AGENDA

Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as “For Information” or “For Discussion” may also be the subject of an “action” taken by the Board or a Committee at the same meeting.

I. DETERMINATION OF A QUORUM

II. PLEDGE OF ALLEGIANCE

III. INVOCATION

IV. PUBLIC COMMENT

V. ADDITIONAL ITEMS TO AGENDA
Determine the need to add items to the agenda. In order for the Board to add an item to the agenda it must make a determination that: (i). The item came to the attention of the Board after the posting of the agenda; (ii). That there is a need for immediate action to be taken by the Board. If these two tests are met, the Board may add the item in question to the agenda for consideration consistent with the provisions of the Brown Act.

VI. CONSENT CALENDAR
Consent Calendar items are considered routine by the Board of Directors and will be adopted by one motion. There will be no separate discussion of these items unless a Board Member so requests, in which event the item will be removed from the Consent Calendar and considered separately immediately following action on the remaining items.

A. MINUTES OF THE SPECIAL MEETING OF APRIL 14, 2004

Staff Recommendation: That the Board approve the Minutes as submitted.

B. AWARD OF PROFESSIONAL SERVICES FOR PROFESSIONAL DESIGN, PRINTING, REPRODUCTION AND MAILING SERVICES CONTRACT FOR WRD’S NEWSLETTER
Committee Recommendation: The Inter-Agency Committee recommends that the Board award a contract for professional design, printing, production and mailing for four (4) issues of WRD newsletters to AMS Response of Paramount.
C. TORRANCE CHAMBER OF COMMERCE

*Committee Recommendation:* The Inter-Agency Committee recommends that the Board approve WRD’s membership to the Torrance Chamber of Commerce.

VII. CAPITAL IMPROVEMENT PROGRAM

*Committee Recommendation:* The Ad Hoc Strategic Plan/CIP Committee reviewed this item at its April 13, 2004 meeting and recommends that the Board adopt Resolution No. 04-706, thereby approving and adopting the District’s Capital Improvement Program.

VIII. CONTINUATION OF PUBLIC HEARING ON THE 2004-2005 PROPOSED REPLENISHMENT ASSESSMENT PER WATER CODE SECTION 60306

A. CONTINUE THE PUBLIC HEARING AND RECEIVE TESTIMONY

B. CLOSE PUBLIC HEARING

*Staff Recommendation:* That the Board resume the Public Hearing from April 21, 2004, provide opportunity for public comment, and close the Public Hearing.


*Staff Recommendation:* That the Board adopt Resolution No. 04-705.

X. TRAVEL REQUEST – 6TH ANNUAL COLORADO RIVER SUPER CONFERENCE, MAY 13-14, 2004, LAS VEGAS, NEVADA

*Recommendation:* Due to time constraints, this item was not reviewed by a committee.

XI. TRAVEL REQUEST – WATEREUSE FOUNDATION’S 2004 ANNUAL WATER REUSE RESEARCH CONFERENCE, MAY 17-18, 2004, LAS VEGAS NEVADA

*Recommendation:* Due to time constraints, this item was not reviewed by a committee.

XII. SB 1272 (ORTIZ) – SPECIAL DISTRICTS

*Committee Recommendation:* The Inter-Agency Committee recommends that the Board adopt an “Oppose” position on SB 12721 (Ortiz).
XIII. AB 2528 (LOWENTHAL) – PUBLIC WATER SYSTEMS  
**Committee Recommendation:** The Inter-Agency Committee recommends that the Board adopt a position of “Support if Amended” on AB 2528 (Lowenthal).

XIV. PROPOSED PROPOSITION 50 IMPLEMENTATION GUIDELINES ALLOWING INVESTOR OWNED UTILITIES ACCESS TO STATE GRANTS AND LOANS  
**Committee Recommendation:** Option 1 – The Inter-Agency Committee recommends that the Board approve a letter to the Governor opposing the expansion of Prop. 50 eligibility to private water companies.  
Option 2 – The Inter-Agency Committee recommends that the Board approve a letter to the Governor supporting the expansion of Prop. 50 eligibility to private water companies under a potential MWD compromise alternative.

XV. LEGISLATIVE REPORT  
**Committee Recommendation:** For information.

XVI. WRD TAC CHAIR REPORT

XVII. GENERAL MANAGER’S REPORT

XVIII. DISTRICT COUNSEL REPORT

XIX. DIRECTORS’ REPORTS

XX. WRD BOARD MEETING DATES  
A. May 19, 2004 – 1:30 p.m. – Board of Directors Meeting  
B. June 2, 2004 – 1:30 p.m. – Board of Directors Meeting  
C. June 16, 2004 – 1:30 p.m. – Board of Directors Meeting  
D. July 7, 2004 – 1:30 p.m. – Board of Directors Meeting

XXI. CLOSED SESSION  
A. Anticipated litigation per Government Code §54956.9 (b), Two Cases  
B. Labor Negotiations per Government Code §54957.6  
Negotiator: Arnoldo Beltran  
Bargaining Group: American Federation of State County & Municipal Employees (AFSCME)  
Discussion: Terms and conditions for Memorandum of Understanding for bargaining group  
C. Conference with real property negotiator per Government Code §54956.8  
Real Property: 4040 Paramount Blvd., Lakewood  
Agency Representative: J. Arnoldo Beltran  
Negotiating Parties: Robert L. Alperin (Cushman & Wakefield)  
Under Negotiation: Price, terms, and conditions for possible purchase
XXII.  ADJOURNMENT

Agenda posted by Abigail C. Andom, Deputy Secretary, April 28, 2004. In compliance with ADA requirements, this document can be made available in alternative formats upon request.
A special meeting of the Board of Directors of the Water Replenishment District was held on April 14, 2004, at 10:40 a.m. in the District office at 12621 E.166th Street, Cerritos, California. President Willard Murray, Jr. called the meeting to order and presided. Deputy Secretary Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM
The President declared a quorum of Directors was present, which in addition to himself included Directors Robert W. Goldsworthy and Norm Ryan. Directors Pat Acosta and Albert Robles were excused. Also participating in the meeting were General Manager Robb Whitaker, Assistant General Manager/Chief Engineer Mario Garcia, District Counsel J. Arnoldo Beltran, Chief Financial Officer Scott Ota, and Assistant Controller Laura Doud.

II. PLEDGE OF ALLEGIANCE
Manager of External Affairs Evelyn Fierro led the Pledge of Allegiance.

III. INVOCATION
Director Ryan gave the Invocation.

General Counsel J. Arnoldo Beltran stated that the Board of Directors held a Public Hearing on the proposed replenishment assessment pursuant to Water Code §60306 at its April 7, 2004 meeting. At that meeting, it was decided to continue the Public Hearing today and receive testimony, if any, from the public.

President Murray reconvened the Public Hearing and invited comments. Hearing none, President Murray stated that the Public Hearing will be continued to the April 21, 2004 Board meeting.
IV. PUBLIC COMMENT

None.

V. 2004-05 DRAFT BUDGET

General Manager Robb Whitaker stated that this workshop is an opportunity for the Board to have an initial review of the draft budget.

Director Ryan stated that the Finance Committee held a special meeting on the draft budget on April 2, 2004 and parameters were set which the Committee had agreed with.

Chief Financial Officer Scott Ota began his presentation with an overview of the budget process. The six phases of the budget process are: Phase I – Plan and Organize, Phase II – Midyear Budget Review, Phase III – Revise 2003/04 Budget, Phase IV – Draft 2004/05 Budget, Phase V – Revise 2004/05 Budget, and Phase VI – Adopt 2004/05 Budget. He also noted the key elements in the budget process which are the 5-year Strategic Plan, the Capital Improvement Plan, and the Engineering Survey and Report.

Mr. Ota briefly described Phase I, II, and III. Phase I – Plan and Organize. This phase developed tie lines for the budget process. Target dates and objectives were presented. Phase I culminated with the development and distribution of the Annual Budget Guide which provides staff who prepare the budget with adequate direction and specific guidelines in meeting the standards that the District’s management and Directors have established for the budget process.

Phase II - Mid-Year Budget Review, which was held February 19, 2004. This phase involved the preparation of 12-month projected actual financial data. The effort included interviews with project/program managers,
examination of open purchase orders, review of the contract database, and review of Board minutes to ensure that all approved agreements were considered when compiling the six month projections.

Phase III is a review of the 2003/04 budget from the comments generated from the Mid-Year Budget review.

Phase IV is the purpose of the budget workshop today. Phase IV involves the review of worksheets for the draft 2004-05 budget. The Finance Department compiled the budget estimates and calculated an assessment rate needed to fund District activities for fiscal year 2004-05. The calculated assessment rate was compared to last year’s assessment rate of $115 in order to evaluate the propriety of the 2004-05 estimate.

Mr. Ota provided the following highlights of the 2004-05 budget: at an assessment rate of $127.25 the District has a balanced budget with a positive change in net assets of $13,703; the replenishment assessment does not include capital expenditures such as the Safe Drinking Water Program; staff recommended that reinstituting of the In-Lieu Program; and the Leo J. Vander Lans Water Treatment Facility is scheduled to be on-line in July 2004.

In discussing the revenue side, Mr. Ota stated that the replenishment assessment was based on $127.25/AF. Additionally, the District plans on purchasing all imported spreading water in the first half of fiscal year 2004-05 to avoid Metropolitan Water District’s (MWD) increase in imported spreading water cost. The proposed replenishment assessment does not provide for any increase in the District’s reserves. Current cash flow estimates indicate that the District’s reserve balance at the end of fiscal year 2003-04 will be approximately $3.5 million. The District will be able to recapture about $2.25 million for capital expenditures once the planned
debt financing is completed. The District is projected to spend $1.4 million between the present and the end of the fiscal year. These costs will also be able to recapture after the debt financing is completed.

On the expenditure side, Mr. Ota continued with a presentation of each operating and maintenance expense per project/program. Capital program costs were also discussed.

Mr. Ota noted that management has chosen to defer $1.1 million from the 2004-05 budget for the following projects/programs:

- Water Supply (Leo J. Vander Lans Water Treatment Facility) – defer $366,040 relating to testing and membrane replacement
- Goldsworthy Desalter – defer $41,580 for the replacement of UV and RO membranes
- Montebello Forebay – defer $172,500 relating to monitoring, special studies and assistance with recycled water issues
- Water Quality Program – defer $297,000 for monitoring, testing, investigations and memberships
- Groundwater Monitoring – defer $30,000 for a piece of equipment
- Hydrogeology Program - defer $74,000 of costs relating to zone sampling and consultation services
- Dominguez Gap Barrier – defer $50,000 for a groundwater quality monitoring program
- Replenishment Operations – defer $75,000 relating to miscellaneous wellhead treatment repairs and a portion of the West Coast Basin Barrier Project numerical model
Assistant General Manager/Chief Engineer Mario Garcia continued the presentation with a discussion of three scenarios for the five-year projection showing the reserve level and replenishment assessment required with and without conjunctive use benefits. It is projected that the District’s reserves would be at $10 million after the five year period.

Mr. Ota concluded his presentation with a schedule of upcoming meetings and proposed actions:

- April 15 – Finance Committee Meeting to finalize the 2004-05 budget
- April 21 – Board Meeting to present the 2004-05 budget as directed by the Finance Committee
- May 3 – Board Meeting to set the replenishment assessment
- Mid-June – adopt the 2004-05 budget

Director Ryan asked why there will be no increase in the reserves with a $127/AF replenishment assessment when there was a slight increase in the reserves with a $115/AF replenishment assessment last year. Mr. Ota responded that water purchases were not made last year.

President Murray commented that he would have preferred that the budget documents compared “budget to budget.”
VI. **ADJOURNMENT**

President Murray asked if there was any further business to come before the Board and there being none, the meeting was adjourned upon a motion made by Director Goldsworthy and seconded by Director Ryan at 12:25 p.m.

___________________________

President

ATTEST:

___________________________

Secretary
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: AWARD OF PROFESSIONAL SERVICES FOR PROFESSIONAL DESIGN, PRINTING, REPRODUCTION AND MAILING SERVICES CONTRACT FOR WRD’S NEWSLETTER

SUMMARY
On February 20, the Inter-Agency Committee authorized staff to prepare a Request for Proposal to procure professional services for the design, production, printing and mailing of the newsletter for 2004-2005. In accordance with the procurement provisions of the District’s Administrative Code, the Request for Proposals was advertised once per week for four (4) consecutive weeks in the Los Angeles Bulletin, a newspaper of general circulation in Los Angeles County. In addition, the RFP was advertised in the Long Beach Business Journal and placed on the WRD website.

The WRD received 13 bids from vendors. The lowest proposal was from AMS Response of Paramount, which submitted a proposal of $46,901.52 for four newsletter issues. AMS is the current printer of the WRD newsletter.

The other proposals received were:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>AMOUNT</th>
<th>BIDDER</th>
<th>AMOUNT</th>
<th>BIDDER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign Los Angeles</td>
<td>$49,858</td>
<td>Color Tech Printing</td>
<td>$54,812</td>
<td>Renaissance Creative Group</td>
<td>$77,304</td>
</tr>
<tr>
<td>Inland Litho</td>
<td>$50,680</td>
<td>Perception</td>
<td>$56,060</td>
<td>S2 Design, Inc.</td>
<td>$81,000</td>
</tr>
<tr>
<td>Glory Graphics</td>
<td>$54,200</td>
<td>Visual Mix</td>
<td>$60,260</td>
<td>Burton, Livingston &amp; Kirk</td>
<td>$81,800</td>
</tr>
<tr>
<td>Marcom Connections</td>
<td>$54,280</td>
<td>Communications by Design, Inc.</td>
<td>$61,012</td>
<td>Litho Tech</td>
<td>$90,080</td>
</tr>
</tbody>
</table>

FISCAL IMPACT
In the proposed 2004-2005 budget, the Public Affairs Department budgeted $48,000 for printing, design and mailing and $72,000 for postage.
COMMITTEE RECOMMENDATION
The Inter-Agency Committee recommends that the Board award a contract for professional
design, printing, production and mailing for four (4) issues of WRD newsletters to AMS
Response of Paramount.
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: TORRANCE CHAMBER OF COMMERCE

SUMMARY
The Torrance Chamber of Commerce has over 900 members and is the leading business association in the South Bay region. It holds several monthly meetings covering a range of issues including governmental affairs, human resources, international business, and cultural involvement.

