nonessential.

28 (b) An authority may prescribe and define by ordinance the  
29 restrictions, prohibitions, and exclusions referred to in subdivision  
30 (a). The ordinance is effective upon adoption; but, within 10 days  
31 after its adoption, the ordinance shall be published pursuant to  
32 Section 6061 of the Government Code in full in a newspaper of  
33 general circulation that is printed, published, and circulated in the  
34 authority. If there is no newspaper of general circulation printed,  
35 published, and circulated in the authority, the ordinance shall be  
36 posted within 10 days after its adoption in three public places  
37 within the authority.

38 (c) A finding by the board upon the existence, threat, or duration  
39 of an emergency or shortage, or upon the matter of necessity or of  
40 any other matter or condition referred to in subdivision (a), shall

be made by resolution or ordinance. The finding is prima facie evidence of the fact or matter so found, and the fact or matter shall be presumed to continue unchanged unless and until a contrary finding is made by the board by resolution or ordinance.

(d) The finding made by the board pursuant to subdivision (c) shall be received in evidence in any civil or criminal proceeding in which it may be offered, and shall be proof and evidence of the fact or matter found until rebutted or overcome by other sufficient evidence received in the proceeding. A copy of any resolution or ordinance setting forth the finding shall, when certified by the secretary of the authority, be evidence that the finding was made by the authority as shown by the resolution or ordinance and certification.

(e) From and after the publication or posting of any ordinance pursuant to subdivision (b), and until the ordinance has been repealed or the emergency or threatened emergency has ceased, it is a misdemeanor for any person to use or apply water received from the authority contrary to or in violation of any restriction or prohibition specified in the ordinance. Upon conviction, such a person shall be punished by imprisonment in the county jail for not more than 30 days, or by fine not exceeding six hundred dollars (\$600), or by both.

### CHAPTER 3. PROPERTY

78080. An authority may, within or without the authority, take real and personal property of every kind by grant, purchase, gift, device, or lease, and hold, use, enjoy, lease, or dispose of real and personal property of every kind.

78081. An authority may do all of the following:

(a) Acquire, or contract to acquire, waterworks or a waterworks system, waters, water rights, lands, rights, and privileges.

(b) Construct, maintain, and operate conduits, pipelines, reservoirs, works, machinery, and other property useful or necessary to store, convey, supply, or otherwise make use of water for a waterworks plant or system for the benefit of the authority.

(c) Complete, extend, add to, repair, or otherwise improve any waterworks or waterworks system acquired by the authority.

(d) Carry on and conduct waterworks or a waterworks system.

1     78082. An authority may lease from any person, or public  
2 corporation or agency, with the privilege of purchasing or  
3 otherwise, all or any part of water storage, transportation, or  
4 distribution facilities, existing waterworks, or a waterworks system.

5     78083. An authority may exercise the right of eminent domain  
6 to take any property necessary to supply the authority or any  
7 portion of the authority with water. The authority, in exercising  
8 the power, shall, in addition to the damage for the taking, injury,  
9 or destruction of property, also pay the cost of removal,  
10 reconstruction, or relocation of any structure, railways, mains,  
11 pipes, conduits, wires, cables, or poles of any public utility that is  
12 required to be removed to a new location.

13     78084. An authority may construct works along and across  
14 any stream of water, watercourse, street, avenue, highway, canal,  
15 ditch, or flume, or across any railway that the route of the works  
16 may intersect or cross. The works shall be constructed in such a  
17 manner as to afford security for life and property, and the authority  
18 shall restore the crossings and intersections to their former state  
19 as near as may be, or in a manner so as not to have impaired  
20 unnecessarily their usefulness.

#### 21                                   CHAPTER 4. CONTRACTS

22  
23  
24     78085. Contracts mentioned in this chapter include those made  
25 with the United States under the Federal Reclamation Act of June  
26 17, 1902, and all acts amendatory thereof or supplementary thereto,  
27 or any other act of Congress heretofore or hereafter enacted  
28 permitting cooperation.

29     78086. An authority may join with one or more public agencies,  
30 private corporations, or other persons for the purpose of carrying  
31 out any of the powers of the authority, and for that purpose may  
32 contract with any other public agencies, private corporations, or  
33 persons to finance acquisitions, construction, and operations.

34     78087. The contracts with other public agencies, private  
35 corporations, or persons may provide for contributions to be made  
36 by each party to the contract, for the division and apportionment  
37 of the expenses of the acquisitions and operations, and for the  
38 division and apportionment of the benefits, services, and products  
39 from the contract. The contracts may also provide for an agency  
40 to effect the acquisitions and to carry on the operations, and shall

1 provide in the powers and methods of procedure for the agency  
2 the method by which the agency may contract. The contracts may  
3 contain other and further covenants and agreements as may be  
4 necessary or convenient to accomplish the purposes of the contract.

5  
6 CHAPTER 5. CONTROVERSIES  
7

8 78090. An authority may sue and be sued, except as otherwise  
9 provided in this division or by law, in all actions and proceedings  
10 in all courts and tribunals of competent jurisdiction.

11 78091. An authority may commence, maintain, intervene in,  
12 and compromise, in the name of the authority, any action or  
13 proceeding involving or affecting the ownership or use of water  
14 or water rights within the authority, used or useful for any purpose  
15 of the authority, or a common benefit to lands within the authority  
16 or inhabitants of the authority.

17 78092. An action to determine the validity of any contract  
18 authorized by Chapter 4 (commencing with Section 78085) and  
19 any bonds, notes, or other evidences of indebtedness may be  
20 brought pursuant to Chapter 9 (commencing with Section 860) of  
21 Title 10 of Part 2 of the Code of Civil Procedure.

22 78093. All claims for money or damages against the authority  
23 are governed by Part 3 (commencing with Section 900) and Part  
24 4 (commencing with Section 940) of Division 3.6 of Title 1 of the  
25 Government Code except as provided therein, or by other statutes  
26 or regulations expressly applicable to the authority.

27 78094. To carry out the purposes of this division, an authority  
28 shall have the power to commence, maintain, intervene in, defend,  
29 and compromise, in the name of the authority, or as a class  
30 representative of the inhabitants, property owners, taxpayers, water  
31 producers, or water users within the authority, or otherwise, and  
32 to assume the costs and expenses of any and all actions and  
33 proceedings now or hereafter begun to determine or adjudicate all  
34 or substantially all of the water rights of a basin or other hydrologic  
35 unit overlain, in whole or in part, by the authority, as between  
36 owners of or claimants to those rights, to prevent any interference  
37 with water or water rights used or useful to the lands, inhabitants,  
38 owners, operators, or producers within the authority, or to prevent  
39 the diminution of the quantity or quality of the water supply of the

1 authority or the basin, or to prevent unlawful exportation of water  
2 from the authority or basin.

3 78095. An authority may employ counsel to defend any action  
4 brought against it or against any of its officers, agents, or  
5 employees on account of any claimed action or inaction involving  
6 any claimed injury, taking, damage, or destruction, and the fees  
7 and expenses involved in the defense shall be a lawful charge  
8 against the authority.

9 78096. If any officer, agent, or employee of the authority is  
10 held liable for any act or omission in their official capacity, except  
11 in case of actual fraud or actual malice, and any judgment is  
12 rendered, the authority shall pay the judgment without obligation  
13 for repayment by the officer, agent, or employee.

## 14 PART 8. FINANCIAL PROVISIONS

### 15 CHAPTER 1. POWERS

16  
17  
18  
19 78100. Article 4 (commencing with Section 53500) and Article  
20 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of  
21 Division 2 of Title 5 of the Government Code apply to an authority  
22 for the purpose of providing funds for the acquisition, construction,  
23 improving, or financing of any public improvement authorized by  
24 this division. For the purposes of Article 4 (commencing with  
25 Section 53500) and Article 4.5 (commencing with Section 53506)  
26 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government  
27 Code, “property” shall refer to both land and improvements with  
28 the effect that ad valorem taxes or assessments levied by an  
29 authority to repay a general obligation bond may be levied upon  
30 both land and improvements if approved by the electorate.

31 78101. Any money belonging to an authority may be deposited  
32 or invested and drawn out as provided in Article 2 (commencing  
33 with Section 53630) of Chapter 4 of Part 1 of Division 2 of Title  
34 5 of the Government Code, as that article may be amended.  
35 References in that article to “auditor” shall mean, for the purposes  
36 of an authority, the secretary of an authority.

37 78102. (a) An improvement district may be formed in an  
38 authority in the same manner as an improvement district is formed  
39 in an irrigation district pursuant to Part 7 (commencing with  
40 Section 23600) of Division 11. When formed, an improvement

1 district shall be governed and have the same powers as an  
2 improvement district in an irrigation district pursuant to Part 7  
3 (commencing with Section 23600) of Division 11.

4 (b) A board shall have the same rights, powers, duties, and  
5 responsibilities with respect to the formation and government of  
6 an improvement district as the board of directors of an irrigation  
7 district has with respect to an improvement district in an irrigation  
8 district pursuant to Division 11 (commencing with Section 20500).

9 (c) An assessment in an improvement district in an authority  
10 shall be levied, collected, and enforced at the same time and in as  
11 nearly the same manner as practicable as annual taxes for purposes  
12 of the authority in which formed, except that the assessment shall  
13 be made in the same manner as provided with respect to an  
14 improvement district in an irrigation district pursuant to Part 7  
15 (commencing with Section 23600) of Division 11.

16 (d) All powers and duties of an authority may be exercised on  
17 behalf of or within any improvement district formed pursuant to  
18 this section.

19 (e) An authority may issue revenue bonds in accordance with  
20 the Revenue Bond Law of 1941 (Chapter 6 (commencing with  
21 Section 54300) of Part 1 of Division 2 of Title 5 of the Government  
22 Code) on behalf of any portion of the authority created as an  
23 improvement district pursuant to this section, except that the  
24 issuance of revenue bonds by an authority shall not be subject to  
25 the election procedures of Article 3 (commencing with Section  
26 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the  
27 Government Code. The board shall authorize undertaking the  
28 improvement and the issuance of revenue bonds for that purpose  
29 by ordinance or resolution of the board, which shall be subject to  
30 referendum. If an authority issues revenue bonds on behalf of an  
31 improvement district, the issuance of the revenue bonds is limited  
32 to the area of the improvement district. The proceeds of any  
33 revenue bonds issued on behalf of an improvement district shall  
34 not be used to finance public improvements to provide service  
35 outside the service area of the improvement district. Only revenue  
36 derived from rates or charges for providing the service within the  
37 service area of the improvement district shall be pledged or used  
38 to pay for any revenue bonds issued on behalf of an improvement  
39 district.



(f) For the purposes of subdivision (e), “service area of the improvement district” means the territory of an improvement district as it existed at the time of revenue bond issuance plus lands outside of the improvement district, if any, being served at the time of the bond issuance by the improvement district facilities, and additional territory, if any, annexed to the improvement district as the improvement district existed at the time of the issuance election, not exceeding, in the aggregate, 40 percent by area of the improvement district as the improvement district existed at the time of the bond issuance.

78103. The authority may exercise the powers granted pursuant to Division 10 (commencing with Section 8500) of the Streets and Highways Code.