The Chamber holds several monthly meetings covering a range of issues including governmental affairs, human resources, international business, and cultural involvement. Specifically, the Governmental Affairs Policy Group meets on the first Monday of each month and the Breakfast Connection meets on the second Tuesday of each month at 7:15 am. The Breakfast Connection meetings are exceptionally well attended.

Director Bob Goldsworthy is requesting that the WRD join the Torrance Area Chamber of Commerce. Staff had also recommended that the WRD join the Torrance Area Chamber of Commerce on July 2, 2003.

The Inter-Agency Committee reviewed this item on April 22, 2004 and unanimously voted to recommend that the WRD Board approve membership with the Torrance Area Chamber of Commerce.

FISCAL IMPACT
The annual membership due for government agencies is $150, with a one-time administrative fee of $35.

COMMITTEE RECOMMENDATION
The Inter-Agency Committee recommends that Board approve WRD’s membership to the Torrance Chamber of Commerce.
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: CAPITAL IMPROVEMENT PROGRAM

SUMMARY
On September 3, 2003, the WRD Board of Directors adopted a Strategic Plan (Plan) which contained the District's mission statement, goals and objectives. Additionally, the Plan provided a list of potential projects and programs to assist the District in meeting the specified goals and objectives.

Upon adoption of this plan, the District began developing a 5-year Capital Improvement Program (CIP) which included a more thorough economic evaluation of the associated costs and benefits of potential projects and programs identified in the Plan.

As part of the CIP development process, each of the potential projects identified in the Plan was introduced to the Board of Directors. The Board then determined if a proposed project was worthy of further consideration. Eleven projects identified in the Plan were forwarded to the District’s Technical Advisory Committee (TAC) for review of project feasibility and economic viability. The TAC’s review of the eleven proposals was completed at their March 24th, 2004 meeting.

A list of the eleven projects is shown below:

1. Alamitos Physical Barrier
2. ASR Wells Inland of Seawater Barrier
3. Caltrans Pipeline
4. Convert Orduña Wells to Injection Wells
5. Desalter Brine Line
6. Goldsworthy Desalter Expansion
7. Goldsworthy Desalter Horizontal Well
8. Increased Spreading at Dominguez Gap Spreading Grounds
9. Safe Drinking Water Program
10. San Gabriel River Rubber Dams
11. Whittier Narrows Conservation Pool

All but three of the eleven projects are shown on the five-year capital outlay (Table 1 on the following page). The Alamitos Physical Barrier (#1) and the Goldsworthy Desalter
**Horizontal Well** (#7) have not been included because they are not likely to remain feasible candidate projects.

The **Desalter Brine Line** (#5) was also removed due to timing constraints and marginal project economics. The full benefits of the Desalter Brine Line are only realized if the District moves forward with the Goldsworthy Desalter Expansion and the required lump sum payment to the LACSD is avoided. The expansion project, as well as others related to West Coast Basin operations, will be further evaluated after review of the operational objectives for that basin, which is expected to be completed in late 2004. Due to these timing constraints, the District will most likely pay the lump sum payment of $1.6 million to LACSD in June 2006 to continue discharging brine from the Goldsworthy Desalter into the sewer line. If a subsequent determination is made to move forward with the Goldsworthy Desalter Expansion, a revised review of the Desalter Brine Line economics will be performed.

One project not included in the initial listing was added to the list for consideration. The Leo J. Vander Lans Water Treatment Facility Expansion was added in FY 08/09 to preserve the possibility for funding assistance through the U.S. Bureau of Reclamation’s Title 16 funding program. It has been suggested by USBR that project funding requests under Title 16 be included within an agency’s planning horizon. This project will be reviewed in further detail by the TAC throughout 2004, using the project review flowchart adopted by the TAC in 2003. No funds will be allocated to this project until further review by the Board and TAC.

The attached *Draft Capital Improvement Plan* document provides a summary of each of the nine projects including project mission, costs, benefits, environmental considerations and the TAC recommendation. Additionally, the appendices contain detailed cost benefit information for six of the nine projects listed. Detailed cost benefit ratio information is not included for the Safe Drinking Water Program, San Gabriel River Rubber Dams and Leo J. Vander Lans Water Treatment Facility Expansion since these projects are adequately described within the body of the CIP document.

**Figure 1: 5-Year Capital Outlay**

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>FY04/05</th>
<th>FY05/06</th>
<th>FY06/07</th>
<th>FY07/08</th>
<th>FY08/09</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASR Wells Inland of Seawater Barrier ¹</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,375,000</td>
<td>$ 1,375,000</td>
</tr>
<tr>
<td>Caltrans Pipeline ²</td>
<td>$ 120,000</td>
<td>$ 1,950,000</td>
<td>$ 2,000,000</td>
<td>$ 2,500,000</td>
<td>$ -</td>
<td>$ 6,570,000</td>
</tr>
<tr>
<td>Convert Orduña Wells to Injection Wells</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 100,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 100,000</td>
</tr>
<tr>
<td>Goldsworthy Desalter Expansion ³</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Increased Spreading at Dominguez Gap Grounds</td>
<td>$ 60,300</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 60,300</td>
</tr>
<tr>
<td>Leo J. Vander Lans Water Treatment Facility Expansion ⁴</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Safe Drinking Water Program</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
<td>$ 2,000,000</td>
<td>$ 10,000,000</td>
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<tr>
<td>San Gabriel River Rubber Dams</td>
<td>$ -</td>
<td>$ 1,140,000</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,140,000</td>
</tr>
<tr>
<td>Whittier Narrows Conservation Pool</td>
<td>$ 120,000</td>
<td>$ 120,000</td>
<td>$ 100,000</td>
<td>$ 3,211,000</td>
<td>$ -</td>
<td>$ 3,551,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 2,300,300</strong></td>
<td><strong>$ 5,210,000</strong></td>
<td><strong>$ 4,200,000</strong></td>
<td><strong>$ 7,711,000</strong></td>
<td><strong>$ 7,375,000</strong></td>
<td><strong>$ 26,796,300</strong></td>
</tr>
</tbody>
</table>

Notes
1. Funds shown in FY08/09 are for the construction of one ASR well in the West Coast Basin.
2. Project total is $14.570,000; this total includes $8 million funding contribution from Caltrans.
3. Multi-year project; funds shown in FY08/09 are 50% of the total project cost of $4 million.
4. Multi-year project; funds shown in FY08/09 are necessary to preserve USBR, Title XVI funds.
The five year capital outlay shown above was received and filed by the Board of Directors at its April 21, 2004 meeting. This outlay is also shown in the 5-year CIP that is being considered for approval and adoption.

It should be noted that adoption of the CIP does not necessarily constitute approval of each project proposal on the list. Specific approval for each individual proposal will still be required from the Board before the projects are actually constructed.

**FISCAL IMPACT**
The fiscal impact is outlined in the table above.

**COMMITTEE RECOMMENDATION**
The Ad Hoc Strategic Plan/CIP Committee reviewed this item at its April 13, 2004 meeting and recommends that the Board adopt Resolution No. 04-706, thereby approving and adopting the District’s Capital Improvement Program.
RESOLUTION NO. 04-706

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WATER REPLENISHMENT DISTRICT OF SOUTHERN
CALIFORNIA APPROVING
5-YEAR CAPITAL IMPROVEMENT PROGRAM.

WHEREAS, the Board of Directors (“Board”) of the Water Replenishment District of Southern California (“District”) approved and adopted on September 3, 2003 an update to the District’s Strategic Plan (2003 Strategic Plan) setting forth the District’s mission statement, goals and objectives; and

WHEREAS, the 2003 Strategic Plan identified eleven proposed capital improvement projects as being capable of furthering the District’s mission statement; these proposed projects have been further considered by the District as to project feasibility and economic viability; and

WHEREAS, District staff and its Technical Advisory Committee (“TAC”) have completed a review for each of the projects identified in the 2003 Strategic Plan and have prepared a five-year Capital Improvement Program (“CIP”) for the District’s use in conjunction with the 2003 Strategic Plan; and

WHEREAS, the CIP evaluates the costs, benefits and need for each of the project proposals discussed therein, and does not constitute District approval of any individual project, commit the District to any specific course of action, nor cause any specific new development to be undertaken by the District; and

WHEREAS, District staff and the TAC have held five public meetings to consider each of the project proposals identified in the 2003 Strategic Plan and to develop its recommendations for the projects to be included in the CIP; the TAC completed its review on March 24, 2004 and have recommended nine project proposals for inclusion and further District consideration in the CIP; and

WHEREAS, four public meetings have been held by the Board in consideration of the CIP; on April 7, 2004 the Board considered staff’s recommendations for the proposed projects to be included in the CIP;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Board hereby approves and adopts staff’s recommendations as provided in the Board memo entitled Capital Improvement Program dated May 3, 2004; and
2. The Board approves and adopts the final CIP dated May 3, 2004 to serve as the companion planning document to the 2003 Strategic Plan; and

3. Final District approval of the individual projects proposed in the CIP are contingent on financing and compliance with Public Resources Code sections 21000 et seq., Water Code section 60231 et seq., and other applicable state and/or federal law.

WHEREFORE, THE Board of Directors of the Water Replenishment District of Southern California has adopted this Resolution as of the ____ day of __________, 2004.

___________________________
WILLARD H. MURRAY, President

ATTEST:

_____________________________
ROBERT W. GOLDSWORTHY, Secretary
MEMORANDUM

ITEM NO. VIII

DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: CONTINUATION OF PUBLIC HEARING ON THE 2004-2005 PROPOSED REPLENISHMENT ASSESSMENT PER WATER CODE SECTION 60306

SUMMARY
The Board will continue the Public Hearing from April 21, 2004. The purpose of the Public Hearing is to determine whether and to what extent the estimated cost of (1) purchasing water for groundwater replenishment for the ensuing fiscal year and accomplishing acts reasonably necessary for replenishment, (2) removing contaminants from groundwater supplies and undertaking other groundwater quality projects, and (3) the District’s operating and administrative expenses, shall be paid for by a replenishment assessment upon groundwater producers within the Central and West Coast Groundwater Basins.

After receiving testimony the Board will close the Public Hearing.

FISCAL IMPACT
For Information.

STAFF RECOMMENDATION
That the Board resume the Public Hearing from April 21, 2004, provide opportunity for public comment, and close the Public Hearing.
MEMORANDUM

ITEM NO. IX

DATE: MAY 3, 2004

TO: BOARD OF DIRECTORS

FROM: ROBB WHITAKER, GENERAL MANAGER


SUMMARY
After closing the public hearing but no later than the second Tuesday in May, the Board shall by resolution, make the necessary findings and determinations as described in Sections 60315 and 60316 of the California Water Code. Immediately following the making of the determinations, the Board shall levy a replenishment assessment on the production of groundwater from the groundwater supplies within the district during the ensuing fiscal year per section 60317.

FISCAL IMPACT
Will depend on the Replenishment Assessment levied by the Board.

STAFF RECOMMENDATION
That the Board adopt Resolution No. 04-705.
RESOLUTION NO. 04-705


WHEREAS, the Board has timely ordered an Engineering Survey and Report to be made regarding the groundwater supplies and groundwater quality issues within the District;

WHEREAS, an Engineering Survey and Report has been prepared pursuant to the Board’s request, which Report has been available to inspect for the time required by law;

WHEREAS, the Board, by Resolution No. 04-699, has declared that funds shall be raised to purchase water for replenishment of groundwater supplies within the District during the next ensuing fiscal year, and to accomplish all acts reasonably necessary to said replenishment, including but not limited to the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds to be raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District.

WHEREAS, the Board, by Resolution No. 04-699, has declared that funds shall be raised to remove contaminants from groundwater supplies and to exercise any other power under Water Code Section 60224, including but not limited to the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds so raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District;

WHEREAS, notice of a public hearing to be held on April 7, 2004, for the purpose of determining whether and to what extent the estimated cost of water replenishment programs and the estimated cost of water quality programs for the ensuing
year shall be paid for by a replenishment assessment was published as required by law; and

WHEREAS, the annual hearing regarding the District Replenishment Assessment was opened on April 7, 2004 and continued to April 14, April 21, and May 3, 2004; and

WHEREAS, all evidence and testimony relevant to the Engineering Survey and Report and the Board’s determination that such a replenishment assessment shall be levied was introduced at said hearings; and

WHEREAS, the public hearing was closed on May 3, 2004; and

WHEREAS, all other findings required by law have already been made, including but not limited to any findings required by California Water Code Section 60231; and

WHEREAS, the Board voted at its May 3, 2004 public meeting to make the findings and resolutions set forth below.

NOW, THEREFORE, BE IT RESOLVED AND DECLARED BY THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AS FOLLOWS:

1. That said Board pursuant to Section 60315 of the Water Code of the State of California finds as follows:

   a) The annual overdraft of the preceding water year was 101,304 acre-feet as provided in Exhibit A.

   b) The estimated annual overdraft for the current water year is 109,406 acre-feet as provided in Exhibit A.

   c) The estimated annual overdraft for the ensuing water year is 112,919 acre-feet as provided in Exhibit A.

   d) The accumulated overdraft as of the last day of the preceding water year was 659,100 acre-feet as provided in Exhibit A.

   e) The estimated accumulated overdraft as of the last day of the current water year is 664,906 acre-feet as provided in Exhibit A.

   f) The total production of groundwater from the groundwater supplies within the Replenishment District during the preceding water year was 241,871 acre-feet as provided in Exhibit A.
g) The estimated total production of groundwater from groundwater supplies within the Replenishment District for the current water year is 255,624 acre-feet as provided in Exhibit A.

h) The estimated total production of groundwater from the groundwater supplies within the Replenishment District for the ensuing water year is 259,137 acre-feet as provided in Exhibit A.

i) In the preceding water year, water levels generally rose in the Central Basin Pressure Area and Los Angeles Forebay, remained the same in the West Coast Basin, and fell in the Montebello Forebay resulting, in a net loss in groundwater from storage over the District of about 10,350 acre-feet. Even with the decline, at the end of the preceding water year there was still sufficient groundwater in storage to meet the supply needs of the District’s groundwater pumpers. The March 3, 2004 Engineering Survey and Report and any updates provide the details of basin conditions.

j) During the current water year, water levels have fallen in the Montebello Forebay due to below normal precipitation. The District expects that with continued artificial replenishment by the District and the amount of groundwater currently in storage, there will be sufficient supplies to meet the near-term needs of the District’s groundwater pumpers. The March 3, 2004 Engineering Survey and Report and any updates provide details of the basin conditions.

k) The quantity of water that should be purchased by the District for the replenishment of the groundwater supplies of the district during the ensuing water year is 119,222 acre-feet, which includes 77,895 acre-feet at the spreading grounds, 31,024 acre-feet at the seawater barriers, and 10,303 acre-feet for in-lieu. Details of the calculations for these amounts are presented in the March 3, 2004 Engineering Survey and Report, its updates, and provided in Exhibit A.

l) The source and estimated unit cost of the water available for the replenishment described in item k) is attached as Exhibit A to this Resolution. The amounts have been updated from the March 3, 2004 Engineering Survey and Report to reflect the anticipated incorporation of the District's In-Lieu program.

m) The estimated net costs of replenishing the groundwater supplies with the water so purchased are $24,656,492. This amount has been updated from the March 3, 2004 Engineering Survey and Report to reflect the changes in
anticipated water costs to the District described in l), and provided in Exhibit B. The estimated rate of the replenishment assessment required to fund these purchases based on the anticipated pumping in the ensuing year describe above in h) less 3,000 acre-feet of pumping for the Goldsworthy Desalter Project is $96.26 per acre-foot of groundwater pumped.

The estimated additional costs to this District for replenishment program costs, estimated capital costs, and other costs relating to accomplishing replenishment of the groundwater supplies, are $10,131,361. The estimated rate of the replenishment assessment required to fund these costs based on the anticipated pumping in the ensuing year describe above in h) less 3,000 acre-feet of pumping for the Goldsworthy Desalter Project is $39.55 per acre-foot of groundwater pumped. A listing of the projects and programs and their intended objective – replenishment and/or clean water – is provided in Exhibit C.

n) It is not anticipated that additional replenishment funds need to be raised in the ensuing year for future replenishment water that should be purchased in the ensuing year but can not due to an anticipated unavailability of replenishment water in the ensuing year.

o) The estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the district during the ensuing fiscal year for the purposes of accomplishing replenishment activities is $135.81 per acre-foot.

p) That contaminants should be removed from groundwater supplies during the ensuing fiscal year pursuant to the District’s projects and programs described in the March 3, 2004 Engineering Survey and Report, the capital improvement program, and the annual budget document. The estimated costs to this District for the groundwater quality program for the 2004-2005 fiscal year is $4,223,589. The estimated additional rate of replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the district during the ensuing fiscal year for those purposes is $16.49 per acre-foot.

q) That the programs for the removal of contaminants or other actions under Section 60224 are multi-year programs.

r) That the estimated amount of reserves on hand at the end of the fiscal year of 2003-2004 will not exceed the reserve fund limit provided in Water Code Section 60290.
2. Prior to accounting for other revenue, possible debt financing, or use of reserves, the estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the Replenishment District during the ensuing fiscal year for the purpose of accomplishing such replenishment and water quality programs by this district is $152.30 per acre-foot of yearly groundwater production (af). Said rate, in conjunction with the use of an estimated $4,203,000 in other revenue, debt financing for capital improvement projects, and District reserve funds as necessary, will produce the approximate necessary funds to pay the following costs: $____ per af for the cost of purchasing water, financing capital improvement projects and other costs relating to accomplishing groundwater replenishment, and $____ per af for clean water programs. Of the $____ per af allocated to accomplishing groundwater replenishment, $____ per af is allocable to capital projects. Of the $____ per af allocated to clean water programs, $____ per af is allocable to capital projects. General and administrative expenses of the District will be met on a pro tanto basis given each function’s (replenishment and clean water) load factor on operations.

3. Prior to accounting for other revenue, possible debt financing, or use of reserves, the entire cost of purchasing water for replenishment for the ensuing fiscal year shall be paid for by the assessment identified in Section 2, above. The cost of removing contaminants from groundwater supplies and taking other actions authorized under Water Code Section 60224 shall be paid for by the assessment identified in Section 2, above, from possible debt financing for capital improvement projects, and from reserve funds as necessary maintained in accordance with Water Code Section 60290. The costs of those capital projects to be undertaken in the ensuing fiscal year, but for which no capital construction accounts have been established pursuant to Water Code Section 60291, shall also be paid for by the reserve fund maintained in accordance with Water Code Section 60290.

4. That all of the estimated costs for the ensuing fiscal year for water replenishment programs and for groundwater quality programs by this District as found in Section 1 of this Resolution shall be paid for by a replenishment assessment levied pursuant to Section 60317 of the Water Code, and by the reserve fund maintained in accordance with Water Code Section 60290. That there is hereby levied on the production of groundwater from groundwater supplies within its Replenishment District during the fiscal year commencing July 1, 2004, and ending June 30, 2005, a replenishment assessment in the amount of $____ per acre-foot produced during said fiscal year.

5. That the District’s groundwater replenishment program is an ongoing project commencing at a date such that an environmental impact report has not been required, and the 2004-2005 program is a part of that ongoing project. Notwithstanding, an Environmental Impact Report for this District’s groundwater replenishment program has heretofore been prepared and the report and program have
been approved by this District’s Board of Directors. The imposition of a water replenishment assessment for the 2004-2005 fiscal year is within the scope of the groundwater replenishment program covered by that report and such activity is adequately described in said Environmental Impact Report for the purposes of the California Environmental Quality Act, even if said act were to require such a report.

DATED this ____________ day of _____________, 2004

____________________________________
President

ATTEST:

____________________________________
Secretary
# EXHIBIT A

## GROUNDWATER CONDITIONS AND REPLENISHMENT SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Groundwater Production</td>
<td>241,871 AF</td>
<td>255,624 AF</td>
<td>259,137 AF</td>
</tr>
<tr>
<td>Annual Overdraft</td>
<td>(101,304) AF</td>
<td>(109,406) AF</td>
<td>(112,919) AF</td>
</tr>
<tr>
<td>Accumulated Overdraft</td>
<td>(659,100) AF</td>
<td>(664,906) AF</td>
<td></td>
</tr>
</tbody>
</table>

### Quantity Required for Artificial Replenishment for the Ensuing Year

**Spreading**
- Imported for Spreading in Montebello Forebay: 29,895 AF
- Recycled for Spreading in Montebello Forebay: 48,000
- Subtotal Spreading: 77,895 AF

**Injection**
- West Coast Basin Barrier: 19,624
- Dominguez Gap Barrier: 7,600
- Alamitos Barrier: 3,800
- Subtotal Injection: 31,024

**In-lieu**
- Subtotal In-lieu: 10,303 AF

**Total:** 119,222 AF

## Source and Unit Cost of Replenishment Water for the Ensuing Year

### Recycled Water

<table>
<thead>
<tr>
<th></th>
<th>Oct-Dec</th>
<th>Jan-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spreading (CSDLAC - San Jose Creek)</td>
<td>$14.52 /AF</td>
<td>$14.52 /AF</td>
</tr>
<tr>
<td>Spreading (CSDLAC - Whittier Narrows)</td>
<td>$7.00 /AF</td>
<td>$7.00 /AF</td>
</tr>
<tr>
<td>Injection (WBMWD - West Coast Barrier)</td>
<td>$430.00 /AF</td>
<td>$430.00 /AF</td>
</tr>
<tr>
<td>Injection (LA-Terminal Island - Dominguez Barrier)</td>
<td>$431.00 /AF</td>
<td>$431.00 /AF</td>
</tr>
<tr>
<td>Injection (WRD-Alamitos Barrier)</td>
<td>$267.00 /AF</td>
<td>$267.00 /AF</td>
</tr>
</tbody>
</table>

### Imported Water

<table>
<thead>
<tr>
<th></th>
<th>Oct-Dec</th>
<th>Jan-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spreading (CBMWD, includes $37/af surcharge)</td>
<td>$270.00 /AF</td>
<td>$275.00 /AF</td>
</tr>
<tr>
<td>Injection - Alamitos (Long Beach, includes $5/af surcharge)</td>
<td>$423.00 /AF</td>
<td>$448.00 /AF</td>
</tr>
<tr>
<td>Injection - West Coast &amp; Dominguez Gap (WBMWD includes $31/af surcharge)</td>
<td>$520.00 /AF</td>
<td>$535.00 /AF</td>
</tr>
<tr>
<td>CBMWD Water Service Charge</td>
<td>$18,000</td>
<td>$54,000</td>
</tr>
<tr>
<td>WBMWD Water Service &amp; Capacity Reservation Charges</td>
<td>$49,314</td>
<td>$168,282</td>
</tr>
</tbody>
</table>

### In-lieu

- Central Basin Met Member Agency (Long Beach, Compton, Los Angeles): $122 /AF
- CBMWD Customer: $159 /AF
- West Basin Met Member Agency (Torrance, Los Angeles): $122 /AF
- WBMWD Customer: $153 /AF

*(a) Estimated values

(b) Amounts and rates for In-lieu are estimated and have not yet been established by the Board for ensuing year*
## EXHIBIT B

### QUANTITY AND COST OF REPLENISHMENT WATER FOR WY 2004-2005

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>October - December</th>
<th>January - September</th>
<th>TOTAL WATER (af)</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>acre feet</td>
<td>unit cost</td>
<td>subtotal</td>
<td>acre feet</td>
</tr>
<tr>
<td>Spreading Imported</td>
<td>29,895</td>
<td>$270</td>
<td>$8,071,542</td>
<td>0</td>
</tr>
<tr>
<td>Spreading Recycled (San Jose Creek Plant)</td>
<td>9,500</td>
<td>$14.52</td>
<td>$137,940</td>
<td>28,500</td>
</tr>
<tr>
<td>Spreading Recycled (Whittier Narrows Plant)</td>
<td>2,500</td>
<td>$7</td>
<td>$17,500</td>
<td>7,500</td>
</tr>
<tr>
<td>West Coast Barrier imported</td>
<td>3,031</td>
<td>$520</td>
<td>$1,576,172</td>
<td>9,093</td>
</tr>
<tr>
<td>West Coast Barrier recycled</td>
<td>1,875</td>
<td>$430</td>
<td>$806,250</td>
<td>5,625</td>
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<tr>
<td>Dominguez Gap Barrier imported</td>
<td>950</td>
<td>$520</td>
<td>$494,000</td>
<td>2,850</td>
</tr>
<tr>
<td>Dominguez Gap Barrier recycled</td>
<td>950</td>
<td>$431</td>
<td>$409,450</td>
<td>2,850</td>
</tr>
<tr>
<td>Alamitos Barrier imported</td>
<td>570</td>
<td>$423</td>
<td>$241,110</td>
<td>1,710</td>
</tr>
<tr>
<td>Alamitos Barrier recycled</td>
<td>380</td>
<td>$267</td>
<td>$101,460</td>
<td>1,140</td>
</tr>
<tr>
<td>In-Lieu Central Basin Met Member</td>
<td>1,500</td>
<td>$122</td>
<td>$183,000</td>
<td>4,500</td>
</tr>
<tr>
<td>In-Lieu CBMWD Customer</td>
<td>0</td>
<td>$159</td>
<td>$0</td>
<td>0</td>
</tr>
<tr>
<td>In-Lieu West Basin Met Member</td>
<td>376</td>
<td>$122</td>
<td>$45,842</td>
<td>1,127</td>
</tr>
<tr>
<td>In-Lieu WBMWD Customer</td>
<td>700</td>
<td>$153</td>
<td>$107,100</td>
<td>2,100</td>
</tr>
<tr>
<td>CBMWD Water Service Charge</td>
<td>-</td>
<td>-</td>
<td>$18,000</td>
<td>-</td>
</tr>
<tr>
<td>WBMWD Water Service &amp; Capacity Reservation Fees</td>
<td>-</td>
<td>-</td>
<td>$49,314</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td>119,222</td>
<td></td>
</tr>
<tr>
<td><strong>less Alamitos Barrier Recycled</strong></td>
<td></td>
<td></td>
<td>($405,840)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>119,222</td>
<td></td>
</tr>
</tbody>
</table>

Met = Metropolitan Water District of Southern California, WBMWD = West Basin Municipal Water District, CBMWD = Central Basin Municipal Water District

* The Alamitos recycled water cost is based on O&M less MWD rebate. It is shown as a water cost, but is deducted at the end since it is part of the Vander Lans (Water Supply) project
## WRD PROJECTS AND PROGRAMS

<table>
<thead>
<tr>
<th>PROJECT / PROGRAM</th>
<th>DISTRICT FUNCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Leo J. Vander Lans Water Treatment Facility Project</td>
<td>Replenishment</td>
</tr>
<tr>
<td>02 Robert W. Goldsworthy Desalter Project</td>
<td>100%</td>
</tr>
<tr>
<td>03 Cal Trans Highway 105 Dewatering</td>
<td>100%</td>
</tr>
<tr>
<td>04 Recycled Water Program</td>
<td>100%</td>
</tr>
<tr>
<td>05 Groundwater Resources Planning Program</td>
<td>100%</td>
</tr>
<tr>
<td>06 Groundwater Quality Program</td>
<td>100%</td>
</tr>
<tr>
<td>07 Whittier Narrows Groundwater Contamination</td>
<td>100%</td>
</tr>
<tr>
<td>10 Geographic Information System</td>
<td>50%</td>
</tr>
<tr>
<td>11A Regional Groundwater Monitoring Program</td>
<td>50%</td>
</tr>
<tr>
<td>11B Hydrogeology Program</td>
<td>50%</td>
</tr>
<tr>
<td>12 Safe Drinking Water Program</td>
<td>100%</td>
</tr>
<tr>
<td>16 Seawater Barrier Improvement Program</td>
<td>50%</td>
</tr>
<tr>
<td>18 Dominguez Gap Barrier Recycled Water Injection</td>
<td>100%</td>
</tr>
<tr>
<td>23 Replenishment Operations</td>
<td>100%</td>
</tr>
<tr>
<td>30 Alamitos Barrier Deep Soil Mixing Pilot Study</td>
<td>50%</td>
</tr>
</tbody>
</table>
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: TRAVEL REQUEST- 6TH ANNUAL COLORADO RIVER SUPERCONFERENCE, MAY 13-14, 2004, LAS VEGAS

SUMMARY
The 6th Annual Colorado River SuperConference sponsored by the Water Law Institute will be held May 13-14, 2004 in Las Vegas, Nevada. Topics for discussion include, among others, an Overview and Update on the Colorado River, State of the State, and the Clean Water Act and Colorado River Basin.