## CHAPTER 2. FINANCIAL PLAN AND IMPLEMENTATION

78110. No later than one year after the date upon which an authority is formed, the administrator shall prepare and submit a capital improvement plan to the state board. The plan shall bring the authority into full compliance with drinking water standards within three years, which time may be extended by the state board for good cause.

78111. No later than 18 months after the date upon which an authority is formed, the authority shall levy an assessment, fee, charge, or special tax, in accordance with Articles XIII, XIII A, XIII C, and XIII D of the California Constitution, and any other applicable law, to fund the ongoing operations and maintenance of the public water system.

## CHAPTER 3. FISCAL PROVISIONS

78115. (a) Upon appropriation by the Legislature from the General Fund, or, to the extent funds are available from bond revenues or other sources, including federal, state, academic, or other public or private entities, the state board shall provide funding for an administrator pursuant to subdivision (d) of Section 78036, and for formation and startup costs of an authority for up to three fiscal years after formation of the authority, as follows:

(1) The state board shall provide to the local agency formation commission in the counties in which one or more authorities are

1 to be formed up to a total of \_\_\_\_ dollars (\$\_\_\_\_) for staffing and  
2 consulting resources and other reasonable expenses to implement  
3 Sections 78035, 78038, 78040, and 78041. This amount shall be  
4 for all formations of authorities pursuant to this division.

5 (2) The state board shall provide, for the administrator and  
6 consulting resources under Section 78036, funding of up to a total  
7 of \_\_\_\_ dollars (\$\_\_\_\_). This amount shall be for all formations  
8 of authorities pursuant to this division.

9 (3) The state board shall provide funding assistance to each  
10 authority for three consecutive fiscal years after formation based  
11 upon the plan for service approved by the local agency formation  
12 commission pursuant to Section 78038 in an amount not to exceed  
13 33 percent of an authority's annual projected rate revenue in the  
14 first fiscal year, 20 percent of an authority's projected rate revenue  
15 in the second fiscal year, and 10 percent of an authority's projected  
16 rate revenue in the third fiscal year. The total funding requirement  
17 for this paragraph shall not exceed \_\_\_\_ dollars (\$\_\_\_\_).

18 (4) The state board shall provide funding assistance to each  
19 authority in its first fiscal year equivalent to 25 percent of an  
20 authority's projected rate revenue to function as a working capital  
21 reserve fund. The total funding requirement for this paragraph  
22 shall not exceed \_\_\_\_ dollars (\$\_\_\_\_).

23 (b) Upon appropriation by the Legislature from the General  
24 Fund, or, to the extent funds are available from bond revenues or  
25 other sources, including federal, state, academic, or other public  
26 or private entities, the state board shall receive up to \_\_\_\_ dollars  
27 (\$\_\_\_\_) for the preparation of distressed business valuations to  
28 determine the net fair market value of the water corporations or  
29 mutual water companies pursuant to Section 78037.

30 (c) If the moneys specified in subdivisions (a) and (b) are not  
31 sufficient to meet the statewide needs of the authorities created  
32 pursuant to this division, funding shall be made available for the  
33 purposes of this division upon appropriation from the Safe Drinking  
34 Water State Revolving Fund created by Section 116760.30 of the  
35 Health and Safety Code as follows, to the extent permitted by  
36 federal law:

37 (1) Grants or loans, as applicable, for capital improvements  
38 shall be deemed to be within the highest funding priority within  
39 the state revolving fund. Loans shall, until January 1, 2030, be  
40 awarded to an authority without interest. On and after July 1, 2030,

1 the interest on loans shall be at the lowest possible rate then  
2 available.

3 (2) Grants or loans, as applicable, for technical assistance,  
4 planning, or other nonconstruction-related matters other than  
5 staffing or the operation and maintenance of facilities shall, until  
6 January 1, 2030, be deemed to be within the highest funding  
7 priority within the state revolving fund and, on and after January  
8 1, 2030, shall be deemed to be within the second-highest priority  
9 within the state revolving fund.

10

11 PART 9. CHANGES IN ORGANIZATION

12

13 78120. Provided that a change in organization is consistent  
14 with this division, a change in organization shall be carried out as  
15 set forth in the Cortese-Knox-Hertzberg Local Government  
16 Reorganization Act of 2000 (Division 3 (commencing with Section  
17 56000) of Title 5 of the Government Code).

18 SEC. 9. No reimbursement is required by this act pursuant to  
19 Section 6 of Article XIII B of the California Constitution for certain  
20 costs that may be incurred by a local agency or school district  
21 because, in that regard, this act creates a new crime or infraction,  
22 eliminates a crime or infraction, or changes the penalty for a crime  
23 or infraction, within the meaning of Section 17556 of the  
24 Government Code, or changes the definition of a crime within the  
25 meaning of Section 6 of Article XIII B of the California  
26 Constitution.

27 However, if the Commission on State Mandates determines that  
28 this act contains other costs mandated by the state, reimbursement  
29 to local agencies and school districts for those costs shall be made  
30 pursuant to Part 7 (commencing with Section 17500) of Division  
31 4 of Title 2 of the Government Code.

O

# The Small System Water Authority Act of 2019

## Summary of Language Changes

### Version 1 – Long Version

(Changes reflect differences from AB 2050 [2018])

#### Part 4. Formation

- Amended Section 78030(a)(2) identifying that a system is deemed out of compliance if they are in violation of one or more state or federal primary drinking water standard maximum contaminant levels based on a running average for the period from July 1, 2018 through December 31, 2019. AB 2050 had identified a term of four consecutive quarters before March 1, 2019. This has since been deleted.
- Section 78032 (c)(2)(C) added the word “reasonable” as, “there is no other *reasonable* alternative that would protect the public drinking water supplies of the public water system...”
- Section 78032(c)(3) added language that directed the state board to remedy the water quality violations if they are unable to make the prescribed findings through the application of their existing authority to order consolidations or through the application of existing funding sources to remedy the failure.
- Added Section 78033(a)(2) identifying that the customers of a failing water system may submit a petition that their public water system be included in a proposed small system water authority by filing a petition comprised of either a specific number of customers or by a specific percentage of the service connections.
- Added Section 78035(6) which identified that the conceptual formation plan must include the identification of interim safe drinking water supplies sufficient to serve the customers of the system from submission of the conceptual plan until the date upon which all infrastructure repairs, construction, rehabilitation or reconstruction are complete.
- Added language to Section 78038(a) that provided flexibility for the system administrator to determine that an authority would be financially and operationally viable with less than five public water systems.
- Added subsection (4) to Section 78038 which outlines systems that may voluntarily opt-in, this subsection clarifies that those systems where the residents petition to be part of the system, may be included as an opt-in system.
- Added Section 78038(b)(1)(D) which ensures that interim water supplies are identified in the plan for service that is submitted to LAFCO.
- Added 78038(b)(2)(G) identifying that where a special district is to be dissolved a successor who will assume responsibility also must identify an interim water supply.
- Added 78038(c)(1) accelerates the period for notification by the Administrator to the State Board that formation of a small system water authority is not feasible.
- Added 78038(c)(2) which requires the State Board develop findings that even though a small system water authority could not be formed that continued operations of the system is still a threat to public health and safety.

- Added 78038(c)(3) specifying that if the previously identified findings have been made then the State Board will either exercise existing consolidation authorities under SB 88 [2015], or use existing funding sources to remedy the failure to meet applicable water quality standards.
- Amended Section 78040(a) which now identifies that both the LAFCO and the State Board (AB 2050 had only identified LAFCO) must receive a report annually for the first three years after formation describing the prior year's operation, any violations of drinking water standards, actions taken, etc.
- Amended Section 78040(b) where previous versions of the bill had identified that the LAFCO may order the authority to remedy any failure to comply with conditions imposed in either the conceptual formation plan or the plan for service, this version identifies the State Board as the entity responsible.
- Added the requested language from the State Controller in section 78041(a) stating that the Controller (instead of a consultant hired by the Controller) shall prepare a report to the Legislature reviewing startup operations, fiscal health, and identifies any supplemental state funding. Further outlines that the Controller may consult with any other individual or organization they deem appropriate including but not limited to a list of identified associations.
- Deleted former description for the qualifications and procedure for hiring an administrator and instead cross referenced the State Board's current authority to hire a system administrator (per the State Board's request).
- Added new Sections 78042(a) and (b) requiring the State Board to prepare a report to the Legislature no later than January 1, 2026 specifying the number of public water systems that, at any time between July 1, 2018 and January 1, 2025 were out of compliance with one or more state or federal primary drinking water standard maximum contaminant levels on a running annual average. The report shall identify public water systems that were a) brought into compliance through the formation of an authority, b) were brought into compliance with consolidations under SB 88 [2015], or c) those systems that remain out of compliance. For those systems that remain out of compliance the report shall further propose one or more plans that will, using financial and other resources available, bring those systems into compliance by January 1, 2029.

#### Part 8. Financial Provisions: Chapter 3: Fiscal provisions

- Section 78115(a)(1) – (5) removed the reference to specific dollar figures for LAFCO and each of the prescribed state agencies. We are in the process of refining the numbers and will likely be identifying Safe Drinking Water Trust as the method for funding.
- Added Sections 78115(c), (A) and (B) identifying sources of additional funding should the previously identified funding sources be insufficient. At a future date this may be linked to the Safe Drinking Water Trust Funding.

#### General Changes

- Changes to the timeline in terms of both calendar dates and a reference to a specific number of days have been made throughout the document.



**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: Sole Source Contract for Brown and Caldwell to Develop Information  
Relative to Small Non-Compliant California Drinking Water Systems**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors to authorize the GM to enter into a contract with Brown and Caldwell to complete the scope of work attached. The cost for the MWD OC portion of this study effort will be provided prior to the March 18 PAL Committee meeting.

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BACKGROUND**

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In September 2018, the MWD OC Board of Directors authorized a scoping study for Black & Veatch to begin preparation of cost estimates to bring, small, non-compliant water systems, statewide, into compliance. In the process of researching this effort, and meeting with other groups who have done similar work, it was determined that Brown and Caldwell, collaborating with the California Urban Water Agencies (CUWA) and the Pacific Institute, was developing a similar study. MWD OC staff reached out to Brown and Caldwell to see if there was an opportunity to “add-on” to what was already being funded by CUWA to take advantage of economies of scale.

<b>Budgeted (Y/N):</b> No	Budgeted amount: TBD	Core X	Choice ____
<b>Action item amount:</b> TBD	Line item:		
<b>Fiscal Impact (explain if unbudgeted):</b>			

## REPORT

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MWDOC discussed our interests with staff from Brown and Caldwell and requested that they prepare a scope of work and cost estimate. We requested that they focus on a financial analysis of funds that have been spent so far on chronically non-compliant water systems, and what has been accomplished. We believe the insight from this analysis will assist in presenting information to the SWRCB and others to re-focus the “water tax” discussions.

Attached is the scope of work that Brown and Caldwell has proposed for MWDOC to research to determine the impacts/outcomes of past investments and delineate areas where additional funds could be targeted now to address systems with persistent health-based violations.

In addition, Brown and Caldwell has shared an overview of the work they will be completing concurrently for CUWA and the Pacific Institute. The CUWA study focuses on small public water systems with persistent drinking water quality violations (at least 12 or more quarters of violations out of the 20 quarters between 2013 and 2017). Although in some instances, there is more current data available, not all water quality data is housed in the same database, especially if a contaminant is not regulated. CUWA has augmented information on drinking water violations and then added information relative to 1,2,3-TCP (only regulated since 2017) and Chromium VI (not yet regulated but being developed). The report will identify systems with long-term water quality problems, the approaches best suited for those systems based on type of contaminant and proximity to water of higher quality, and the potential range of costs for these solutions. This can inform the ongoing discussions at the State level on the best way to find long-lasting sustainable solutions for all failing water systems.

Work on both studies is expected to be done concurrently, with both studies complementing one another without conflicting with one another. When advised about MWDOC’s areas of interest, the CUWA Board expressed enthusiasm for the additional work as it will improve the overall effort. The completion date is estimated to be August 2019.

Brown and Caldwell has not yet provided a cost to complete the scope of work. They indicated the scoping would be completed and provided to MWDOC prior to the March 18 PAL meeting. Staff will provide it to the Board as soon as it is received.

### **Attached:**

- Brown and Caldwell proposed Scope of Work - Proposal for MWDOC Financial Analysis for Small Non-Compliant Drinking Water System
- CUWA and the Pacific Institute - Summary of Work, Solutions for Failing Drinking Water Systems in California

## Proposal for MWDOC Financial Analysis for Small Non-Compliant Drinking Water Systems

**Background:** Nearly a million Californians receive drinking water from failing public water systems, primarily from small sized water systems with persistent compliance issues. The State of California, State Water Resources Control Board (SWRCB) is exploring various approaches to funding their Human Right to Water (HR2W) initiative and has embarked on a needs assessment, which is expected to be completed in 2021. A number of funding sources are being leveraged to address systems in violation; however, the reporting of results of improvements and the need for additional funding has not been quantified. Estimates in legislative discussions have indicated that the need is around \$140 million, however it is unclear how this was quantified and there is no central source of information that documents the collective financial efforts and results of efforts being undertaken to solve this problem.

A recent analysis by the California Urban Water Agencies (CUWA) showed that nearly 700,000 people are served by small public water systems with one or more water quality violation(s) over the last five years. Of these, 150 systems collectively serving over 137,000 people have had persistent violations, defined for the purpose of their analysis as health-based violations in 12 or more quarters from 2013-2017 (Figure 1), but additional information is required to ascertain the cost of returning to compliance and how 100% compliance might be achieved. Figure 1 also predicts potential persistent non-compliance from chromium VI which is expected to be regulated in the near future.

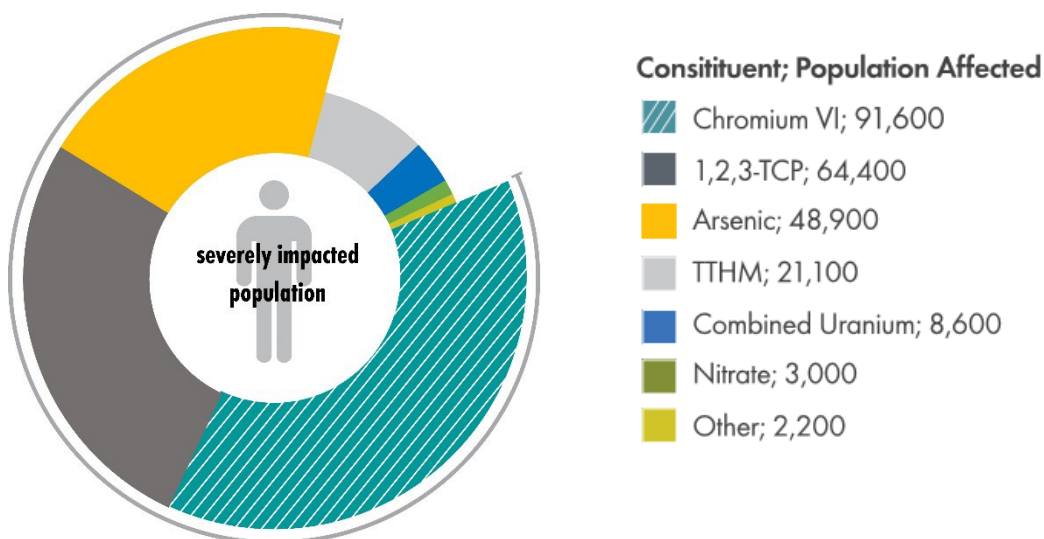


Figure 1: Types of Water Quality Challenges for Public Water Systems with Persistent Violations (2013-2017). Source: CUWA, 2018

An analysis of where funds have been spent to date, the resultant outcomes, and where additional funds are needed would provide valuable information to the State Board in its current needs assessment and help to direct resources where they would have the greatest impact. It is also complementary to an ongoing Water Research Foundation (WRF) project by CUWA/Pacific Institute which will match potential solutions and develop a high-level estimate of costs for persistently violating systems.

Brown and Caldwell (BC) staff have been engaged in various discussions regarding Safe and Affordable Water in California via our involvement with CUWA and the California-Nevada Section of AWWA (CA-NV AWWA). These organizations have been examining ways to make progress and leverage existing resources. The information developed from the project described below can contribute to and



complement this body of work by informing the ongoing discussions at the State level and encourage lasting solutions rather than short-term fixes requiring additional assistance/intervention down the road.

**Project Goal/Outcome:** Determine the impacts/outcomes of past investments and delineate areas where additional funds could be directed to address systems with persistent health-based violations.

**Scope:** This effort funded by Municipal Water District of Orange County (MWDOC) will help to examine which specific system's needs can be met with existing funding sources, and which will require new or additional sources of funding.

- **Existing Resources/Identified Projects** - Review existing financial reports (e.g. Drinking Water State Revolving Fund (DWSRF), Proposition 1, Proposition 84, others,) and what remedies and investments are already in process to the extent data and information are available. For example, several projects to improve drinking water quality have already been identified and are in various stages of the funding approval process. Based on conversations with Division of Drinking Water (DDW) staff, systems with arsenic compliance issues are in various stages of funding and the process is regularly being tracked by DDW and USEPA Region 9. Since this information is not readily available outside these agencies, it is possible that the financial need to address these systems may be double-counted. The Office of Financial Assistance also tracks the status of funding applications. It would be good to understand where systems are on the funding path, and what additional steps and funding are needed to provide solutions. To accomplish this, BC will:
  - Classify projects as either temporary (e.g. interim water source such as provision of bottled water) or long-term solutions (e.g. new treatment system, new management structure). The focus would be on long-term solutions as the ultimate goal to establish system sustainability and resolve the recurring compliance issues and prevent them from recurring, rather than continuing to subsidize interim fixes.
  - Understand whether one-time funding measures have been effective.
  - Classify additional funding needs for projects in progress.
  - Identify existing funding sources that are underutilized.
  - Review grants for technical assistance providers and NGOs (e.g. RCAC, CA Rural Water, CWC, Self-Help, etc.) to determine what work is underway and how effective the work has been in identifying costs and solutions.
- **Future Projects** – Identify which systems do not have an identified project (remedy) or potential funding source and leverage the upcoming WRF project by CUWA/Pacific Institute for class 5 treatment costs for arsenic and 1,2,3-TCP as well as the SWRCB estimate of needs if available.

A targeted approach to this analysis will help identify where the greatest progress can be made. The 2018 CUWA Issue Brief further determined that of the 150 systems in persistent violation, 80% of the population affected by persistent violations can be addressed by initially targeting 20% of these systems (those with  $\geq 200$  connections), or 33 systems (Table 1).

Table 1: Population Impacted by System Size for Public Water Systems with Persistent Violations (2013-2017). Source: CUWA, 2018

Number of Connections	Number of Systems with Persistent Violations	Population Impacted
≥200	33	111,700
<200	117	25,800
<b>TOTALS*</b>	<b>150</b>	<b>137,500</b>

*\*Chromium VI violations not included (no current MCL).*

We recommend segmenting this financial analysis to first consider the 33 systems with ≥200 connections and then examine the remaining 117 systems.

This analysis will leverage CUWA’s compiled data which focuses on community water systems and schools/daycares serving < 10,000 people and is more robust than the HR2W database.

**Deliverable:** BC will produce a report documenting findings from the above document review and analyses. The overall goal of the report will be to articulate and quantify the needs met by existing funding and what additional funding may be needed to achieve compliance for persistently violating systems.

**Schedule:** Assuming NTP of April 2019, BC proposes to deliver a draft report by August 2019 to inform the ongoing discussions at the State level on sustainable solutions for failing water systems. BC will incorporate comments from MWDOC and will deliver a final report by October 2019.

**Technical Lead: Katie Porter**

Katie Porter is based in Brown and Caldwell’s Los Angeles office and has been focused on California water issues for the last ten years consulting on regulatory compliance, resource planning, and aging infrastructure projects. She previously served as an Associate Branch Chief in USEPA’s Office of Ground Water and Drinking Water in Washington DC, where she developed national policy in conformance with the Safe Drinking Water Act (SDWA), participated on workgroups for regulatory development, and implemented programs to improve system sustainability and small system compliance. Katie is a staff member for the California Urban Water Agencies (CUWA) focused on Water Accessibility & Affordability issues and Water Quality issues. She also serves as the Chair of the SDWA committee for the California-Nevada Section of AWWA, and is a Board Member of the Urban Water Institute. Katie has a BS in Chemical Engineering from MIT and an MS in Chemical Engineering from Tufts University. She is a registered Professional Engineer in CA and a certified Envision Sustainability Professional.

**Reference:**

California Urban Water Agencies. Issue Brief - Restoring Water Accessibility in California. 2019  
<https://www.cuwa.org/pubs/2019/accessibility-update>

**Project Summary: Solutions for Failing Drinking Water Systems in California**

Research Team: California Urban Water Agencies (CUWA) and Pacific Institute

Supported by the Water Research Foundation

February 2019

An estimated million Californians receive unsafe drinking water from failing public water systems. Yet there are solutions at hand: capital improvements for treatment systems, consolidation, water trading, and financial assistance for operations and maintenance can help systems deliver safe drinking water. CUWA and Pacific Institute plan to develop a decision tree to match failing systems with likely solutions. The project will focus on small public water systems with persistent drinking water quality violations. The report will identify systems with long-term water quality problems, the approaches best suited for those systems based on type of contaminant and proximity to water of higher quality, and the potential range of costs for these solutions. This can inform the ongoing discussions at the State level on the best way to find long-lasting sustainable solutions for all failing water systems. Accessibility to safe drinking water is a national problem, and the strategy developed under this research could be leveraged by other states.

**Project Goal/Outcome:** Develop a report detailing a systematic approach to dealing with communities lacking consistent access to safe water, using small failing public water systems in California as a case study for a framework that could be applied in other states.

**Scope:** Develop a decision tree to classify systems and match them with potential solutions, and develop a high level estimate of costs. Focus on small systems (200 – 10,000 people served) with persistent Safe Drinking Water Act violations, along with smaller systems that could be consolidated relatively easily.

**Task 1: Develop Decision Tree and Match Systems with Solutions**

- Focusing on small systems with long-term water quality problems, classify systems according to major characteristics: type of contaminant, proximity to other water systems, potential for water trading, and capacity deficiencies.
- Link categories of systems with likely solutions: treatment upgrades, consolidation, water trading, and operations and maintenance support.