FISCAL IMPACT
Registration fee is $595 per person. Special room rates are at $199.00 a night for May 12 and May 13.

RECOMMENDATION
Due to time constraints, this item was not reviewed by a committee.
Earn up to 13 Hours MCLE Credit Including One Hour of Ethics

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- Engineers
- Tribal Representatives
- Government Officials
- Water District Representatives
- Agricultural Professionals
- City and County Representatives
- Environmental Scientists
...and anyone interested in Colorado River issues!

Keynote Presentations:

Bennett W. Raley
Assistant Secretary for Water and Science
United States Department of the Interior

Arturo Duran
Commissioner, U.S. Section International Boundary
and Water Commission

Here's What Last Year's Attendees Said:

"The speakers were generally excellent and covered an excellent range of issues."

"Excellent presenters. Best I have seen at similar conferences & seminars in some time."

"I came to learn about the law of the river and the conference certainly met my expectations."

Register Online at www.cle.com or Call (800) 873-7130
Conference Schedule Inside
<table>
<thead>
<tr>
<th>Time</th>
<th>Thursday, May 13</th>
<th>Friday, May 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00</td>
<td>Registration</td>
<td>8:00 Perspectives on the River</td>
</tr>
</tbody>
</table>
| 8:30  | Introduction
Michael J. Pearce, Esq., Program Co-Chair
Fenner Craig, Phoenix, AZ | Dennis B. Underwood, Program Co-Chair, Vice President
The Metropolitan Water District of Southern California, Los Angeles, CA |
| 8:40  | Overview and Update on the River
Michael J. Pearce, Esq., Program Co-Chair | 8:30 Lower Colorado River Multi-Species Conservation Plan
Where Are We Now and Where Are We Going?
Joseph A. Vanderhorst, Esq., Deputy General Counsel
The Metropolitan Water District of Southern California, Los Angeles, CA |
| 9:00  | State of the State
Nevada Issues
R. Michael Tunispread, PE, Director
Nevada Department of Conservation and Natural Resources, Carson City
George M. Can, PE, Executive Director
Colorado River Commission of Nevada, Las Vegas | 9:15 Tribal Water Leasing
Costa and Berstein
Gary B. Hansen, Esq., Water Resources Director
Colorado River Indian Tribes, Parker, AZ |
| 10:15 | Integration of Colorado River Power
How Power Works on the River
Timothy J. Ulrich, Area Manager
Lower Colorado River Dams Facilities Office
Bureau of Reclamation, Boulder City, NV | 10:00 Morning Break |
| 11:00 | Morning Break                                                       | 10:15 High Resolution Satellite Quantification of Evapotranspiration
Technology at Work on the River
Richard G. Allen, PHD, PE
Professor of Water Resources Engineering
University of Idaho, Kimberly, ID |
| 11:15 | Keynote Presentation
Bennett W. Riley, Assistant Secretary for Water and Science
United States Department of the Interior, Washington, DC | 11:00 Keynote Presentation
Arturo Duran, Commissioner, United States Section International Boundary and Water Commission, El Paso, TX |
| 12:00 | Q&A Panel Members of the Faculty                                   | 11:45 Lunch Break                                  |
| 12:15 | Lunch Break                                                        | 1:00 Historic and Future Hydrology of the Basin
Patrick T. Tyrrell, PE, State Engineer
State Engineer's Office, Cheyenne, WY |
| 1:45  | Implementation of the Quantification Settlement Agreement Plus
Ronald R. Gastelum, Esq., Chief Executive Officer
The Metropolitan Water District of Southern California, Los Angeles, CA | 1:45 Arizona Water Banking and Colorado River Management
Herb Guestler, Director
Arizona Department of Water Resources, Phoenix, AZ
David "Sid" Wilson, Jr., General Manager
Central Arizona Water Conservation District, Phoenix, AZ |
| 2:30  | Thirty-Year Perspective on Colorado River Salinity Control
Jack A. Barnett, Executive Director
Colorado River Basin Salinity Control Forum, Bountiful, UT | 2:45 Glen Canyon Adaptive Management
Current Developments in the Upper Basin
Randall K. Peterson, Manager, Adaptive Management and Environmental Resources Division, Upper Colorado Region
Bureau of Reclamation, Salt Lake City, UT |
| 3:15  | Afternoon Break                                                    | 3:30 Ethics
Ethics Considerations for Environmental Practitioners
Michael C. Ford, Esq.
Bryan Cave, Phoenix, AZ |
| 3:30  | The Clean Water Act and the Colorado River Basin
Max Dodson, Assistant Regional Administrator
Ecosystems Protection & Remediation
United States Environmental Protection Agency Denver, CO | 4:30 Adjourn |
| 4:15  | California's Plan and Approach to the Saltion Sea Restoration
Mike Christmas, Secretary for Resources
California Resources Agency Sacramento, CA | Fiction Writing for Lawyers
May 1-8, Los Angeles
Texas Water Law
May 24-25, Houston |
| 5:00  | Adjourn to Private Networking Reception                            | Doing Business in China
June 10-11, Washington, DC
Winning
June 21-22, San Francisco |

For more information about these and other programs, visit our website at www.cle.com
Law of the Colorado River

Program Co-Chairs
Michael J. Pearce practices in the areas of groundwater management and planning support, surface water rights administration, general stream adjudication litigation, dam safety enforcement, and a variety of issues concerning the law of the Colorado River.
Dennis B. Underwood serves as Vice President of The Metropolitan Water District of Southern California. He was the Executive Director and Executive Secretary of the Colorado River Board of California from 1978 to 1989. In 1989, he was appointed by President George Bush as Commissioner of the Bureau of Reclamation, where he served until 1993.

Keynote Presenters
Arturo Durán was sworn in on January 16, 2004, as Commissioner of the U.S. Section of the International Boundary and Water Commission. He previously served as General Manager for the Lower Valley Water District in Texas.
Bennett W. Riley is responsible for setting departmental policy and providing oversight to the Bureau of Reclamation and Geological Survey. Prior to his appointment, he practiced law in Colorado, specializing in water rights, water quality law, environmental law and public land law.
Richard G. Allen has received national and international recognition for his work in crop water requirements and irrigation water management. He was co-editor of the 1990 ASCE Practices Manual for Evapotranspiration.

Continuing Education Credit
MCLE. This course has been approved for a maximum of 16 hours of credit, including one hour of ethics, in Colorado and New Mexico. This course has been approved for a maximum of 13 hours of credit, including one hour of ethics, in California, Nevada, Utah and Wyoming. The State Bar of Arizona does not approve or accredit CLE activities for the Mandatory Continuing Legal Education requirement. This course may qualify for up to 13 hours of credit toward your annual requirements for the State Bar of Arizona, including one hour of legal ethics. 

Conference Location and Accommodations: The Conference will be held at the elegant Venetian Resort Hotel Casino, 3355 Las Vegas Boulevard South, Las Vegas, NV 89109. A block of rooms has been held for Conference attendees until April 12. For room reservations and special rates, please call Community Work Travel at (888) 724-0300.

Registration
Advance registration is recommended, and you are encouraged to mail in your registration early. Or simply call in your registration or humanity order to (800) 873-1350, fax the registration form to (303) 321-6320, register online at www.cle.com, or e-mail your registration to registratr@telecom. Full payment is due at time of registration. Walk-in registrations will be subject to space availability. Please call CLE INTERNATIONAL at (303) 377-6600 if you require any special accommodations.

Tuition
The tuition fee of $505 per person includes attendance at all sessions, course materials, continental breakfasts, and coffee breaks. CLE INTERNATIONAL offers special rates for nonprofit organizations, full-time judges and law students.

Course Materials
Each registrant will receive a set of materials prepared by the speakers specifically for this Conference, which will serve as a valuable future reference. The course materials are available for $92.50 plus $10 shipping and handling.

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Save $20 or more with our multiple registrants discount! Tuition is only $495 per person for two or more from the same firm.

Cancellation
Full tuition refunds (less a $50 administrative charge) will be given only if notice of cancellation is received by 5:00 p.m. MST on the Friday preceding the Conference. Substitutions may be made at any time.

Sponsorship Information
Sponsorship and exhibition opportunities are still available. For more information, please contact Melissa Dafoti, Marketing Assistant, at 303-377-6600 or mdafoti@cle.com.

About CLE International
CLE INTERNATIONAL, a leading provider of continuing education, has been presenting high-quality professional education programs nationwide since 1963.

Gary B. Hansen has over 25 years of experience in state and tribal water management. He is a principal advisor for the Colorado River Ten Tribes Partnership in water rights matters.
Randall V. Peterson is the Manager of the Adaptive Management and Environmental Resources Division for the Upper Colorado Region. He works extensively on issues involving Glen Canyon.
H. Michael Turnipseed was appointed to his current position by the Governor in 2000. He was previously the Nevada State Engineer and Chief of the Surface Water and Adjudication Section at the Nevada Water Resource Conservation District in Nevada.
Patrick T. Tyrrell worked in the private sector prior to becoming Wyoming's State Engineer. He is a past board member and past President of the Wyoming Water Association. He has broad experience in water use and water law.
Timothy J. Uhrich is the Area Manager for the BOR's Lower Colorado Dams, which consist of Hoover, Davis and Parker Power Plants, with a combined installed capacity of more than 2360 megawatts.
Joseph A. Vanderkorn specializes in environmental and real property law. He is currently involved in the development of the Lower Colorado River Multi-Species Conservation Program, a joint effort among federal and state agencies in the lower Colorado River basin.
David "Sid" Wilson, Jr., has worked in water management for 34 years. He was a principal negotiator of the first management plan for Phoenix under the Arizona Groundwater Management Act.
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Nevada Department of Conservation and Natural Resources
Colorado River Commission of Nevada • Bureau of Reclamation
The Metropolitan Water District of Southern California
Colorado River Basin Salinity Control Forum
U.S. Environmental Protection Agency • Colorado River Indian Tribes
University of Idaho • International Boundary and Water Commission
Wyoming State Engineer’s Office • Arizona Department of Water Resources
Central Arizona Water Conservation District

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YES! Please register the following:
Name: 
Name: 
Name: 
Firm: 
Address: 
City: 
State: Zip + 4: 
Phone: Fax: 
Email: 

Save when two or more register!
Payment of $ Enclosed or Charge my: 
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Card No: 
Signature: 

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☐ Course Materials Only 
☐ Audio Homestudy Course (Tapes and Materials) 
☐ Email Notification of Future Conferences

This form is not for online registration. Please print out this form and fax to 303-321-6320. Or click back to the Conference homepage and click the “Register Now!” button.
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: TRAVEL REQUEST- WATEREUSE FOUNDATION’S 2004 ANNUAL WATER REUSE RESEARCH CONFERENCE, MAY 17-18, 2004, LAS VEGAS

SUMMARY
The 8th Annual WateReuse Foundation’s Water Reuse Research Conference will be held May 17-18, 2004 in Las Vegas. The program features technical presentations on important issues such as indirect potable reuse, origin and fate of pharmaceuticals and personal care products in the environment, desalination of shallow aquifer brackish water, and evaluating the fate of microcontaminants in reclaimed water. The program also includes presentations on topics such as water policy issues in the Congress, economics, and human reactions to water reuse.

FISCAL IMPACT
Registration fee is $325 per person. Special room rates are at $99.00 a night.

COMMITTEE RECOMMENDATION
Due to time constraints, this item was not reviewed by a committee.
WateReuse Foundation’s
2004 Annual Water Reuse Research Conference
Shaping the Future of Water Reuse Through Research
Las Vegas, Nevada - May 17-18, 2004 - Alexis Park Resort
Dear Colleague:

On behalf of the Foundation’s Board of Directors and Conference co-sponsors, we would like to invite you to attend the WaterReuse Foundation’s 8th Annual Research Conference. This year’s conference will be held on May 17-18 at the Alexis Park Resort in Las Vegas.

This year’s Research Conference, although still very much focused on “leading edge” research in water reuse, represents some changes from past conferences. One change is that we issued a “call for papers” to solicit interest from the research community in presenting at the conference and were gratified to receive more than 30 abstracts. This response indicates that there is a significant amount of water reuse and salinity management research being funded by local agencies and universities. These high quality abstracts made the job of agenda creation much simpler for our Conference Program Committee.

In past years we have used the Annual Research Conference as a forum for updating and refining the Foundation’s long-term research agenda. Because of the Foundation’s rapid growth over the past three years, we decided that a more formal mechanism was needed to identify a long-term research agenda. Hence, we convened a workshop in San Diego earlier in the year to accomplish this objective and will be reporting on the results of this highly productive workshop in Las Vegas.

Yet another change is location. This will be the first time the Foundation has held its annual conference outside California. We see this as a positive development for three reasons. First, the Foundation is now a truly national - and even an international - organization. Secondly, research results are typically universal in their application and independent of geography. Finally, Las Vegas is a great convention city and an attractive place to hold a conference.

The Foundation and its co-sponsors - U.S. EPA’s Office of Research and Development, the Awwa Research Foundation, National Water Research Institute, and the U.S. Bureau of Reclamation - have established several important goals for the upcoming research conference:

- to provide an opportunity for our researchers to present the results of ongoing research on water reuse and salinity management;
- to provide a forum for water reuse research professionals to interact, network, and discuss ongoing research; and
- for all attendees to share an enjoyable learning experience through interactions with their fellow water reuse professionals.

We believe this year’s conference program is our best ever. It features a range of technical presentations on important issues such as indirect potable reuse, origin and fate of pharmaceuticals and personal care products in the environment, desalination of shallow aquifer brackish water, and evaluating the fate of microcortaminants in reclaimed water during ASR. In addition, the program includes presentations on relevant topics as diverse as water policy issues in the Congress, economics, and human reactions to water reuse. The program also covers programs and activities in water reuse of several national and international organizations, including the U.S. Environmental Protection Agency, the Centers for Disease Control, and the Global Water Research Coalition.

We hope you will decide to attend this year’s conference. We look forward to seeing you in Las Vegas in May.

Ronald E. Young
President

G. Wade Miller
Executive Director
Monday, May 17, 2004

Policy and Social Sciences

2:00 p.m. An Economic Framework for Water Reuse Projects
Dr. Robert Raucher, Stratus Consulting Inc.