**Task 2: Explore Likely Solutions and Estimate Costs**

- Identify innovative technology solutions (e.g. BATs, package systems, remote operation)
- Provide high level estimates of treatment and operation costs to the extent possible

**Task 3: Gather Stakeholder Input**

- Consult an Advisory Committee representing a range of viewpoints
- Conduct site visit to provide better understanding of existing conditions and technical challenges
- Convene a thought-leaders workshop to brainstorm innovative technical solutions.

**Schedule:**

- Site Visit: March 2019
- Thought-Leaders Workshop: April 2019
- Preliminary Findings: Summer 2019
- Final Report: Spring 2020



**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2020-2022  
BOARD OF DIRECTORS CALL FOR NOMINATIONS – SOUTHERN  
NETWORK REGION, SEAT B**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors discuss and determine if a member of the MWDOC Board of Directors would like to be nominated and run for the CSDA Board of Directors Southern Network, Seat B.

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**SUMMARY**

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An 18-member Board of Directors elected from its six geographical networks governs CSDA. Each of the six networks (Northern, Sierra, Bay Area, Central, Coastal and Southern) have three seats on the board with staggered three-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing located within the geographic network they seek to represent.

CSDA is conducting a Call for Nominations for Seat B. The Southern Network, Seat B, has been represented by the Honorable Bill Nelson who has chosen to not run for reelection.

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core X	Choice ____
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the association and to the representation of the common interests of all California's special districts before the Legislature and the state administration.

**Commitment and Expectations:**

- Attend all Board meetings, held every other month at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.

(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).

- Attend CSDA's two annual events: Special Districts Legislative Days (held in the spring) and the CSDA Annual Conference (held in the fall).
- Complete all four modules of CSDA's Special District Leadership Academy within two years.

(CSDA does not reimburse for expenses for the two conferences or the Academy classes even if a Board or committee meeting is held in conjunction with the events).

**Nomination Procedure:**

Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors) for election to the CSDA Board of Directors. A copy of the member district's resolution or minute action along with the Nomination Form and Candidate Information Sheet must accompany the nomination.

Deadline for receiving nomination applications is April 17, 2019.

Nominations and supporting documentation will be accepted by mail and email. Nominees will receive a Candidate's Packet in the mail. The packet will include campaign guidelines.

**Attached:**

CSDA Nomination Form  
CSDA Candidate Information Sheet



**California Special  
Districts Association**  
*Districts Stronger Together*

## 2019 BOARD OF DIRECTORS NOMINATION FORM

**Name of Candidate:** \_\_\_\_\_

**District:** \_\_\_\_\_

**Mailing Address:** \_\_\_\_\_

\_\_\_\_\_

**Network:** \_\_\_\_\_ (see map)

**Telephone:** \_\_\_\_\_

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

**Fax:** \_\_\_\_\_

**E-mail:** \_\_\_\_\_

**Nominated by (optional):** \_\_\_\_\_

**Return this form and a Board resolution/minute action supporting the candidate and Candidate Information Sheet by fax, mail, or email to:**

CSDA  
Attn: Amber Phelen  
1112 I Street, Suite 200  
Sacramento, CA 95814  
(877) 924-2732      (916) 442-7889 fax

amberp@csda.net

***DEADLINE FOR RECEIVING NOMINATIONS – April 17, 2019***



**California Special  
Districts Association**  
*Districts Stronger Together*

## 2019 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: \_\_\_\_\_

District/Company: \_\_\_\_\_

Title: \_\_\_\_\_

Elected/Appointed/Staff: \_\_\_\_\_

Length of Service with District: \_\_\_\_\_

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

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2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

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3. List local government involvement (such as LAFCo, Association of Governments, etc.):

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4. List civic organization involvement:

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**\*\*Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after April 17, 2019 will not be included with the ballot.**



**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: AB 533 (HOLDEN) – INCOME TAX EXCLUSION, WATER  
CONSERVATION OR EFFICIENCY PROGRAMS**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors vote to adopt a support position on AB 533 (Holden).

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BILL SUMMARY**

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AB 533 would exclude from gross income, under personal income and corporation tax laws, amounts received as a rebate, voucher, or other financial incentive issued by a local water agency for participation in water efficiency or storm water runoff improvement programs.

**BACKGROUND**

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In 2014, then Assembly Member Jimmy Gomez authored AB 2324 which excluded from gross income, under both the personal income tax and corporation tax laws, amounts received as a rebate, voucher, or other financial incentive issued by a local water agency for participation in a turf removal water conservation program. The measure went into effect immediately after being signed into law by Governor Brown, and applied to taxable years beginning on or after January 1, 2014 and before January 1, 2019. Last year,

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core X	Choice ___
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			



Assemblymember Holden introduced AB 2283, which would have extended the sunset date an additional five years. AB 2283 was approved unanimously by the Assembly Revenue and Taxation Committee, however, was held in the Assembly Appropriations Committee and did not move forward.

### **ARGUMENTS IN SUPPORT**

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Consumer rebates and subsidies are among the most cost-effective tools for increasing participation in conservation and storm water management programs. Yet, when the state is not faced with drought and water use restrictions, it is difficult to maintain public participation in conservation measures. Rebates provide a much-needed financial incentive to conserve year-round. Reducing that incentive by making rebates taxable income would be a major disincentive for households and businesses and will undermine their success.

### **ARGUMENTS IN OPPOSITION**

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None on file.

### **STAFF COMMENTS**

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MWDOC's Legislative Policy Principles directly reflect support tax exemptions for water conservation measures such as turf removal rebates. Specifically, *it is MWDOC's policy to support legislation and regulation that: Provides tax exemptions for water conservation or efficiency incentives for measures including, but not limited to, turf removal, devices, and other measures to reduce consumption of water or enhance the absorption and infiltration capacity of the landscape.*

### **DETAILED REPORT**

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The full text of AB 533 is attached.

**ASSEMBLY BILL**

**No. 533**

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**Introduced by Assembly Member Holden**  
(Principal coauthor: Senator Wiener)  
(Coauthor: Assembly Member Friedman)

February 13, 2019

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An act to add Sections 17139.9 and 24308.9 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 533, as introduced, Holden. Income taxes: exclusion: water conservation or efficiency programs: water runoff management improvement program.

The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally defines “gross income” as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income.

This bill would provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for any water conservation or efficiency program or water runoff management improvement program, as provided.

This bill would take effect immediately as a tax levy.

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

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

1 SECTION 1. Section 17139.9 is added to the Revenue and  
2 Taxation Code, to read:

3 17139.9. (a) Gross income does not include any amount  
4 received as a rebate, voucher, or other financial incentive issued  
5 by a local water agency or supplier for any water conservation or  
6 efficiency program the primary purpose of which is to reduce  
7 consumption of water or to improve the management of water  
8 demand.

9 (b) Gross income does not include any amount received as a  
10 rebate, voucher, or other financial incentive issued by a local water  
11 agency or supplier for any water runoff management improvement  
12 program the primary purpose of which is to reduce the amount or  
13 manage the quality of storm water runoff.

14 SEC. 2. Section 24308.9 is added to the Revenue and Taxation  
15 Code, to read:

16 24308.9. (a) Gross income does not include any amount  
17 received as a rebate, voucher, or other financial incentive issued  
18 by a local water agency or supplier for any water conservation or  
19 efficiency program the primary purpose of which is to reduce  
20 consumption of water or to improve the management of water  
21 demand.

22 (b) Gross income does not include any amount received as a  
23 rebate, voucher, or other financial incentive issued by a local water  
24 agency or supplier for any water runoff management improvement  
25 program the primary purpose of which is to reduce the amount or  
26 manage the quality of storm water runoff.

27 SEC. 3. This act provides for a tax levy within the meaning of  
28 Article IV of the California Constitution and shall go into  
29 immediate effect.

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**ACTION ITEM**  
March 20, 2019

**TO:** Board of Directors

**FROM:** **Public Affairs and Legislation Committee**  
(Directors Dick, Osborne, and Thomas)

Robert Hunter  
General Manager

Staff Contact: Heather Baez

**SUBJECT: AB 1194 (FRAZIER) - SACRAMENTO-SAN JOAQUIN DELTA: DELTA STEWARDSHIP COUNCIL**

**STAFF RECOMMENDATION**

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Staff recommends the Board of Directors vote to adopt an oppose position on AB 1194 (Frazier).

**COMMITTEE RECOMMENDATION**

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Committee will review this item on March 18<sup>th</sup> and make a recommendation to the Board.

**BILL SUMMARY**

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AB 1194 would increase the membership of the Delta Stewardship Council (Council) from 7 members to 13 members, including 11 voting members and 2 nonvoting members, and would result in a majority of the members representing the Delta region.

**BACKGROUND**

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In November 2009, the California Legislature enacted SBX7 1 (Delta Reform Act), one of the several bills that passed at this time related to water supply reliability, ecosystem health, and the Delta. The Act, effective on February 2, 2010, created the Delta Stewardship Council. The council is made up of seven members who provide a broad, statewide

<b>Budgeted (Y/N):</b> n/a	Budgeted amount: n/a	Core X	Choice ___
<b>Action item amount:</b> None		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

perspective and diverse expertise. In addition, they are advised by a 10-member board of nationally and internationally renowned scientists. The current council has two members from the south part of the state, two members from the central valley, two members from the Delta region, and one from the northern part of the state.

## **ARGUMENTS IN SUPPORT**

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This measure adds four additional voting members and two non-voting members to the Council all from the Delta region, creating a majority (7 of 13) of members from the Delta region. This increases their influence and voting weight which is beneficial to the residents of that region.

## **ARGUMENTS IN OPPOSITION**

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The current appointment format for the Council, as established by the Legislature in 2009, reflects the statewide interests of its actions. Two-thirds of Californians depend directly on water supplies from the Delta. Nearly 95 percent of all Californians get some or all of their water from the Delta watershed, which comes from rainfall and snowmelt in the upper watersheds and Sierra Nevada Mountains. The Delta is also the largest estuary in the western hemisphere, making it of international ecological importance.

The Council is tasked with developing and implementing a Delta Plan that seeks to coordinate the actions of dozens of local, state and federal agencies with decision-making authority over projects and programs in the Delta. Only one region, under existing law, has a guaranteed seat on this seven-member Council, that being the automatic appointment of the chair of the Delta Protection Commission. The State Assembly, State Senate and Governor also make appointments essential to achieving the Council's mission, which may include other representatives from the Delta region.

Altering the makeup of the Council so that it is dominated by in-Delta interests could create a potential bias against projects that have a statewide benefit or, in contrast, in support of proposed land development within the Delta, which was identified in the Delta Plan by the Council as among the threats to the region.

Finally, AB 1194 is contradictory to the intent of SBX7 1 which requires members to "possess diverse expertise and reflect a statewide perspective." Adding six (6) additional members to the council, who are all from the same region, does not reflect a statewide perspective. Six (6) of the eleven (11) voting members of the Council under this proposal could reside anywhere in the state, and five (5) members are required to reside in the Delta region. This creates a potential scenario where all 11 voting members and both non-voting members could reside in the Delta region.

## **DETAILED REPORT**

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The full text of AB 1194 is attached.

**ASSEMBLY BILL**

**No. 1194**

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**Introduced by Assembly Member Frazier**  
**(Coauthors: Assembly Members Eggman, Grayson, and McCarty)**  
(Coauthors: Senators Dodd and Galgiani)

February 21, 2019

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An act to amend Section 85200 of, and to add Sections 85061, 85066.5, and 85200.5 to, the Water Code, relating to the Sacramento-San Joaquin Delta.

LEGISLATIVE COUNSEL’S DIGEST

AB 1194, as introduced, Frazier. Sacramento-San Joaquin Delta: Delta Stewardship Council.

Existing law, the Sacramento-San Joaquin Delta Reform Act of 2009, establishes the Delta Stewardship Council, which consists of 7 members, and requires the council to develop, adopt, and commence implementation of a comprehensive management plan for the Delta, known as the Delta Plan.

This bill would increase the membership of the council to 13 members, including 11 voting members and 2 nonvoting members, as specified. By imposing new duties upon local officials to appoint new members to the council, the bill would impose a state-mandated local program.

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

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

1 SECTION 1. Section 85061 is added to the Water Code, to  
2 read:  
3 85061. “Primary zone of the Delta” means the primary zone  
4 as defined in Section 29728 of the Public Resources Code.  
5 SEC. 2. Section 85066.5 is added to the Water Code, to read:  
6 85066.5. “Secondary zone of the Delta” means the secondary  
7 zone as defined in Section 29731 of the Public Resources Code.  
8 SEC. 3. Section 85200 of the Water Code, as added by Section  
9 98 of Chapter 26 of the Statutes of 2017, is amended to read:  
10 85200. (a) The Delta Stewardship Council is hereby established  
11 as an independent agency of the state.  
12 (b) *The council shall consist of 11 voting members and 2*  
13 *nonvoting members, as follows:*  
14 (1) *The 11 voting members shall be as follows:*  
15 (A) *Four members shall be appointed by the Governor and*  
16 *confirmed by the Senate.*  
17 (B) *One member shall be appointed by the Senate Committee*  
18 *on Rules.*  
19 (C) *One member shall be appointed by the Speaker of the*  
20 *Assembly.*  
21 (D) *One member each shall be appointed by the municipal*  
22 *selection committees for the primary zone and the secondary zone*  
23 *of the Delta established in Section 85200.5.*  
24 (E) *One member with expertise in Delta agricultural interests*  
25 *and one member with expertise in Delta small business interests,*  
26 *each with a primary residence in the Delta, shall be appointed by*  
27 *the Boards of Supervisors of the Counties of Contra Costa,*  
28 *Sacramento, San Joaquin, Solano, and Yolo. The boards of*  
29 *supervisors of those counties shall organize a selection committee*  
30 *for the purposes of this subparagraph. Nothing in this section shall*  
31 *prevent the selection committee from appointing members who*  
32 *meet the criteria for appointment under another provision of this*  
33 *subdivision.*  
34 (F) *One member shall be the Chairperson of the Delta*  
35 *Protection Commission.*

1     (2) *One Member of the Senate appointed by the Senate*  
2     *Committee on Rules and one Member of the Assembly appointed*  
3     *by the Speaker of the Assembly, both of whom represent areas*  
4     *within the primary zone of the Delta, shall be ex officio members*  
5     *without a vote and shall participate in the activities of the*  
6     *commission to the extent that the participation is not incompatible*  
7     *with their respective positions as Members of the Legislature. For*  
8     *purposes of this division, these Members of the Legislature shall*  
9     *constitute a joint interim investigating committee on the subject*  
10    *of this division, and, as that committee, shall have the powers and*  
11    *duties imposed upon those committees by the Joint Rules of the*  
12    *Senate and Assembly.*

13    ~~(b) The council shall consist of seven voting members, of which~~  
14    ~~four members shall be appointed by the Governor and confirmed~~  
15    ~~by the Senate, one member shall be appointed by the Senate~~  
16    ~~Committee on Rules, one member shall be appointed by the~~  
17    ~~Speaker of the Assembly, and one member shall be the Chairperson~~  
18    ~~of the Delta Protection Commission. Initial~~

19    (c) (1) *Except as provided in paragraph (2), initial*  
20    *appointments to the council shall be made by July 1, 2010.*

21    (2) (A) *Initial appointments of the members appointed by*  
22    *selection committees shall be made by March 1, 2020.*

23    (B) *Initial appointments of the ex officio members described in*  
24    *paragraph (2) of subdivision (b) shall be made by March 1, 2020.*

25    ~~(e)~~

26    (d) (1) (A) *The initial terms of two of the four members*  
27    *appointed by the Governor shall be four years.*

28    (B) *The initial terms of two of the four members appointed by*  
29    *the Governor shall be six years.*

30    (C) *The initial terms of the members appointed by the Senate*  
31    *Committee on Rules and the Speaker of the Assembly shall be*  
32    *four years.*

33    (D) *The initial terms of the members appointed by the selection*  
34    *committees shall be four years.*

35    ~~(D)~~

36    (E) *Upon the expiration of each term described in subparagraph*  
37    *(A), (B), (C), or ~~(C)~~; (D), the term of each succeeding member*  
38    *shall be four years.*



(2) The Chairperson of the Delta Protection Commission shall serve as a member of the council for the period during which ~~he~~ ~~or she holds~~ *they hold* the position as commission chairperson.

~~(d)~~

(e) Any vacancy shall be filled by the appointing authority within 60 days. If the term of a council member expires, and no successor is appointed within the allotted timeframe, the existing member may serve up to 180 days beyond the expiration of ~~his or her~~ *the member's* term.

~~(e)~~

(f) The council members shall select a chairperson from among the members, who shall serve for not more than four years in that capacity.

~~(f)~~

(g) The council shall meet once a month in a public forum. At least two meetings each year shall take place at a location within the Delta.

~~(g) This section becomes operative on January 1, 2019.~~

SEC. 4. Section 85200.5 is added to the Water Code, to read:  
85200.5. (a) For the purposes of this section, the term “unincorporated town” means the following:

(1) In the primary zone of the Delta, the communities of Clarksburg, Courtland, Hood, Knightsen, Locke, Ryde, Terminous, and Walnut Grove.

(2) In the secondary zone of the Delta, the communities of Bay Point, Bethel Island, Bird’s Landing, Byron, Collinsville, Discovery Bay, and Freeport.

(b) Municipal selection committees are hereby established for the primary zone and the secondary zone of the Delta to appoint members to the council.

(c) The municipal selection committees for the primary zone and the secondary zone of the Delta shall consist of the following members or their designees:

(1) The mayor or an elected member of the city council of each city in the applicable zone, selected by a majority of that city council.

(2) For each unincorporated town in the applicable zone, one of the following:

(A) A member of the municipal advisory council of the unincorporated town who is a resident of the town, selected by a

1 majority vote of the total membership of that municipal advisory  
2 council.

3 (B) If no person is available for appointment under subparagraph  
4 (A), a resident of the unincorporated town, selected by majority  
5 vote of the total membership of the board of supervisors of the  
6 applicable county.

7 (d) (1) Representatives of cities may only be nominated for  
8 membership in the council from among the mayors or elected city  
9 council members of those cities.

10 (2) Representatives of unincorporated towns may only be  
11 nominated for membership in the council from among the members  
12 of the municipal selection committee.

13 (e) A majority of the total membership of the municipal selection  
14 committee shall constitute a quorum for the transaction of business.

15 (f) A majority vote of the total membership of a municipal  
16 selection committee is required for the municipal selection  
17 committee to take action. Each member of the municipal selection  
18 committee shall have one vote.

19 SEC. 5. If the Commission on State Mandates determines that  
20 this act contains costs mandated by the state, reimbursement to  
21 local agencies and school districts for those costs shall be made  
22 pursuant to Part 7 (commencing with Section 17500) of Division  
23 4 of Title 2 of the Government Code.

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# GENERAL MANAGER'S REPORT OF STAFF ACTIVITIES MARCH 2019

<b>MWDOC Agencies Managers Meeting</b>	<p>MWDOC held its Member Agency Managers' meeting at its office in Fountain Valley on <b>February 21, 2019</b>.</p> <p><b>In attendance were:</b> Lisa Ohlund – EOCWD, Mark Sprague – Fountain Valley, Cel Pasillas – Garden Grove, Paul Cook – IRWD, Drew Atwater – Moulton Niguel WD, John Kennedy – OCWD, Jose Diaz – Orange, Dave Rebensdorf – San Clemente, Steve May – San Juan Capistrano, Dan Ferons – SMWD, David Spitz – Seal Beach, Joe McDivitt and Rick Shintaku – South Coast WD, Michael Perea – TCWD, Art Valenzuela – Tustin, Rosanne Weston – Yorba Linda WD</p> <p><b>MWDOC Staff:</b> R. Hunter, K. Seckel, H. De La Torre, J. Berg, M. Baum-Haley, K. Hubbard, H. Baez, K. Hostert, C. Lingad and C. Busslinger</p> <ul style="list-style-type: none"> <li>• <b>Discussion Items:</b> <ul style="list-style-type: none"> <li>○ MWDOC Draft Budget</li> <li>○ Changes to the Turf Removal Program</li> </ul> </li> <li>• <b>WEROC Items:</b> <ul style="list-style-type: none"> <li>○ Critical Infrastructure Act Requirements, Deadlines, and Support at Mtg.</li> <li>○ Discussion: Public Safety Power Shutoff (Follow-up)</li> <li>○ Proposed Amendment to SCAQMD Rule 1470 for Emergency Generators</li> </ul> </li> </ul> <p><b>Legislative Items:</b></p> <ul style="list-style-type: none"> <li>• Water Tax Proposal and Alternative Legislative Options</li> </ul> <p><b>Next meeting will tentatively be held March 21, 2019.</b></p>
<b>Meetings</b>	<ul style="list-style-type: none"> <li>• Charles Busslinger participated in the South OC IRWM Project Review Ad Hoc Committee meetings on February 5<sup>th</sup> and 14<sup>th</sup>. The committee reviewed 13 projects submitted in response to the November 2018 Call for Projects for Prop 1 IRWM grant funding. \$2.33 million is available to South OC for this funding round with a 2<sup>nd</sup> round anticipated in 2022. The Ad Hoc committee is waiting on the State to release the final grant guidelines to complete the scoring of projects.</li> <li>• Charles Busslinger attended the 7<sup>th</sup> Annual CalDesal Conference on February 7<sup>th</sup> and 8<sup>th</sup>. The conference was very informative and topics included – Implementing the Ocean Plan Amendments and Salinity Management. State Water Board staff made presentations explaining the consistency determination process for the Ocean Plan Amendments in order to obtain a permit from DWR; which starts with the ocean intake feasibility determination, through site, design, mitigation, and finally best technology determinations. Several desalination experts also presented case studies which helped to explain multiple nuances with various aspects of the Ocean</li> </ul>