2:25 p.m. Water Sources Powerng Southern California – A Cost Comparison of Several Different Sources of Supply
Dr. Robert C. Wilkinson, UC-Santa Barbara

2:50 p.m. Integrating Human Reactions to Water Reuse
Dr. Brent Haddad, UC-Santa Cruz

Indirect Potable Reuse

3:15 p.m. Developing a Water Quality Framework for Unregulated Organics in Indirect Potable Reuse Applications
Dr. Jörg Drewes, Colorado School of Mines

3:45 p.m. Networking Break

4:00 p.m. Water Quality and Performance Comparison Between Conventional and Advanced Water Treatment Processes
Ms. Joanne Daugherty, Orange County Water District

4:30 p.m. Conversion of Nitrate to Nitrite: A Rate Limiting Step for Anaerobic Ammonia Oxidation in Soil Systems
Dr. Peter Fox, Arizona State University

Tuesday, May 18, 2004

8:00 - 8:30 a.m. Registration and Continental Breakfast

Pathogen Inactivation and Water Quality

8:30 a.m. Validating UV: The Value of Research to UV Disinfection for Wastewater Reuse
Mr. Andrew Salveson, Carollo Engineers

9:00 a.m. Coliform Recovery in Tertiary Treated Effluent in Southern Nevada
Ms. Angela Rosenblatt, City of Henderson (NV)

9:30 a.m. Tres Rios Wetlands: Eight Years of Monitoring Results and Update on On-going Research
Mr. Paul Kinshella, City of Phoenix

10:00 a.m. Evaluation of Molecular Based Gaardia Viability Assay for Use in Water Monitoring
Ms. Liza Robles, Orange County Utilities Laboratory (F lu)

10:30 a.m. Networking Break

Treatment and Storage

10:45 a.m. Water Treatment for Removal of Endocrine Disruptors and Pharmaceuticals
Dr. Shane Snyder, Southern Nevada Water Authority

11:15 a.m. Evaluating the Fate of Microcontaminants in Reclaimed Water During ASR
Dr. Joss Brown, Carollo Engineers

11:45 a.m. The Hot and Cold of Recycled Water in Refineries
Ms. Julie Mottin, Central/West Basin MWDs

12:15 p.m. Lunch Break

1:30 p.m. Filtration of an Influuent Source of Varying Water Quality Media Pilot Testing to Evaluate Performance
Ms. Melissa Kline, United Water

2:00 p.m. Desalination of Shallow Aquifer Brackish Water in Las Vegas Valley
Mr. Rick Bond, Black & Veatch

2:30 p.m. Student Presentation

3:00 p.m. A Preview of Future Foundation Initiatives and Activities
Mr. Wade Miller, WaterReuse Foundation

3:15 p.m. Closing Remarks
Mr. Ron Young, WaterReuse Foundation

3:30 p.m. Adjourn
Conference Registration Form  
WateReuse Foundation  
8th Annual Water Reuse Research Conference  
May 17-18, 2004  
Alexis Park Resort  
Las Vegas, Nevada

Name: ___________________________  Badge Name: ___________________________

Title: ___________________________  Organization: ___________________________

Address: ___________________________  City: ___________________________  State: _____  Zip: ________

Telephone: ___________________________  Fax: ___________________________  E-mail: ___________________________

Special Requirements: ___________________________

Registration Fees  
Conference registration fees include admission to all scheduled meetings, workshops, meals and reception as well as a comprehensive conference materials binder.

Early Conference Registration (On or Before April 23, 2004)

- WateReuse Foundation Subscribers  $250
- WateReuse Association Members  $275
- Non-Members/Non-Subscribers  $375
- Students (student ID required)  $ 50

Conference Registration (After April 23, 2004)

- WateReuse Foundation Subscribers  $300
- WateReuse Association Members  $325
- Non-Members/Non-Subscribers  $425
- Students (student ID required)  $100

Amount Enclosed: $_________  (Make checks payable to WateReuse Foundation)

VISA ☐  MasterCard ☐  American Express ☐

Credit Card #: ___________________________  Exp. Date: ___________________________

Name as it appears on card: ___________________________

Signature: ___________________________

Please return this form to:  
WateReuse Foundation  
635 Slaters Lane, 3rd Floor, Alexandria, VA 22314  
Telephone (703) 684-2409  Fax (703) 548-3075  
E-mail: amykirson@WateReuse.org

Hotel Accommodations  
The Research Conference will be held at the Alexis Park Resort, 375 East Harmon Avenue, Las Vegas, Nevada, 89109. Sleeping rooms are available at the rate of $99 per night, single or double occupancy, plus tax. Please call the Resort at (800) 558-2228 or (800) 453-8000 and refer to the WateReuse Foundation room block to make your reservation. All reservations must be accompanied by a first night room deposit or guaranteed with a major credit card. The deadline for hotel reservations is Friday, April 16, 2004. Reservations made after this date will only be accepted on a space and rate-available basis.
Become a WateReuse Foundation Subscriber!

What is the WateReuse Foundation Subscriber Program?
In 2002, the WateReuse Foundation launched a Subscriber Program for organizations that have an interest in the Foundation’s research program.

Who can join as a Subscriber?
Water agencies and suppliers, consulting firms, manufacturers, universities, schools, organizations, individuals, and federal, state, and local governments that have an interest in the research and education objectives of the Foundation can join as Subscribers.

Why join?
Subscriber benefits include:
- Complimentary copies of all research reports produced by the Foundation;
- Opportunity to provide input to the Board as it charts the future course of the Foundation;
- Discounts on registration fees for all Foundation events;
- Recognition at the Foundation’s Annual Research Conference; and
- Opportunity to participate in the Foundation’s Tailored Collaboration program – a funding program for Subscribers only.

How to Join:
To become a Foundation Subscriber complete this application or contact Jeff Mosher at (703) 684-2481 or jeffmosher@WateReuse.org.

Organization: __________________________________________
Representative: ________________________________________
Address: ________________________________________________
City, State, and Zip Code: ________________________________
Telephone: __________________ Fax: _______________________
Email: __________________________________________________

Check the box for appropriate category and size to determine Annual Subscriber Fee:

<table>
<thead>
<tr>
<th>Utility Agency (Water Produced, Sold or Treated)*</th>
<th>Consulting Firm (Number of Employees)</th>
<th>Equipment Supplier (Annual Revenues)</th>
<th>Institution**(Budget)</th>
<th>Annual Subscriber Fee</th>
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<td>[ ] &gt;$100 million</td>
<td>[ ] &gt;$10 million/yr</td>
<td>$10,000</td>
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* Water includes raw water, drinking water, recycled water, and wastewater.
**Institutional subscriptions are available to academic institutions, regulatory agencies, and other organizations with an interest in supporting water reuse research and not covered under any other category.
WateReuse Foundation's

8th Annual Water Reuse Research Conference

May 17-18, 2004

Alexis Park Resort

Las Vegas, Nevada
DATE:      MAY 3, 2004
TO:        BOARD OF DIRECTORS
FROM:      ROBB WHITAKER, GENERAL MANAGER
SUBJECT:   SB 1272 (ORTIZ) – SPECIAL DISTRICTS

SUMMARY
SB 1272 (Ortiz) is a special district reform bill that will require annual audits of special districts
be performed in accordance with government auditing standards for financial and compliance audits and would impose various other requirements on these audits. It requires the Controller to review the audits under specified procedures. The bill also requires governing board members to attend legal and ethics orientation sessions and establishes whistle-blower protections. SB 1272 sets the travel and per diem expenses based on IRS accountable plan guidelines, not to exceed standard travel reimbursement for state employees. It defines large special districts as those serving population over 2 million or with a budget exceeding $100 million. As such, director compensations for “small” special districts are limited to $100 per day for no more than 6 meetings or days per month for “small” districts and for no more than 10 meetings or days per month for “large” districts. Meetings are defined as publicly noticed meetings or meetings approved in a public noticed board meeting. It restricts retirement benefits to directors who take office on or after January 1, 2005. These directors are allowed to participate in life insurance and health and welfare benefits on a self-pay basis.

The bill was heard by the Senate Local Government Committee on April 15, 2004. It was amended and passed out of the Committee on a vote of 5-2. Senators Torlakson, Soto, Machado, Margett, and Perata voted in support and Senators Ackerman and Hollingsworth against the bill. The Committee sent the bill to the Senate Appropriations Committee with the order that it be returned to Local Government for review before it goes to the Senate Floor.

This item was presented to the WRD Board on April 7, 2004 and referred to the Inter-Agency for review and consideration.

The Inter-Agency reviewed this item on April 22, 2004 and unanimously voted to recommend that the WRD Board adopt an “OPPOSE” position on SB 1272.

FISCAL IMPACT
None.

COMMITTEE RECOMMENDATION
The Inter-Agency Committee recommends that the WRD Board adopt an “Oppose” position on SB 1272 (Ortiz).
**SB 1272 (ORTIZ) – SPECIAL DISTRICTS**

<table>
<thead>
<tr>
<th>Provision</th>
<th>Current Law</th>
<th>SB 1272 (as amended 3/23/04)</th>
<th>SB 1272 (as amended 4/12/04)</th>
</tr>
</thead>
</table>
| Annual Audits   | County auditor either makes or contracts for annual audit of the accounts and records of every special purpose district within the county for which an audit is not otherwise provided. | • Requires these audits to be performed in accordance with general accounting office standards.  
• Requires the auditor to meet directly with the governing body in open session with the opportunity for public discussion of the findings.  
• Requires a special district to change auditors or accountants employed to conduct the audits every 5 years.  
• Establishes a new program under the Controller to review and report on financial and compliance audits of special districts. | • Requires these audits to be performed in accordance with government auditing standards.  
• No change.  
• It would be unlawful for a public accounting firm to provide audit services to a special district if the lead audit partner or coordinating audit partner, having primary responsibility for the audit, has performed audit services for that special district in each of the 6 previous fiscal years.  
• Establishes a new program under the Controller to review and report on financial and compliance audits of special districts. The State Controller shall receive $600,000 or sufficient funding for one audit manager, four audit specialists plus overhead in general fund money to implement and operate the special district oversight program. |
| Conflicts of Interest | Various activities by public officers are defined as conflicts of interest and incompatible activities. | • Prohibits any member of the governing board of a special district from having any interest, financial or otherwise, direct or indirect, or engage in any business transaction or professional activity, that is in substantial conflict with the proper discharge of his or her duties in the public interest.  
• Prohibits members from receiving or agreeing to receive, directly or indirectly, any compensation, reward, or gift from any source. | • All conflict of interest provisions would be deleted from SB 1272 |
|---|---|---|---|
| Ethics Training | | • Requires special district governing boards to conduct annual legal and ethical orientation sessions.  
• Governing board members would be mandated to attend an ethics orientation course at least once every two years. | • Board members and senior management staff shall be provided with the ability and resources to access an ethics training course.  
• Attendance at the training shall occur at least once every 2 years.  
• The ethics training orientation may include participating in on-line training courses, videotaped training, or attendance at regional or statewide training courses. |
| Investigations of Improper Governmental Activity | Establishes the county auditor as the investigator for making determinations of improper governmental activities within special districts.  
- Defines “improper governmental activity” to include any activity by a special district or an employee that is (1) in violation of any state or federal law or regulation – including corruption, bribery, malfeasance, theft of government property, or willful omission to perform duty; (2) economically wastefully, or (3) involving gross misconduct, incompetency, or inefficiency.  
- Would authorize a county auditor to issue any report of an investigation that has been substantiated or any findings resulting from an investigation that is deemed necessary to serve the interests of the public, irrespective of the substantiation of those findings. | No change.  
- Eliminates economic waste, incompetency, and inefficiency from the definition of “improper governmental activity” and replace those with “gross negligence.” | No change. |
| Whistle Blower Protections | • Provides whistleblower protections for employees or applicants for employment with special districts who file written complaints alleging attempted acts of reprisal, retaliation, threats, coercion, or similar improper acts.  
• Establishes a monetary fine of up to $10,000 and imprisonment in the county jail for up to one year for a person who intentionally engages in such reprisal activities. | • No change. |
| Compensation and Benefits | Existing law provides for the payment to governing board members for attending meetings and performing other duties.  
• Limits compensation to $100 per meeting, not to exceed six meetings per month.  
• Limits compensation to only those meetings which have been noticed under the Brown Act or for each day’s service rendered as a member of the board by request of the board.  
• Eliminates group life insurance or health and welfare benefits to board member who first begins service on or after January 1, 2005, unless the person participates on a self-pay basis.  
• Eliminates retirement benefits to any board member who first begins service on or after January 1, 2005. | • No change.  
• No change.  
• No change.
| Limits employee or board member reimbursements for travel and per diem expenses to those levels authorized for state employees. |
| Requires any advance payments or reimbursements for board members to be supported by receipts for the actual amount of the expenses. |
| Limits employee or board member reimbursements based on IRS accountable plan guidelines, not to exceed standard travel reimbursement for state employees. |
| No change. |

| Miscellaneous |
| Exempts special districts that are not governed by an elected governing board. |
| Exempts the state, a city, a county, a school district, and community service districts. |
| No change. |
| Exempts the state, a city, a county, a school district, a community facilities districts, an air quality district, or other such health regulatory district or JPA comprised solely of city councilmembers and/or Boards of Supervisors. |
SENATE BILL No. 1272

An act to amend Section 26909 of, and to add Chapter 7.5 (commencing with Section 60210) to Division 1 of Title 6 of, the Government Code, and to repeal Sections 20201 and 20202 of the Water Code, relating to special districts, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1272, as amended, Ortiz. Special districts.

(1) Existing law requires the county auditor to either make or contract for an annual audit of the accounts and records of every special purpose district within the county for which an audit is not otherwise provided.

This bill would require these audits to be performed in accordance with government auditing standards for financial and compliance audits and would impose various other requirements on these audits, thus imposing a state-mandated local program. The bill would require the Controller to review the audits under specified procedures and would make an annual appropriation to the Controller from the General Fund of up to $600,000 for that purpose.

(2) Existing law provides for the establishment and operation of various special districts, the composition of their governing boards, and
the payment to governing board members for attending meetings and performing other duties.

This bill would require special district governing boards to conduct legal and ethics orientation sessions that governing board members would be required to attend.

This bill would also establish whistle-blower protections for members or employees who make protected disclosures of improper governmental activities, as specified.

This bill would define the meetings for which compensation may be paid to members of governing boards of special districts and would limit travel expenses, as specified.

This bill would require that for members who first take office on or after January 1, 2005, participation in group life insurance and health and welfare benefits shall be on a self-pay basis and provide that those members may not receive retirement benefits from the district.