<b>Meetings - continued</b>	<p>Plan amendments; including how the State's process for handling 'groundwater' differs from 'water flowing underground'.</p> <ul style="list-style-type: none"> <li>On February 11, 2019, MWDOC staff coordinated a presentation, hosted by Black &amp; Veatch, on the Tampa Bay Water (TBW) regional hydraulic model. The model helps TBW coordinate and manage an extensive water supply portfolio across multiple member governments. TBW's supply portfolio includes the Tampa Bay Seawater Desalination Plant and 14 other supply sources including both groundwater and surface water supplies, most of which are owned and operated by local jurisdictions within the TBW boundary. The presentation was made by technical experts who helped create the model and included experts on the operation of the system. The presentation was attended by several MWDOC member agencies and was well received.</li> <li>Kevin Hostert, Chris Lingad and Charles Busslinger met with South Coast Water District staff on February 13<sup>th</sup> to discuss water production accounting.</li> <li>MWDOC staff met with staff from Buena Park, La Palma, Golden State Water, and MET on February 20<sup>th</sup> to discuss the upcoming shutdown of the 2<sup>nd</sup> Lower Feeder as part of the Pre-stressed Concrete Cylinder Pipe (PCCP) Rehabilitation Program. A portion of the 2<sup>nd</sup> Lower Feeder will be shut down from March to September 2019 to install a steel lining to reinforce the PCCP.</li> <li>Charles Busslinger participated in the North/Central OC IRWM Project Review Ad Hoc Committee meetings on February 21<sup>st</sup>. The Ad Hoc committee is currently scoring projects but is also waiting on the State to release the final grant guidelines to complete scoring of projects.</li> <li>Karl Seckel participated on an interview panel for an open MET Operations position.</li> </ul>
<h2 style="text-align: center;">MET ITEMS CRITICAL TO ORANGE COUNTY</h2>	
<b>MET's Water Supply Conditions</b>	<p>The 2018-19 Water Year officially began October 1, 2018. Thus far, the Northern California accumulated precipitation (8-Station Index) is reporting <b>40.1 inches or 117% of normal</b> as of February 25<sup>th</sup>. In the month of February 2019, accumulated precipitation reached 14.1 inches, which is <b>6.0 inches above normal</b> compared to the historical average (As of February 25<sup>th</sup>). The Northern Sierra Snow Water Equivalent was at 31.5 inches on February 25<sup>th</sup>, which was <b>124% of normal</b> for that day.</p> <p>As of February 24<sup>th</sup> Lake Oroville storage is at 55% of total capacity and 80% of normal. As of February 24<sup>th</sup> San Luis Reservoir has a current volume of 96% of the reservoirs total capacity and is 114% of normal. Due to the high levels in San Luis Reservoir, California Department of Water Resources (DWR) announced Article 21 deliveries would be made starting February 20, 2019.</p> <p>The Department of Water Resources (DWR) in February increased the State Water Project (SWP) "Table A" allocation to 35%. This allocation provides Metropolitan with approximately 669,025 AF in SWP deliveries this water year. DWR's approval</p>

<b>MET's Water Supply Conditions – continued</b>	<p>considered several factors including existing storage in SWP conservation reservoirs, SWP operational regulatory constraints, and the 2019 contractor demands.</p> <p>On the Colorado River system, snowpack is measured across four states in the Upper Colorado River Basin. As of February 24, 2019, snowpack measured at 118% of normal for that date. The ongoing decline in the Colorado River watershed has impacted storage levels in Lake Powell and Lake Mead, which in turn affects the likelihood of surplus or shortage conditions in the future. The Bureau of Reclamation is projecting that there is a 69% chance of a shortage on the Colorado River in 2020, increasing to 82% in 2021.</p> <p>With estimated total demands and losses of 1.76 million acre-feet (MAF) and with a 35% SWP Table A Allocation, Metropolitan is projecting that demands will exceed supply levels in CY 2019. Based on this, estimated total dry-year storage for Metropolitan at the end of CY 2019 will go down to 2.4 MAF.</p>
<b>Bay Delta/State Water Project Issues</b>	<p><b><u>Science Activities</u></b></p> <p>The Salmon Predation Study funded by a California Department of Fish and Wildlife grant and Metropolitan was completed this month. The study findings suggest that for a commonly occurring predator in the Delta, largemouth bass, there were significant increases in predation of juvenile salmon due to interactions with submerged aquatic vegetation. Both largemouth bass and submerged aquatic vegetation are common in the Delta, and these study results may inform possible management actions that could benefit Chinook salmon survival. Metropolitan staff is working with the investigators to complete a draft manuscript for publication.</p> <p>Metropolitan staff worked with DWR to film a short documentary video on the EcoRestore initiative to highlight the value and purpose of this large restoration effort and the benefits it will bring to the Delta. The video will be highlighted on the DWR website. Metropolitan supports the EcoRestore effort, and staff is working with the state and federal agencies to use science to develop projects that focus on restoring habitat function and process to support fish and wildlife species.</p> <p>Metropolitan staff continued participating in the Collaborative Science and Adaptive Management Program (CSAMP), including participation on the Collaborative Adaptive Management Team (CAMT). In January, CAMT received an update on the development of the Delta Smelt Science Plan and discussed comments and next steps for the process. CAMT also discussed a proposal from consultant Compass Resource Management Ltd., for a comprehensive and collaborative structured decision making process for Delta smelt actions. The 2019 work plan for CAMT includes focus on these two Delta smelt processes.</p> <p>Metropolitan staff is participating on the Interagency Ecological Program Flow Alteration Project Work team analyzing the data collected during the 2017 fall outflow studies focused on Delta smelt, and is reviewing the draft report. The fall outflow studies investigated the hypothesis that wet year conditions would improve population numbers for Delta smelt. Initial findings of the study suggest that despite the wet year conditions of 2017, an increase in the population of Delta smelt was not observed. Higher than average temperatures in the summer and fall of 2017 have been suggested as the reason for why the population of Delta smelt did not improve.</p> <p>Metropolitan staff participated in the Delta Independent Science Board (Delta ISB) workshops on January 10 and 11, to provide information on water supply reliability</p>

<b>Bay Delta/State Water Project Issues - continued</b>	<p>estimation methods for Delta water users, and to provide input on implementing recommendations from the Delta ISB Water Quality Review report.</p> <p><b><u>Delta Flood Emergency Management Plan</u></b></p> <p>DWR executive briefings on the final Delta Flood Emergency Management Plan (DFEMP) have been completed and DFEMP documents are being circulated for final approval. DWR conducted a management level tour of completed emergency materials storage sites at Rio Vista and Stockton. Stockpiles and inventories include 535,000 tons of rock and other flood fight materials housed in existing and recently rehabilitated warehouses. Two new water access rock-loading facilities have been built at Stockton and access is available to existing rock loading facilities at Rio Vista. These facilities support barge transport of rock to emergency operations in the Delta.</p>
<b>MET's Ocean Desalination Policy and Potential Participation in the Huntington Beach Ocean (Poseidon) Desalination Projects</b>	<p><b><u>Poseidon Huntington Beach</u></b></p> <p>Poseidon expects the SARWQCB to act on its permit in the next four to six months. Assuming approval, Poseidon would then seek a permit from the California Coastal Commission in 2019.</p>
<b>South Orange County Projects</b>	<p><b><u>Doheny Desal Project</u></b></p> <p>South Coast WD submitted a grant application for up to \$20 million for project construction through Bureau of Reclamation 'Water SMART: Desalination Construction Projects under the WIIN Act'. Applications are currently being reviewed. MWDOC participated in a phone conference call with South Coast Water District to provide a briefing to the Deputy Commissioner Harrison and to make her aware of the grant application.</p> <p>South Coast staff and consultants are in the process of responding to comments submitted regarding the EIR for the project. South Coast WD anticipates adopting the response to comments in early 2019.</p> <p><b><u>SMWD Trampas Canyon Recycled Water Reservoir</u></b></p> <p>This project involves the construction of a 5,000-acre-foot recycled water storage reservoir and the various complementary facilities to support this reservoir. The construction of the Trampas Canyon Recycled Water Seasonal Storage Reservoir consists of three main components:</p> <ol style="list-style-type: none"> <li>1. Trampas Canyon Dam (Dam)</li> <li>2. Conveyance facilities to transport recycled water into and out of the Reservoir (Pipelines)</li> <li>3. Trampas Canyon Pump Station (Pump Station)</li> </ol>

<b>South Orange County Projects - continued</b>	<p>The construction of the facilities is being completed in three phases:</p> <ol style="list-style-type: none"> <li>1. Preconstruction/Site Preparation for the Dam and Pump Station Construction</li> <li>2. Dam and Pipelines</li> <li>3. Pump Station</li> </ol> <p><b><u>PROJECT STATUS</u></b></p> <p><u>Dam and Pipelines</u> The \$81M Construction Contract was awarded in December 2017 and is approximately 35% complete.</p> <p><u>Pump Station</u> The preliminary design of this facility was resubmitted by AECOM in mid-December for District review and approval. The Design process is likely to continue thru the end of February 2019, and the project will likely be available to start the construction bidding process in March 2019. Completion of the construction is expected to be in February 2020, about two months ahead of the Reservoir and Dam completion.</p>
<h2 style="text-align: center;">ENGINEERING &amp; PLANNING</h2>	
<b>Orange County Reliability Study</b>	<p>The Final OC Reliability Study is now available on the website at:  <a href="https://www.mwdoc.com/your-water/water-supply/local-water-supply/orange-county-water-supply-reliability-study/">https://www.mwdoc.com/your-water/water-supply/local-water-supply/orange-county-water-supply-reliability-study/</a></p> <p>Spin off work from the Reliability Study to further analyze the Strand Ranch Extraordinary Water Supply program is now in progress.</p>
<b>South Orange County Emergency Service Program</b>	<p>Dudek continues to assist MWDOC and IRWD to determine if the existing IRWD South Orange County Interconnection capacity for providing emergency water to South Orange County can be expanded and/or extended beyond its current time horizon of 2030. The draft Planning Level Reliability Alternatives Analysis Report is currently under review. The next step is to share the information with South OC agencies.</p>
<b>Strand Ranch Project</b>	<p>MWDOC is using the modeling from the Orange County Reliability Study to evaluate how “extraordinary supplies” from the Strand Ranch Project can be utilized by the MWDOC agencies to provide drought protection over the next 7 to 11 years or longer. The analysis is currently in progress.</p>

## MET Evaluation of Regional Storage Portfolio (ERSP)

### MET Evaluation of Regional Storage Portfolio (ERSP).

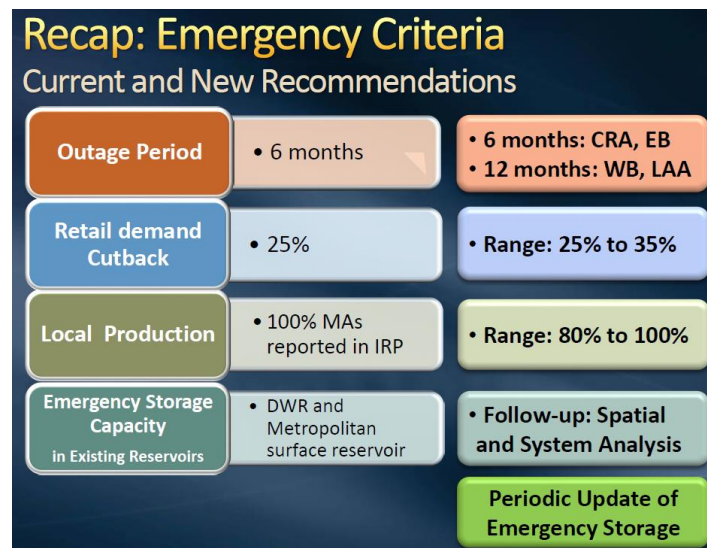
Metropolitan's emergency water storage objective is based on the potential for major earthquake damage to the State Water Project and Colorado River aqueducts that transport imported water supplies to Southern California (following the San Andreas M7.8 'Great ShakeOut' scenario developed by the US Geological Survey).

MET established a Member Agency Workgroup to consider updates to MET's emergency storage objective, including:

1. Updating emergency criteria
2. Revising the framework for determining emergency storage volume. The new framework would shift from a traditional single equation for determining emergency storage volume, to an updated evaluation that considers various combinations of criteria to determine a storage amount that provides an envelope of alternatives for MET's emergency storage that could provide reliability during the outage period.
3. Proposing periodic re-evaluation of emergency storage volume to coincide with completion of each new IRP (every 5 years).

MET released a Final Draft of a White Paper on January 28, 2019 which expanded on these issues. The paper discusses a methodology for review and update of emergency criteria and re-evaluation of Metropolitan's emergency storage.

Charles Busslinger attended the fourth Workgroup meeting on January 31, 2019 on emergency storage evaluation. Highlights of the recommended changes include changes to emergency criteria and moving the storage volume from 630,000 AF to 700,000 AF with a recommendation to re-visit these changes upon completion of the 2020 IRP.

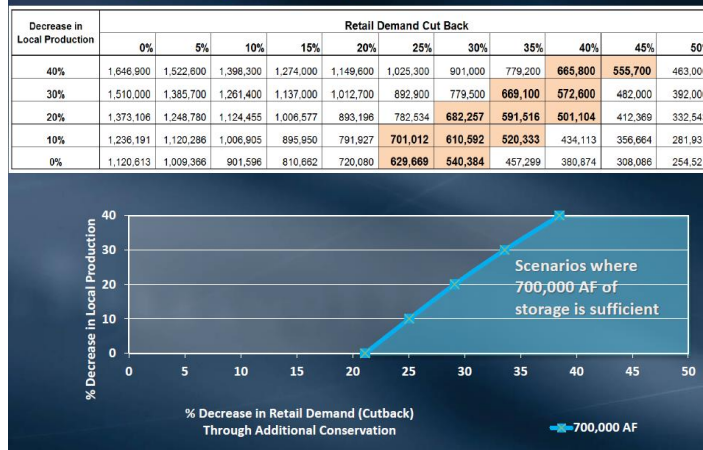


EB- East Branch SWP  
WB – West Branch SWP  
LAA – Los Angeles Aqueduct



### MET Evaluation of Regional Storage Portfolio (ERSP) - continued

## Emergency Storage at 700 TAF



MET staff will be presenting its recommendations to the Water Planning and Stewardship Committee in March 2019.

## EMERGENCY PREPAREDNESS

### Coordination with WEROC Member Agencies

Ongoing: WEROC, with Michael Baker as the lead consultant, is facilitating 19 agencies through the process of updating the Orange County Water and Wastewater Multi-Jurisdictional Hazard Mitigation Plan. Update: The Hazard Mitigation Plan was approved by Cal Office of Emergency Services (OES) and submitted to FEMA for review on Friday, February 15, 2019. It is expected that the plan will be returned by FEMA within 45 working days (April 19, 2019).

The WEROC Quarterly meeting was on February 5. February topics and presentations included: Woolsey and Camp Fire Response, America's Water Infrastructure Act 2018, Orange Crush Exercise Debrief, WEROC Training, Planning, and Exercises, Dam Agency Planning. Additional recommendations are welcome.

Francisco Soto and Kelly Hubbard participated in Orange County Water District's (OCWD) training on their newly revised Emergency Response Plan (ERP). WEROC staff provided input on how OCWD would coordinate with WEROC in a real event.

WEROC and MWDOC staff participated in the annual county-wide exercise titled Orange Crush 2019 on January 30, 2019. The exercise was based on a 7.8 on the San Andreas Fault line 48 hours post-earthquake. The goal in facilitating an exercise 48 hours post-earthquake was to facilitate discussions that started to look at coordination of mutual aid. There were many lessons learned and a full report on the exercise can be found in a separate staff report to the March 2019 MWDOC Planning and Operations Committee.

<b>Training and Programs</b>	Kelly provided a presentation to Orange County Sanitation District operations and emergency response staff on WEROC and how to coordinate during an event.
<b>Coordination with the County of Orange</b>	<p>Kelly attended the February OCEMO meeting in Mission Viejo. The OCEMO Exercise Design Committee chairs presented on the county-wide exercise. The CalOES representative reported on changes to the Stafford Act and funding mechanisms. Other presentation topics included OA Managers Report, Grant Updates, and Sub-committee updates.</p> <p>Francisco attended the County Communications meeting on the 800MHz Next Generation Updates to the county-wide radio systems.</p> <p>Francisco and Kelly met with management from the Orange County Environmental Health Division. The purpose was to better understand each agency's day to day role, as well as disaster response role. Often County Environmental Health is involved in water quality decisions and coordination with water utilities and the Division of Drinking Water (DDW). After discussing coordination issues and questions, it was determined that it would be beneficial to host a table-top exercise that includes all possible agencies who may have a role in water quality decisions.</p> <p>Kelly attended the OC Operational Area (OA) Executive Board Meeting as the voting representative of ISDOC. Kelly provided the OA Executive Board and the County's Emergency Management Council a copy of the letter to the CA Public Utility Commission (PUC) from Orange County water utilities. She provided a briefing on the 3/19/2019 PUC hearing as well. The Executive Board approved the newly revised Unified County of Orange and Orange County Operational Area Emergency Operations Plan with modifications suggested by Kelly. Those modifications were suggested to clarify concerns related to impacts to water utilities in a disaster.</p> <p>Francisco and Kelly participated in various conference calls throughout the month for the possible activation of the Holy Fire Debris Flow Plan and the Canyon 2 Debris Flow Plan due to rain events. The calls detailed the current rain forecast and each agency's response actions and concerns for possible debris flows. Trabuco Canyon Water District (TCWD) has infrastructure that can be impacted by the Holy Fire Debris Flow area. On February 20, 2019 Orange County Proclaimed a Local Emergency due to the storms that started on February 13, 2019. The County and local agencies (including 7 water agencies) sustained an estimated \$12 million in damages. The County is seeking a California Declaration of Emergency and state or federal funding to assist in the costs of recovery.</p> <p>WEROC and MWDOC staff participated in the Operational Area EOC Exercise on January 31, 2019 based on the same scenario as the county-wide exercise the day prior. The separate exercise allowed for greater participation of WEROC staff at both events. There were many lessons learned and a full report on the exercise can be found in a separate staff report to the March 2019 MWDOC Planning and Operations Committee.</p>

<b>EOC Readiness</b>	<p>Janine worked with ATT and Uverse to restore internet service at the North EOC.</p> <p>Janine has collected updated contact information from the 35 WEROC member agencies and some of our coordination partners. She will now work on updating this information in AlertOC, Outlook, SafetyCenter, and hard copy phone books in multiple locations. This is an annual effort that takes a significant amount of work.</p>
<b>Coordination with Outside Agencies</b>	<p>On-going: California Public Utilities Commission (PUC) proceedings regarding the Impacts from De-Energization with a Focus on First Responders and Local Government. Kelly worked with Ryan Baron of BBK to file for Party Status on the proceedings process. Party Status ensures that we receive all communications regarding the proceedings and that our comments are included officially for consideration. On February 7, 2019 MWDOC submitted comments to the PUC from 19 OC participating water and wastewater agencies. Kelly attended the February 19, 2019 pre-conference hearing in Sacramento to provide support to the comments submitted and answer questions from the PUC. Kelly will be working with Mr. Baron and WEROC Member Agencies to continue to provide input throughout the hearing process. A schedule should be available within the next 2 weeks.</p> <p>Kelly has been assisting a group of water utilities in the Frazier Park/Grapevine area to organize themselves into a mutual assistance group. They reached out following last year's fires with a concern to be better coordinated. Kelly has provided them examples of agreements, SOPs, and other documents that may help. On February 20 she met with them during their monthly meeting in Frazier Park to answer outstanding questions.</p>
<b>WATER USE EFFICIENCY</b>	
<b>CalWEP Research and Evaluation Committee</b>	<p>On February 13, Rachel Waite attended the online CalWEP Research and Evaluation Committee meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• Research Activity Typology</li> <li>• Research Protocols and Methodologies</li> <li>• Research in Progress</li> <li>• Research Needs</li> </ul> <p>The next meeting will be scheduled for some time in April.</p>
<b>One Water One Watershed (OWOW) Proposition 1 Grant Applicant Workshop</b>	<p>On February 21, Rachel W. attended the OWOW workshop hosted by the Santa Ana Watershed Project Authority (SAWPA). Rachel presented MWDOC's collaborative project — SAWPA Regional Comprehensive Landscape Rebate Program - which has been submitted to SAWPA's Integrated Regional Water Management (IRWM) Plan for eligibility to receive Proposition 1 funding.</p>

<b>Metropolitan Water District of Southern California (MET) Water Use Efficiency Workgroup</b>	<p>On February 21, Rachel Davis attended Metropolitan's Water Use Efficiency Workgroup meeting. Approximately 30 member agencies participated in the meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• January Metropolitan Board Presentation <ul style="list-style-type: none"> <li>○ Approval of Turf Replacement Program Modifications</li> </ul> </li> <li>• Water Supply Update</li> <li>• MWD External Affairs Update</li> <li>• MWD Updates <ul style="list-style-type: none"> <li>○ DAC <ul style="list-style-type: none"> <li>▪ Regional Pilot Program</li> <li>▪ Local Support</li> <li>▪ Grant Opportunities</li> </ul> </li> <li>○ California Friendly Landscape Classes – New Vendor</li> <li>○ Large landscape survey</li> </ul> </li> </ul> <p>The next workgroup meeting is scheduled for March 21<sup>st</sup> at Metropolitan.</p>
<b>Qualified Water Efficient Landscaper (QWEL) Training</b>	<p>On February 11, February 25, March 4 and March 11 Rachel D. and Jonathan Meier attended the QWEL training at Santa Margarita Water District. The training was sponsored and organized by MWDOC, and there were 29 professional landscapers and water professionals in attendance. On March 7, Rachel D. coordinated the setup of the first of six QWEL class sessions at the Irvine Ranch Water District (IRWD) Duck Club. The sessions are six consecutive Thursdays, ending April 11.</p>
<b>California Water Efficiency Partnership Board Meeting</b>	<p>On February 26, Joe Berg participated in the California Water Efficiency Partnership Board Meeting via conference call. This meeting was hosted by the San Francisco Public Utilities Commission. The agenda included:</p> <ul style="list-style-type: none"> <li>• Consent Calendar</li> <li>• Executive Directors Report</li> <li>• Revised 2019 Budget</li> <li>• AWE Chapter Agreement</li> <li>• Executive Director Search</li> <li>• Policy Principles and Support Position for Tax Exempt Rebate Bill</li> <li>• Committee Updates</li> <li>• Draft March 14 Plenary Agenda</li> <li>• Peer to Peer Conference Update</li> </ul> <p>The next meeting will be held on May 17 and will be hosted by Cal American Water in San Diego.</p>
<b>Leak Detection Equipment Training</b>	<p>On February 27 and 28, MWDOC sponsored Leak Detection Equipment Training, which was hosted by Moulton Niguel Water District. Thirty-two water agency staff representing sixteen agencies attended the training. The two-day training included both classroom and hands-on training for use of the equipment. Joe, Rachel D., and Chris Lingad attended.</p>