(3) Existing law provides that compensation of members of the governing board of any water district may not exceed $100 per day for attendance at meetings subject to a 5% annual adjustment.

This bill would repeal those provisions.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed $1,000,000 statewide and other procedures for claims whose statewide costs exceed $1,000,000.

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.


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

1 SECTION 1. Section 26909 of the Government Code is amended to read:
26909. (a) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special purpose district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to government auditing standards.

(b) Where an audit of a district’s accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to government auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

(c) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special purpose district pursuant to this section shall be borne by the district and shall be a charge against any unencumbered funds of the district available for the purpose.

(d) For joint districts lying within two or more counties, the above provisions shall apply to the auditor of the county in which the treasury is located.

(e) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller, or ex officio county controller.

(f) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual audit with a biennial audit covering a two-year period or, if the district’s annual budget does not exceed an amount specified by the board of supervisors, an audit covering a five-year period.

Notwithstanding the foregoing provisions of this section to the contrary, districts shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

(g) A board of supervisors may substitute a financial review in accordance with definitions promulgated by the United States
General Accounting Office for the audit of a special district as required by this section, provided that all of the following conditions are met:

(1) The board of supervisors is the governing board of the district.

(2) The special districts revenues and expenditures are transacted through the county’s financial systems.

(3) The special district’s annual revenues do not exceed one hundred thousand dollars ($100,000).

(h) It is the intent of the Legislature in amending this section to promote accountability over public revenues by establishing a new program to review and report on financial and compliance audits of special districts. It is further the intent of the Legislature that the Controller shall have the primary responsibility for implementing and overseeing this program.

(1) Financial and compliance audits shall be performed in accordance with government auditing standards for financial and compliance audits. The audit guide prepared by the Controller shall be used in the performance of these audits. The Controller shall also require that special district auditors conduct testing of transactions considered high risk for abuse. The additional testing shall occur during each district’s audit cycle’s regular financial statement audit or as a separate audit within that cycle. Special districts shall provide funding for all costs associated with conducting the audit of high-risk transactions. Every audit report shall specifically and separately address each of the compliance requirements included in the audit guide, stating whether or not the district is in compliance with those requirements. For each compliance requirement included in the audit guide, every audit report shall further state that the suggested audit procedures included in the audit guide for that requirement were followed in the making of the audit, if that is the case, or, if not, what other procedures were followed. If a special district is not in compliance, the audit report shall state all instances of noncompliance. An auditor shall not engage in financial or compliance audits unless, within three years of commencing the first of the audits, and every successive three years thereafter, the auditor completes a quality control review in accordance with government auditing standards. This review shall be conducted by the Controller. The time period between commencement of the first audit, or completion of a
quality control review and completion of a subsequent quality control review, shall be calculated from the first day of the month following commencement of the audit or completion of the quality control review. To determine the practicability and effectiveness of the audits and audit guide, the Controller shall, on an annual basis, review and monitor the audit reports. The Controller shall determine whether audit reports are in conformance with reporting provisions of government auditing standards and shall notify each special district and the auditor regarding each determination. The special district contracting for the financial and compliance audit shall include a statement that provides the Controller access to audit working papers.

(2) (A) The Controller may perform quality control reviews of audit working papers to determine whether audits are performed in conformity with paragraph (1). The Controller shall communicate the results of his or her reviews to the auditor, and the special district for which the review was performed, and shall review his or her findings with the auditor.

(B) Prior to the performance of any quality control reviews, the Controller shall develop and publish guidelines and standards for those reviews. Pursuant to the development of those guidelines and standards, the Controller shall provide opportunity for public comment.

(C) (i) Notwithstanding any other provision of this code, the Controller shall conduct a quality control review of the audit working papers of the auditor who performed the audits for a special district if either of the following applies:

(I) The Controller has reason to believe that public revenues were not appropriately utilized.

(II) There is reason to believe that a special district report is false, incomplete, or incorrect.

(ii) If the quality control review of the Controller indicates that the audit was conducted in a manner that may constitute unprofessional conduct as defined pursuant to Section 5100 of the Business and Professions Code, including, but not limited to, gross negligence resulting in a material misstatement in the audit, the Controller shall refer the case to the California Board of Accountancy. If the California Board of Accountancy finds that the auditor conducted an audit in an unprofessional manner, the auditor is prohibited from performing any audit of a special district.
for a period of three years, in addition to any other penalties that
the California Board of Accountancy may impose.

(D) In any matter that is referred to the California Board of
Accountancy under clause (ii), the Controller may suspend the
auditor from performing any special district audits pending final
disposition of the matter by the California Board of Accountancy
if the Controller gives the auditor notice and an opportunity to
respond to that suspension. The auditor shall be given credit for
any period of suspension if the California Board of Accountancy
prohibits the auditor from performing audits of the special district
under clause (ii). In no event may the Controller suspend an
auditor under this subdivision for a period of longer than three
years.

(E) The legislative body of a special district may refer an
auditor of a special district to the California Board of Accountancy
for action pursuant to subparagraph (C) if an audit of a special
district was conducted in a manner that may constitute
unprofessional conduct as defined by Section 5100 of the Business
and Professions Code, including, but not limited to, gross
negligence resulting in a material misstatement in the audit.

(3) The Controller shall conduct any additional audits that are
necessary to carry out any of his or her statutory duties and
responsibilities. Nothing in this section shall be construed to
authorize any special district, or any subcontractor or subrecipient,
to constrain, in any manner, the Controller from carrying out any
additional audits. However, to the extent that the required financial
and compliance audits do not provide the Controller with the
information necessary to carry out his or her responsibilities, the
Controller shall plan additional audits as appropriate to avoid any
unnecessary duplication of audit efforts. In performing these
additional audits, the Controller shall, to the extent deemed
appropriate under the circumstances, build upon the work
performed during the required financial and compliance audit. The
Controller shall receive reimbursement from the special districts
for the costs of these additional audits.

(i) The sum of up to six hundred thousand dollars ($600,000)
is hereby appropriated annually from the General Fund to the
Controller as necessary to provide sufficient funding for one audit
manager, four audit specialists, and other expenses to implement
and operate the special district oversight program.
SEC. 2. Chapter 7.5 (commencing with Section 60210) is added to Division 1 of Title 6 of the Government Code, to read:

Chapter 7.5. Special District Governing Boards


60210. (a) "Member" as used in this chapter, means a member of the governing board of a special district.

(b) "Special district," as used in this chapter, means an agency of the state that is formed pursuant to a general or special act for the local performance of governmental or proprietary functions within limited boundaries and is governed by an elected governing board. A special district does not include that has a governing board all of whose members are elected by registered voters or landowners within the special district or whose members are appointed to fixed terms. "Special district" excludes any special district having a governing board consisting, in whole or part, of ex officio members who are officers of a county, city, or another special district. Special district also excludes any special district whose members are appointees of those officers, other than those who are appointed to serve for fixed terms. "Special district" excludes the state, a county, a city, a school district, a community facilities district, an air quality district or other regulatory district having responsibilities related to the protection of public health, or health. "Special district" also excludes a joint powers authority consisting solely of cities, counties, or one or more city and one or more county.

60211. Notwithstanding any other provision of law, the governing board of every special district shall comply with the requirements of this chapter.

Article 2. Ethics

60220. (a) The governing board of each special district shall provide board members and senior management staff with the ability and resources to access at least annually an orientation course of the relevant statutes and regulations governing official conduct and the relevant ethical issues and laws relating to lobbying in consultation with, or pursuant to standards established...
by the Fair Political Practices Commission. Board members may comply with this section through online training courses, videotaped training, or attendance at regional or statewide in-person training. The orientation course shall cover, but not be limited to, the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)), Sections 1090, 1091, 1126, 3205, and 87105, and other relevant laws governing official conduct.

(b) At least once every two years each member shall attend a course described in subdivision (a).

60215. (a) Each member of a governing board of a special district, except a member who term of office ends before January 1, 2006, and each executive officer of a special district serving on January 1, 2005, shall receive training in ethical standards of conduct before January 1, 2006.

(b) Each member of a governing board and each executive officer who commences serving a special district on or after January 1, 2005, shall receive training in ethical standards of conduct no later than one year from the first day of service to the special district. Thereafter, members of governing boards and executive officers shall receive training in ethical standards of conduct at least once every two years.

(c) The governing board of a special district shall designate the employees who qualify as executive officers for the purposes of this section.

60216. (a) A special district, at least once annually, shall offer to the members of its governing board and its executive officers training in ethical standards of conduct. A special district may identify conferences, seminars, or other courses that meet the requirements of this section.

(b) A special district shall consult with the Fair Political Practices Commission and the Attorney General to determine the appropriate content for the training in ethical standards of conduct.

(c) The requirements of this article shall be met by training in ethical standards of conduct and shall include information regarding potential ethical abuses relating to, but not limited to, all of the following matters:

(1) The direct and indirect business relationships among members of governing boards, contractors, and vendors, and
between members of governing boards and officers and employees of other public agencies.

(2) The solicitation of campaign contributions by members of governing boards, officers, or employees, and the receipt of contributions from bidders, contractors, or subcontractors.

(3) The use of special district funds for personal expenses.

60217. Notwithstanding Section 60215, a member of a governing board or an executive officer who serves more than one special district shall only be required to meet the requirements of this section once every two years without regard to the number of special districts with which he or she is affiliated. A member of a governing board or an executive officer who meets the requirements of Section 60215 for one special district shall not be required by another special district with which he or she is affiliated to receive additional training in ethical standards of conduct.

60218. A special district shall maintain records indicating the dates that the members of its governing board and its executive officers received training in ethical standards of conduct, and the agency or entity that conducted the training. Notwithstanding any other provision of law, a special district shall maintain these records for at least five years after the members and executive officers receive the training. A special district shall make these records available to the public for inspection and copying.

Article 2.5. Improper Governmental Activity

60221. For the purposes of this article:

(a) “Employee” means any individual who is a member of the governing board of a special district or employed by a special district.

(b) “Improper governmental activity” means any activity by a special district or by an employee that is undertaken in the performance of the employee’s official duties, whether or not that action is within the scope of his or her employment, and that (1) is in violation of any state or federal law or regulation, including, but not limited to, corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government
property, or willful omission to perform duty, or (2) involves gross misconduct or gross negligence.

(c) “Person” means any individual, corporation, trust, association, any state or local government, or any agency or instrumentality of any of the foregoing.

(d) “Protected disclosure” means any good faith communication that discloses or demonstrates an intention to disclose information that may evidence (1) an improper governmental activity or (2) any condition that may significantly threaten the health or safety of employees or the public if the disclosure or intention to disclose was made for the purpose of remedying that condition.

(e) “Illegal order” means any directive to violate or assist in violating a federal, state, or local law, rule, or regulation or any order to work or cause others to work in conditions outside of their line of duty that would unreasonably threaten the health or safety of employees or the public.

(f) “Chief administrative officer” means the person employed by a special district, whether directly or by contract, who has primary responsibility for the special district’s administration. The title of the chief administrative officer may include, but is not limited to, general manager, district manager, district administrator, or executive officer.

60221.5. (a) An employee may not directly or indirectly use or attempt to use the official authority or influence of the employee for the purpose of intimidating, threatening, coercing, commanding, or attempting to intimidate, threaten, coerce, or command any person for the purpose of interfering with the rights conferred pursuant to this article.

(b) For the purpose of subdivision (a), “use of official authority or influence” includes promising to confer, or conferring, any benefit; effecting, or threatening to effect, any reprisal; or taking, or directing others to take, or recommending, processing, or approving, any personnel action, including, but not limited to, appointment, promotion, transfer, assignment, performance evaluation, suspension, or other disciplinary action.

(c) Any employee who violates subdivision (a) may be liable in an action for civil damages brought against the employee by the offended party.
(d) Nothing in this section shall be construed to authorize an individual to disclose information otherwise prohibited by or under law.

60222. The county auditor of the county in which the special district is located, or has its primary office, shall administer the provisions of this article and shall investigate and report on improper governmental activities. If, after investigating, the county auditor finds that an employee may have engaged or participated in improper governmental activities, the county auditor shall send a copy of the investigative report to the employee’s appointing power. Within 60 days after receiving a copy of the county auditor’s investigative report, the appointing power chief administrative officer shall either serve a notice of adverse action upon the employee who is the subject of the investigative report or set forth in writing its reasons for not taking adverse action.

60222.5. Upon receiving specific information that any employee or special district has engaged in an improper governmental activity, the county auditor may conduct an investigative audit of the matter. The identity of the person providing the information that initiated the investigative audit shall not be disclosed without the written permission of the person providing the information unless the disclosure is to a law enforcement agency that is conducting a criminal investigation.

60223. (a) If the county auditor determines that there is reasonable cause to believe that an employee or special district has engaged in any improper governmental activity, he or she shall report the nature and details of the activity to the head of the employing agency, the appropriate appointing authority chief administrative officer, or if the county auditor has reason to conclude that the activity may involve a violation of criminal law, to the district attorney or county council, as the case may be.

(b) In any case in which the county auditor submits a report of alleged improper activity to the head of the employing agency or appropriate appointing authority chief administrative officer, that individual shall report to the county auditor with respect to any action taken by the individual regarding the activity, the first report being transmitted no later than 30 days after the date of the county auditor’s report and monthly thereafter until final action has been taken.
(c) Every investigative audit shall be kept confidential, except that the county auditor may issue any report of an investigation that has been substantiated, keeping confidential the identity of the individual or individuals involved, or release any findings resulting from an investigation conducted pursuant to this article that is deemed necessary to serve the interests of the public.  
(d) This section shall not limit any authority conferred upon the Attorney General or any other department or agency of government to investigate any matter.  

60223.5. (a) An employee or applicant for employment with a special district who files a written complaint with his or her supervisor, manager, or the appointing power chief administrative officer alleging actual or attempted acts of reprisal, retaliation, threats, coercion, or similar improper acts prohibited by Section 60221.5, may also file a copy of the written complaint with the personnel department chief administrative officer of the special district, together with a sworn statement that the contents of the written complaint are true, or are believed by the affiant to be true, under penalty of perjury. The complaint filed with the department chief administrative officer shall be filed within 12 months of the most recent act of reprisal complained about.  
(b) Any person who intentionally engages in acts of reprisal, retaliation, threats, coercion, or similar acts against an employee or applicant for employment for having made a protected disclosure, is subject to a fine not to exceed ten thousand dollars ($10,000) and imprisonment in the county jail for a period not to exceed one year.  
(c) In addition to all other penalties provided by law, any person who intentionally engages in acts of reprisal, retaliation, threats, coercion, or similar acts against an employee or applicant for employment for having made a protected disclosure shall be liable in an action for damages brought against him or her by the injured party. Punitive damages may be awarded by the court where the acts of the offending party are proven to be malicious. Where liability has been established, the injured party shall also be entitled to reasonable attorney’s fees as provided by law. However, any action for damages shall not be available to the injured party unless the injured party has first filed a complaint with the personnel department of the special district chief administrative officer.
officer pursuant to subdivision (a), and the department has issued, or failed to issue, failed to issue findings.

(d) This section is not intended to prevent an appointing power, the chief administrative officer, a manager, or supervisor from taking, directing others to take, recommending, or approving any personnel action or from taking or failing to take a personnel action with respect to any employee or applicant for employment if the appointing power, chief administrative officer, manager, or supervisor reasonably believes any action or inaction is justified on the basis of evidence separate and apart from the fact that the person has made a protected disclosure as defined in subdivision (b) of Section 60221.

(e) In any civil action or administrative proceeding, once it has been demonstrated by a preponderance of evidence that an activity protected by this article was a contributing factor in the alleged retaliation against a former, current, or prospective employee, the burden of proof shall be on the supervisor, manager, or appointing power, the chief administrative officer to demonstrate by clear and convincing evidence that the alleged action would have occurred for legitimate, independent reasons even if the employee had not engaged in protected disclosures or refused an illegal order. If the supervisor, manager, or appointing power, the chief administrative officer, fails to meet this burden of proof in an adverse action against the employee in any administrative review, challenge, or adjudication in which retaliation has been demonstrated to be a contributing factor, the employee shall have a complete affirmative defense in the adverse action.

(f) Nothing in this article shall be deemed to diminish the rights, privileges, or remedies of any employee under any other federal or state law or under any employment contract or collective bargaining agreement.

60224. If the special district personnel department, chief administrative officer determines that there is a reasonable basis for an alleged violation or finds an actual violation of Section 60221.5, it shall transmit a copy of the investigative report to the county auditor. All working papers pertaining to the investigative report shall be made available under subpoena in a civil action.
Article 3. Compensation and Benefits

60225. (a) Notwithstanding any other provision of law, the governing board of any special district may by ordinance provide compensation to members of the governing board, unless any compensation is prohibited in its principal act, in an amount not to exceed one hundred dollars ($100) per day for each day’s attendance at board meetings, as defined in Section 54952.2, and noticed pursuant to Section 54954.2, or for each day’s service rendered as a member of the board by request of the board, not to exceed six days per month.

(b) Employees of the district and members of the board shall be reimbursed based on the Internal Revenue Service accountable plan guidelines, not to exceed standard travel reimbursement for state employees.

(c) Any advance payments or reimbursements made to members for authorized expenses shall be supported by receipts for the actual amount of the expenses.

60225. (a) Notwithstanding any other provision of law, the governing board of a special district may adopt an ordinance that provides compensation to the members of that governing board, pursuant to this section.

(b) The ordinance may provide for an amount of compensation that shall not exceed one hundred dollars ($100) for each day of service, not to exceed six days a month.

(c) Notwithstanding subdivision (b), the ordinance may provide for an amount of compensation that shall not exceed one hundred dollars ($100) for each day of service, not to exceed 10 days a month if the special district’s population is greater than two million persons or if the special district’s annual total expenditures for general purpose transactions is greater than one hundred million dollars ($100,000,000), as shown in the most recent edition of the Special Districts Annual Report published by the Controller.

(d) Notwithstanding subdivision (b) or (c), where the principal act of the special district authorizes a maximum amount of compensation that is less than one hundred dollars ($100) for each day of service, that lesser amount shall prevail.

(e) Notwithstanding any other provision of this section, a special district may provide monthly salaries to the members of its
governing board if those monthly salaries are authorized in the
special district’s principal act and the amount of the monthly
salary does not exceed the maximum monthly amounts allowed
pursuant to subdivision (b) or (c).

(f) As used in this section, “day of service” means:

(1) Attendance at a meeting of that special district that is
conducted pursuant to the Ralph M. Brown Act (Chapter 9
(commencing with Section 54950) of Division 2 of Title 5).

(2) Representation of that special district at a public event,
provided that the board of directors has previously approved the
member’s representation at a board meeting and that the member
delivers a written report to the governing board regarding the
member’s representation at the next board meeting following the
public event.

(3) Representation of that special district at a public meeting
or a public hearing conducted by another public agency,
including, but not limited to, a city, county, special district, school
district, community redevelopment agency, joint powers agency, a
regional agency, board, or commission, a state agency, board, or
commission, the Legislature, or the Congress, provided that the
board of directors has previously approved the member’s
representation at a board meeting and that the member delivers a
written report to the governing board regarding the member’s
representation at the next board meeting following the public
meeting or public hearing.

(4) Participation in a training program on a topic that is
directly related to the special district, including, but not limited to,
training in ethical standards of conduct pursuant to Article 2
(commencing with Section 60215), provided that the board of
directors has previously approved the member’s participation at a
board meeting and that the member delivers a written report to the
governing board regarding the member’s participation at the next
board meeting following the training program.

60225.5. (a) If the principal act of a special district
authorizes a special district to reimburse the expenses of its
governing board members or employees, the special district shall
follow the Internal Revenue Service’s accountable plan guidelines.
However, the amount of reimbursement may not exceed the
amounts permitted for state employees pursuant to Sections
(b) Any reconciliation of advance payments for expenses and any reimbursement for expenses paid to a special district’s governing board members or employees shall be supported by receipts.

60226. (a) Notwithstanding Article 1 (commencing with Section 53200) of Chapter 2 of Part 1 of Division 2, or any other provision of law, the governing board of a special district by itself, or as a party to a joint exercise of powers agreement, may not provide group life insurance or health and welfare benefits, as those terms are defined in Section 53200 to any person first appointed to an appointment or first elected to a term of office that begins on or after January 1, 2005, unless the person participates on a self-pay basis.

(b) Notwithstanding any other provision of law, the governing board of a special district may not provide retirement benefits to any member first appointed or first elected to a term of office that begins on or after January 1, 2005.

Article 4. Audits

60230. (a) Special districts shall cause audits to be performed in compliance with Section 26909.

(b) In addition to the requirements of Section 26909, the governing board of a special district shall do all of the following:

1. Require the auditor to meet directly with the governing board in an open session with the opportunity for public discussion of the auditor’s findings consistent with the requirements of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5).

2. Prohibit a public accounting firm from providing audit services to a special district if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that special district in each of the six previous fiscal years, before the fiscal year being audited. If the auditor-controller is performing these audits rather than a public accounting firm, then the lead auditor or coordinating principals performing the audit within the auditor-controller’s
office shall also comply with these requirements. The Controller may waive this requirement if he or she finds no otherwise eligible auditor is available at a reasonable cost to perform the audit. The 2005 calendar year is the base year for determining whether a rotation shall be implemented.

(3) Revoke the authority of auditors or accountants to conduct audits of the special district for three years when an independent audit finds that the auditors or accountants failed to conduct a thorough and complete audit.

(c) The auditor or accountant shall promptly notify the Controller of any compliance violations.

(d) The Controller may audit any special district that is not in compliance with the prescribed standards at the expense of the special district, for more than

SEC. 3. Section 20201 of the Water Code is repealed.
SEC. 4. Section 20202 of the Water Code is repealed.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because in that regard this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division
of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.
DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: AB 2528 (LOWENTHAL) – PUBLIC WATER SYSTEMS

SUMMARY
AB 2528 (Lowenthal) would replace the term “action level” with the terms “notification level” and “response level.” It would also require the operator of wholesale or retail public water systems, as defined, to provide notice relating to contamination of any drinking water source, as defined, that exceeds the maximum containment level, a response level, or a notification level, as defined.

Staff is working with the bill sponsor, Metropolitan Water District, on amendment language.

This item was referred by the WRD Board on April 7, 2004 to the Inter-Agency Committee for review and consideration. The Inter-Agency Committee unanimously voted to recommend that the WRD Board take a “SUPPORT IF AMENDED” position on the bill.

FISCAL IMPACT
Unknown.

COMMITTEE RECOMMENDATION
The Inter-Agency Committee recommends that the Board adopt a position of “Support if Amended” on AB 2528 (Lowenthal).
An act to repeal and add Section 116455 of the Health and Safety Code, relating to public water systems.

LEGISLATIVE COUNSEL'S DIGEST
AB 2528, as amended, Lowenthal. Public water systems.
Existing law, the California Safe Drinking Water Act, requires the State Department of Health Services to administer provisions relating to the regulation of drinking water and public water systems and, among other things, to adopt primary drinking water standards for contaminants in drinking water and to monitor regulated and unregulated contaminants. Existing law requires every public water system serving more than 10,000 service connections and that detect one or more contaminants in drinking water that exceed the public health goal to prepare a brief written report.
Existing law requires the person operating a public water system to, within 30 days of the closure of a well or of discovery of a contaminant exceeding the maximum containment level or action level, as defined, in a well that is used for drinking water, notify the governing body of the local agency in which users of drinking water reside.
This bill would delete this requirement and would, instead, require the operator of wholesale or retail public water systems, as defined, to provide notice relating to contamination of any drinking water source,
as defined, that exceeds the maximum containment level, a response
level, or a notification level, as defined.


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

SECTION 1. Section 116455 of the Health and Safety Code
is repealed.
SEC. 2. Section 116455 is added to the Health and Safety
Code, to read:

116455. (a) When a drinking water source that is used by a
public water system is discovered to contain a contaminant in
excess of a maximum contaminant level, a response level, or a
notification level established by the department, then the
following shall occur within 30 days of the discovery:

(1) If the public water system is a wholesale water system, then
the person operating the wholesale water system shall notify the
wholesale water system’s governing body and the water systems
that are directly supplied by the wholesale water system and that
receive treated, blended, or raw water from that source.

(2) If the public water system is a retail water system, then the
person operating the retail water system shall notify the retail
water system’s governing body and the governing body of the local
agency in which users of the drinking water reside.

(b) The notification required by subdivision (a) shall identify
the drinking water source, its type, the origin, if known, of the
contaminant, the maximum contaminant level, response level, or
notification level, the concentration of the detected contaminant,
and the operational status of the drinking water source.

(c) For purposes of this section, the following terms have the
following meanings:

(1) “Drinking water source” means an individual groundwater
source, an individual surface water intake, or in the case of water
purchased from another water system, the water at the service
connection.

(2) “Local agency” means a city or county, or a city and
county.

(3) “Notification level” means the concentration level of a
contaminant in a drinking water source that the department has
determined, based on available scientific information, does not pose a significant health risk but warrants notification of the governing body of the area in which the water is served. Notification levels are nonregulatory, health-based advisory levels established by the department for contaminants in drinking water for which maximum contaminant levels have not been established and which have been found in a drinking water source. Notification levels are established as precautionary measures for contaminants that may be considered candidates for establishment of maximum contaminant levels, but have not yet undergone the rigorous scientific and regulatory evaluation prescribed for the development of maximum contaminant levels.

(4) “Response level” means the concentration of a contaminant in a drinking water source at which the department recommends that additional steps, beyond notification of the governing body by the operator of the retail public water system, be taken to reduce public exposure to the contaminant. Response levels are established in conjunction with notification levels for contaminants that may be considered candidates for establishment of maximum contaminant levels, but have not yet undergone the rigorous scientific and regulatory evaluation prescribed for the development of maximum contaminant levels.

(5) “Retail water system” means a public water system that supplies water directly to the end user.

(6) “Wholesale water system” means a public water system that supplies water to other public water systems for resale.
MEMORANDUM

ITEM NO. XIV

DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: PROPOSED PROPOSITION 50 IMPLEMENTATION GUIDELINES ALLOWING INVESTOR OWNED UTILITIES ACCESS TO STATE GRANTS AND LOANS

SUMMARY
Proposition 50 is a $3.5 billion water bond passed by California in 2002. The Department of Health Services, the Department of Water Resources, and the State Water Resources Control Board are developing guidelines on how Proposition 50 funding will be awarded. DHS has drafted guidelines that would make private water companies or investor owned utilities (IOUs) eligible for state grants and loans.

Critics say that this major change of public financing policy would allow private water companies, including those owned by international corporations, to receive money and profit from water bonds paid for by California taxpayers. Opponents include ACWA, CMUA, and State Treasurer Phil Angelides.

Supporters argue that it would be unfair if the 6 million people who get their water from private water companies had to pay taxes to pay off the bonds but could not benefit from them. Supporters include Senator Mike Machado and CWA, an association of private water utilities.

ACWA has requested that its members send letters to the Governor opposing the proposal to allow private water companies access to Proposition 50 bond funds. This item was presented to the WRD Board on April 7, 2004 and referred to the Inter-Agency Committee for review and consideration.

The Inter-Agency Committee reviewed this item on April 22, 2004 and voted to present two options to the WRD Board. The first option involves sending a letter to the Governor opposing the expansion of Prop. 50 eligibility to private water companies. The second option is an alternative that entails a public-private partnership scenario and is a compromise being considered by MWD. WRD staff was instructed to obtain information on the potential MWD alternative and present it to the WRD board for consideration.

FISCAL IMPACT
Unknown.
COMMITTEE RECOMMENDATION

Option 1: The Inter-Agency Committee recommends that the Board approve a letter to the Governor opposing the expansion of Prop. 50 eligibility to private water companies.