<b>SAWPA PA-22 Advisory Meeting</b>	<p>On February 27, Rachel W. attended the PA-22 Advisory Meeting at SAWPA. Agenda items included:</p> <ul style="list-style-type: none"> <li>• Proposition 1 IRWM Grant Application Integration Opportunities</li> <li>• Proposition 84 IRWM Drought Grant Geocoding Project Benefits</li> <li>• Update on the Aerial Imagery Partnership Study with the Department of Water Resources (DWR).</li> </ul>
<b>Metropolitan Water Use Efficiency Program Advisory Committee (PAC) Meeting</b>	<p>On March 6, Rachel W. attended the Metropolitan Water Use Efficiency PAC meeting. Approximately 20 agencies participated in the meeting. Agenda items included:</p> <ul style="list-style-type: none"> <li>• Water Use Accountability Incentive</li> <li>• HECW Rebates</li> <li>• Pressure Regulating/ In-Stem Valve Sprinklers</li> <li>• Drip Irrigation</li> <li>• CII Audits</li> <li>• New Devices and Technologies</li> </ul> <p>The next meeting has not yet been scheduled.</p>
<b>Orange County Water Use Efficiency Coordinators Workgroup Meeting</b>	<p>On March 7, Joe, Beth Fahl, Rachel D., and Rachel W. hosted the Orange County Water Use Efficiency Coordinators Workgroup meeting at MWDOC. Approximately 23 agencies participated in the meeting. Highlights on the agenda included:</p> <ul style="list-style-type: none"> <li>• MWDOC Updates <ul style="list-style-type: none"> <li>◦ Recently Released Grants</li> </ul> </li> <li>• Agency Roundtable/Problem Solving</li> <li>• Water Supply Update</li> <li>• Public Affairs/Marketing <ul style="list-style-type: none"> <li>◦ WUE Marketing Materials and Resources</li> <li>◦ Media Kits for Member Agencies</li> <li>◦ Upcoming Events, Contests, and Campaigns</li> <li>◦ Water Education School Programs</li> <li>◦ Promotional Videos</li> <li>◦ PAW Meeting</li> </ul> </li> <li>• Metropolitan Update <ul style="list-style-type: none"> <li>◦ Update on Regional Pilot Program for Premium High Efficiency Toilets in Pre-1994 Multi-Family Properties</li> <li>◦ California Friendly Landscape Training Program</li> <li>◦ Large Landscape Survey</li> <li>◦ PAC Update</li> </ul> </li> <li>• Water Use Efficiency Programs Update <ul style="list-style-type: none"> <li>◦ Turf Removal <ul style="list-style-type: none"> <li>▪ Program Update</li> <li>▪ Sites over \$10,000</li> <li>▪ Inspection Form Update</li> <li>▪ Training on Inspections</li> <li>▪ OC Turf Removal Spotlight</li> </ul> </li> <li>◦ OC-Qualified Water Efficient Landscaper Training <ul style="list-style-type: none"> <li>▪ Santa Margarita</li> </ul> </li> </ul> </li> </ul>

<b>Orange County Water Use Efficiency Coordinators Workgroup Meeting - continued</b>	<ul style="list-style-type: none"> <li>▪ Irvine</li> <li>▪ San Juan Capistrano</li> <li>○ MWDOC MET-Funded/Member Agency Administered Program Update <ul style="list-style-type: none"> <li>▪ Plant Database and Garden Website</li> <li>▪ Pressure Regulating Valves Program</li> <li>▪ Landscape Design Assistance Program</li> <li>▪ Available Funding</li> </ul> </li> <li>• CalWEP Update</li> <li>• Future Agenda Items</li> </ul> <p>The next meeting is scheduled for April 4<sup>th</sup> at MWDOC.</p>
<b>Water Loss Control Workgroup</b>	<p>On March 12, MWDOC hosted the Water Loss Control Workgroup meeting. Thirty water loss control staff from 22 agencies attended the meeting. The meeting included discussions on:</p> <ul style="list-style-type: none"> <li>• Water Loss Control Updates <ul style="list-style-type: none"> <li>○ Shared Services Business Plan</li> <li>○ Water Systems Optimization's Recommendations and Scoping for 2019</li> </ul> </li> <li>• Proposed SWRCB Water Loss Standard <ul style="list-style-type: none"> <li>○ Compliance Planning</li> </ul> </li> </ul> <p>The next meeting is scheduled for May 14<sup>th</sup> and will be hosted by MWDOC.</p>
<h2 style="margin: 0;">PUBLIC/GOVERNMENT AFFAIRS</h2>	
<b>Member Agency Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Prepared Media and Tool Kits Water Tax, Water Use Efficiency and Disaster Response</li> <li>• Sent Media/Took Kit for annual Wyland National Mayor's Challenge and OC Breakaway Competition</li> <li>• Hosted Public Affairs Workgroup meeting including presentations on Water Tax, water supply, Water Use Efficiency programs, Member Agency media kits, and school programs</li> <li>• Provided Public Affairs update at the monthly Water Use Efficiency Workgroup meeting</li> <li>• Created bill inserts for eleven member agencies, promoting \$2 square foot turf rebates.</li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Provided an update to the MWDOC member agency GMs on the status of the water tax and ACWA alternative</li> <li>• Attended Moulton Niguel Water District's reception for MWD Chairwoman Gloria Gray</li> </ul>

<b>Community Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Entries open for 2019 Water Awareness Poster Contest</li> <li>• Reached out to Orange County Boys and Girls Club, libraries, chamber offices and over 600 school district contacts.</li> <li>• Entries open for 2019 Voice4Planet High School Video Contest <ul style="list-style-type: none"> <li>◦ Secured prize sponsors for the Orange County water category: Discovery Cube, Wyland Foundation, HashtagPinpoint, and Great Wolf Lodge</li> </ul> </li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Attended the Southern California Water Coalition Quarterly Lunch</li> </ul>
<b>Education</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Posted RFP for both Elementary and High School Programs</li> <li>• Requested samples and quotes for the redesign of the Ricki Raindrop education booklets</li> <li>• Coordinated details with Bolsa Chica Conservancy and registered attendees for the April 6 Girl Scout Clinic</li> <li>• Coordinated details with Santa Margarita Water District for the April 13 clinic</li> <li>• Attended school program visit to Bryant Elementary</li> <li>• Sent member agency notifications regarding upcoming school program visits</li> <li>• Provided Moulton Niguel Water District with information for Laguna Hills High School visit</li> <li>• Attended school program visit to Violette Elementary</li> <li>• Coordinated outreach efforts with Discovery Cube and Laguna Beach County Water District for elementary school program participation</li> <li>• Promoted Voice4Planet video contest on social media, and prepared newsletter article for Orange County Department of Education's newsletter</li> <li>• Provided South Coast Water District with details regarding school program visit to Saint Edwards Elementary School</li> <li>• Drafted text for City of San Clemente Girl Scout program presentation</li> <li>• Coordinated with Inside the Outdoors on Core Program visit to Esqueda school per Metropolitan referral</li> <li>• Provided Moulton Niguel Water District with details on Moulton Elementary school program visit</li> <li>• Provided City of San Juan Capistrano with information on Serra High School expo schedule</li> </ul>

<b>Media Relations</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Worked with Consultants to produce PSA promoting Wyland Mayor's OC Challenge</li> <li>• Discussed potential partnership, participation and promotion of Xtreme Home Water Makeover with NBC/ Water Zone/Toro</li> <li>• Coordinated and booked 30 minute radio segment on KSBR</li> </ul>
<b>Staff Training and Development</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Four (4) staff completed the Hootsuite Advanced Social Media Advertising Certification</li> </ul>
<b>Special Projects</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Accompanied Director Dick for his February 22-23 inspection trip.</li> <li>• Currently working on itineraries, trip logistics, guest and Director requirements for the following inspection trips: <ul style="list-style-type: none"> <li>○ April 12, Director McKenney Infrastructure</li> </ul> </li> <li>• Worked with Consultant HashtagPinpoint on Social Media Audit.</li> <li>• Continued to work on booking speakers and sponsors for OC Water Summit.</li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Participated in the SCAQMD "Buried Utilities Coalition" (BUC) group conference call</li> <li>• Staffed the WACO Planning Meeting</li> <li>• Made name tags for the D.C. Luncheon</li> <li>• Participated in the ISDOC Scholarship Ad-Hoc Committee</li> <li>• Sent out invite for upcoming ISDOC Quarterly Luncheon</li> <li>• Secured speaker for June WACO meeting on the Salton Sea</li> <li>• Booked room for April ACC-OC Energy, Environment &amp; Water Committee Meeting</li> <li>• Staffed the ISDOC Executive Committee Meeting</li> </ul>
<b>Water Policy Dinner</b>	<p>Public Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Hosted quarterly Water Policy Forum &amp; Dinner.</li> </ul> <p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Sent out invitation to Congressional, State Senate and State Assembly offices encouraging attendance</li> </ul>
<b>Legislative Affairs</b>	<p>Governmental Affairs Staff:</p> <ul style="list-style-type: none"> <li>• Participated in the MWD Legislative Coordinators' Conference Call</li> <li>• Met with Congressman Lou Correa's District Director and provided a brief overview of MWDOC and our current priorities</li> <li>• Attended the ACWA State Legislative Committee meeting</li> <li>• Attended meetings in Washington D.C. with ACWA Federal Affairs Committee members: <ul style="list-style-type: none"> <li>○ Senate Committee on Indian Affairs (Minority staff)</li> <li>○ Senate Appropriations Committee, Interior and Environment Subcommittee (Majority staff)</li> </ul> </li> </ul>



<b>Legislative Affairs - continued</b>	<ul style="list-style-type: none"> <li>○ Congresswoman Anna Eshoo (staff)</li> <li>○ Congressman Salud Carbajal (staff)</li> <li>○ Senate Environment and Public Works Committee (Majority staff)</li> <li>○ Congresswoman Julia Brownley (staff)</li> <li>○ House Appropriations, Interior and Environment Subcommittee (Majority staff)</li> <li>● Attended the ACWA D.C. Conference</li> <li>● Coordinated and staffed the Southern California Congressional Briefing Luncheon hosted by MWDOC, EMWD, IEUA and WMWD</li> <li>● Participated in the Southern California Water Coalition Legislative Task Force Meeting</li> <li>● Participated in the ACWA State Legislative Committee conference call for Orange County ACWA members</li> <li>● Coordinated signatories for MWD's SB 204 (Dodd) and AB 533 (Holden) coalition letters</li> <li>● Attended Water Agencies of the Inland Empire and Orange County Reception in Sacramento</li> <li>● Attended the ACWA Legislative Symposium</li> <li>● Met with staff from the following offices: <ul style="list-style-type: none"> <li>▪ Senator Tom Umberg</li> <li>▪ Assemblyman Tom Daly</li> <li>▪ Assembly Water, Parks and Wildlife Committee</li> <li>▪ Assembly Appropriations Committee</li> </ul> </li> </ul>
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**INFORMATION CALENDAR**

**MWDOC GENERAL INFORMATION  
ITEMS**

**MWDOC BOARD OF DIRECTORS**

- Brett R. Barbre
- Larry D. Dick
- Wayne Osborne
- Joan Finnegan
- Sat Tamaribuchi
- Jeffery M. Thomas
- Megan Yoo Schneider