Option 2: The Inter-Agency Committee recommends that the Board approve a letter to the Governor supporting the expansion of Prop. 50 eligibility to private water companies under a potential MWD compromise alternative.
### PROPOSED PROPOSITION 50 GUIDELINES ALLOWING INVESTOR OWNED UTILITIES ACCESS TO STATE GRANTS AND LOANS

<table>
<thead>
<tr>
<th>OPPOSITION (<em>includes ACWA, CMUA, State Treasure Angelides</em>)</th>
<th>SUPPORT (<em>includes CWA, an association of private water companies; and Senator Machado</em>)</th>
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<tr>
<td>Extending Prop 50 eligibility to private water companies may result in additional costs to California taxpayers through higher interest costs to the General Fund.</td>
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<td>Foreign-owned multinational corporations will have access to public funding.</td>
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<td>Private water companies already have access to U.S. and international capital markets to invest in their utility systems while local water agencies rely on financial assistance from the federal and state government. Local public agencies, many of them serving less than 10,000 people, do not have the same access to capital markets as investor owned utilities and their parent corporations.</td>
<td>A majority of communities serviced by small, private water companies do not have the option of changing their service to a publicly financed municipal water service provider.</td>
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<td>Allowing IOUs eligibility for state general obligation bond programs essentially gives public funds to shareholders in private companies and allows these corporations the ability to increase their company profit at the expense of the California taxpayer.</td>
<td>The California Public Utilities Commission, the agency charged with regulating private water companies, prohibits private companies from benefiting from public funds and maintains records to enforce this requirement.</td>
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<td>Nothing in the printed argument in favor of Prop. 50 as provided to the voters by the Legislative Analyst indicated that private water companies would be considered eligible for funding. Rather, the analysis in the official voter guide specifically identified “local agencies and nonprofit associations”.</td>
<td>Proposition 50 bond funds are intended to assist all California communities, whether or not they are serviced by a public or private water company.</td>
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<td>More than 20% of all Californians, over 6 million people, who get their water from private water companies would be forced to taxes to pay off the bonds but could not benefit from them.</td>
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<tr>
<td><strong>OPPOSITION</strong> (includes ACWA, CMUA, State Treasure Angelides)</td>
<td><strong>SUPPORT</strong> (includes CWA, an association of private water companies; and Senator Machado)</td>
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<td>Funding should go to areas where real needs exist for clean water and infrastructure improvements regardless of the type of water utilities.</td>
<td>Many of the regulated water utilities that would be cut off serve small towns and disadvantaged communities with groundwater contamination.</td>
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DATE: MAY 3, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: LEGISLATIVE REPORT

SUMMARY
Legislative Calendar
April 12 – Legislature reconvenes upon Spring Recess.
April 23 – Last day for Policy Committees to hear and report to Fiscal Committees fiscal bills introduced in their house.
May 7 – Last day for policy committees to hear and report non-fiscal bills introduced in their house to floor.
May 14 – Last day for policy committees to meet prior to June 1.
May 21 – Last day for Fiscal Committees to hear and report to the Floor bills introduced in their house.
May 21 – Last day for Fiscal Committees to meet prior to June 1.
May 28 – Last day for bills to be passed out of the house of origin.
June 1 – Committee meetings may resume.
June 15 – Budget bill must be passed by midnight

Update
Staff will provide a verbal update on federal and state matters.

FISCAL IMPACT
None.

COMMITTEE RECOMMENDATION
For information.
### Bill No./Author

<table>
<thead>
<tr>
<th>Bill No./Author</th>
<th>Title/Content</th>
<th>Status</th>
<th>Position</th>
<th>Comments</th>
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<tr>
<td><strong>Bottled water.</strong> AB 83 Corbett</td>
<td>Transfers regulations and licensure of bottled water from the Sherman Food, Drug and Cosmetic Law to the California Safe Drinking Water Law. Requires bottled water licensees to comply with provisions similar to those imposed on public water systems regarding emergency notification plans, consumer confidence reports, and annual inspections. Also requires the labeling on bottled water sold at retail or wholesale in a plastic beverage container to include specified information. Creates the Safe Bottled and Vended Water Account.</td>
<td>Int. 01/06/103 Location: Sen Approps Status: Re-referred to Sen Approps (01/12/04)</td>
<td>Staff Rec: Support ACWA: Support CMUA: Support WRD Board: Support (04/02/03)</td>
<td>Comments: Supported by NRDC, East Bay MUD, and Clean Water Action. Would require bottled water companies, like Coca Cola and Pepsi who market their own branded water, to comply with more stringent requirements listed in Consumer Confidence Reports.</td>
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<td><strong>Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.</strong> AB 107 Corbett</td>
<td>Appropriates Water Security funds from Prop 50 to DHS for grants to local agencies. Requires DHS to develop guidelines for awarding grants in consultation with the Office of Emergency Services, the state Office of Homeland Security, and public water agencies. Prevents DHS from awarding grants to reimburse projects costs incurred prior to the adoption of the criteria and from awarding grants to supplant funding for the routine responsibilities or obligations of any state, local, or regional drinking water system. Establishes preferences for grant awards to projects that produce the greatest regional public benefit for the least cost, projects that help to achieve regional equity in the distribution of grant funds, and eligible projects that are consistent with any regionally based water resources management plan that has been planned through a public process. Requires the completion of a security vulnerability assessment and the completion of an emergency response plan that incorporates the results of the security vulnerability assessment.</td>
<td>Int. 01/10/03 Location: Sen Agriculture and Water Status: Amended on 03/17/03, 04/21/03, 06/02/03, 06/24/03; Hearing cancelled by author (07/01/03)</td>
<td>Staff Rec: Watch ACWA: Oppose unless amended CMUA: Watch</td>
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<td><strong>Water rights: permits.</strong> AB 1522 Parra</td>
<td>Expands the authority of the Regional Water Quality Control Board’s executive officers to include the ability to issue National Pollutant Discharge Elimination Systems (NPDES) permits without regional board action, and makes technical corrections to and deletes obsolete provisions of the Water Code.</td>
<td>Int. 02/21/03 Location: Sen. Ag &amp; Water Resources Status: Amended on 04/22/03; Passed Asm Water, Parks &amp; Wildlife (04/24/03); Passed Asm Approps (05/15/03); Passed Asm Floor</td>
<td>Staff Rec: Oppose ACWA: Oppose</td>
<td>ACWA’s Comments: Existing law provides that state laws that address the loss of water rights by nonuse, abandonment, prescription, and lack of diligence shall not apply to water rights appurtenant to, or for use on, any trust land under certain conditions.</td>
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<tr>
<td>Bill Number</td>
<td>Sponsor</td>
<td>Description</td>
<td>Committee</td>
<td>Staff Recommendations</td>
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<td>AB 2279</td>
<td>Dymally</td>
<td>Irrigation districts. Eliminates the requirement need to be a landowner to be a board member of an Irrigation District.</td>
<td>Int. 02/19/04</td>
<td>Staff Rec: None</td>
</tr>
<tr>
<td>AB 2528</td>
<td>Lowenthal</td>
<td>Public water systems. This bill would replace the term &quot;action level&quot; with the terms &quot;notification level&quot; and &quot;response level.&quot; It would also require the operator of wholesale or retail public water systems, as defined, to provide notice relating to contamination of any drinking water source, as defined, that exceeds the maximum containment level, a response level, or a notification level, as defined.</td>
<td>Int. 02/20/04</td>
<td>Staff Rec: Support if Amended</td>
</tr>
<tr>
<td>AB 2603</td>
<td>Calderon</td>
<td>Urban water management plans. Makes technical, nonsubstantive change requiring urban water supplier to prepare and adopt an urban water management plan.</td>
<td>Int. 02/20/04</td>
<td>Staff Rec: Watch</td>
</tr>
<tr>
<td>AB 2605</td>
<td>Calderon</td>
<td>Water storage districts. Makes technical, nonsubstantive change authorizing the board of a California Water Storage District to acquire property.</td>
<td>Int. 02/20/04</td>
<td>Staff Rec: Watch</td>
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<tr>
<td>SB 117</td>
<td></td>
<td>Water Security, Clean Drinking Water, Coastal and Beach</td>
<td>Int. 02/03/03</td>
<td>Staff Rec: Watch</td>
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<td>Bill</td>
<td>Title</td>
<td>Location</td>
<td>Status</td>
<td>Staff Rec</td>
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<td>Machado</td>
<td>Protection Act of 2002: Colorado River Quantification Settlement Agreement. Establishes the Colorado River Quantification Settlement Agreement Account and transfers $200 million from an unspecified fund into the account for the purposes of facilitating the QSA transfers.</td>
<td>Location: Held at Asm Desk (06/04/03)</td>
<td>Status: Amended on 04/22/03, 05/08/03, 05/22/03, 06/02/03; Passed Senate Floor (06/04/03)</td>
<td>ACWA: Watch CMUA: Watch</td>
</tr>
<tr>
<td>SB 318</td>
<td>Urban water suppliers: desalinated water. Requires a plan to describe the opportunities for development of desalinated water, including but not limited to ocean water, brackish water, and groundwater, as a long-term supply.</td>
<td>Int. 02/19/03 Location: Placed on Asm inactive file (09/08/03) Status: Amended on 04/08/03; Passed Sen Floor (05/08/03); Passed Asm Water, Parks, and Wildlife (07/01/03); Passed Asm Approps (08/21/03); Placed on inactive file (09/08/03)</td>
<td>Staff Rec: Watch ACWA: Watch CMUA: Watch</td>
<td>Comments: Under current law, every urban water supplier must prepare and adopt an urban water management plan and update that plan at least once every 5 years. This bill would add desalination as a required element of the plan. Opponents argue that desalination should not be added until the Desalination Task Force submits its recommendations due by July 1, 2004.</td>
</tr>
<tr>
<td>SB 543</td>
<td>Water rights: groundwater cleanup operations. With certain exceptions, this bill prohibits the water produced from a groundwater cleanup operation from being used by the operator of a groundwater cleanup operation or from being transferred, assigned, or conveyed to a third party for use, until a replacement water supply has been provided to every public water system injured by the contamination. Provides that no right shall vest in the operator of a groundwater cleanup operation solely by virtue of its extraction, treatment, and discharge of water from that operation. Exempts discharges from groundwater cleanup operation that is under 25 acre-feet in the counties of Riverside, San Bernardino, Los Angeles, and Ventura or under 50 gallons per minute in an other county, if the discharge is not for recharge.</td>
<td>Int. 02/21/03 Location: Asm Environmental Safety and Toxic Materials Status: Amended on 03/28/03, 04/21/03, 05/22/03, 05/23/03, 07/24/03, 08/18/03, 08/25/03, 09/12/03; Passed Sen (06/02/03)</td>
<td>Staff Rec: Watch CMUA: Oppose unless Amended</td>
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<tr>
<td>SB 909</td>
<td>Public water systems: mutual water companies. Allows grants of state bond funds to be made to public water utilities and mutual water companies.</td>
<td>Int. 02/21/03 Location: Asm Water, Parks &amp; Wildlife Status: Passed Sen Ag &amp; Water (04/02/03); Passed Sen Approps (04/28/03); Passed Senate Floor (05/08/03); Ref. to Asm Water, Parks &amp; Wildlife (05/19/03); Amended by author (06/23/03);</td>
<td>Staff Rec: Oppose ACWA: Oppose</td>
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<td>Bill Number</td>
<td>Title</td>
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<td>SB 922</td>
<td>Cleanup or abatement orders: contaminated drinking water supplies.</td>
<td>Clarifies existing law by explicitly authorizing the State Water Resources Control Board or a regional board to require the provision of, or payment for, uninterrupted replacement water service, which may include wellhead treatment, to affected public water suppliers or private well owners. Authorizes the regional board or state board to request a water replacement plan from the discharger prior to the provision of the replacement water. The bill would provide for mediation of replacement water claims.</td>
<td>02/21/03</td>
<td>Asm Water, Parks and Wildlife</td>
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<td>SB 1000</td>
<td>Beneficial use: extension of time.</td>
<td>Declares the nonuse of water as a result of conservation as good cause to extend the period specified in a permit for application of appropriated water to beneficial use. Requires the state board to extend the time for application of the water to beneficial use.</td>
<td>02/21/03</td>
<td>Bill dropped</td>
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<tr>
<td>SB 1165</td>
<td>Local Government Omnibus Act of 2004.</td>
<td>This bill contains provisions applying to a variety of non-controversial local governance issues.</td>
<td>02/02/04</td>
<td>Assembly Desk</td>
</tr>
<tr>
<td>SB 1251</td>
<td>State Water Project.</td>
<td>This bill would state the intent of the</td>
<td>02/12/04</td>
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<td>Bill</td>
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<td>SB 1272</td>
<td>Ortiz</td>
<td><strong>Special districts.</strong> This bill would require annual audits of special districts to be performed in accordance with General Accounting Office standards for financial and compliance audits and would impose various other requirements on these audits. The bill would require the Controller to review the audits under specified procedures. This bill also criminalizes violations of conflicts of interest and incompatible activities provisions by making them a misdemeanor. It requires annual legal and ethical orientation sessions that governing board members would be required to attend. It establishes whistle-blower protections and limits director compensations to $100 per day for no more than 6 meetings or days per month. It sets the travel and per diem expenses to that authorized for state employees and restricts retirement benefits to directors who take office on or after January 1, 2005. These directors are allowed to participate in life insurance and health and welfare benefits on a self-pay basis.</td>
<td>Int. 02/18/04 Location: Sen Local Govt Status: Amended by author (03/23/04); Hearing on 04/21/04</td>
<td>Watch</td>
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<td>SB 1374</td>
<td>Machado</td>
<td><strong>Water transfers: third-party impacts.</strong> This bill would require that the State Water Resources Control Board also consider third-party impacts in its consideration of a water transfer petition. With regard to that determination, the bill would prohibit the board from approving the petition unless it finds that the petitioners have met prescribed conditions relating to potential third-party impacts. The bill would require the board to accept and consider evidence that the proposed transfer neither avoids nor mitigates all likely significant negative third-party impacts. The bill would authorize the board to develop and adopt an abbreviated process to approve long-term transfers that it determines are least likely to negatively affect third parties.</td>
<td>Int. 02/13/04 Location: Sen Ag &amp; Water Status: Hearing on 04/20/04</td>
<td>Watch</td>
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<td>SB 1479</td>
<td>Sher</td>
<td><strong>California regional water quality control boards: membership.</strong> This bill would reduce the membership of a regional board from 9 to 5 by combining the representations of irrigated agriculture and industrial water use into one seat and eliminating the requirement for 3 persons not specifically associated with prescribed categories.</td>
<td>Int. 02/19/04 Location: Sen Approp Status: Passed Sen Env Quality on 04/12/04</td>
<td>Watch</td>
</tr>
</tbody>
</table>

Comments: The bill takes the California Environmental Quality Act (CEQA) model for identifying, evaluating and mitigation potential significant effects on the environment and would apply it to the analysis of the potential third-party impacts that could result from a long-term water transfer. ACWA believes that the bill potentially opens a Pandora's box by creating a new litigation tool to be used against water transfers.