MEETING OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
12621 E. 166th Street, Cerritos, California 90703

1:30 P.M., WEDNESDAY, JUNE 2, 2004

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 MAY 3, 2004
   Staff Recommendation: That the Board approve the Minutes as submitted.

B. CONSIDERATION OF RESOLUTION NO. 04-711 – A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO PERMIT THE REGISTRAR-RECORDER CLERK TO RENDER ELECTION SERVICES FOR AN ELECTION OF SAID DISTRICT TO BE HELD ON NOVEMBER 2, 2004
   Staff Recommendation: That the Board Adopt Resolution No. 04-711.
C. TRAVEL REQUEST-
WATERSHED WORKING LANDS SUMMIT: BETTER WATER QUALITY THROUGH BETTER GOVERNMENT COLLABORATION,
JUNE 22-24, 2004, SAINT LOUIS, MISSOURI

*Inter-Agency Committee Recommendation:* The Committee recommends that the Board approve the travel request as submitted.

VII. FINANCIAL AUDIT SERVICES RECOMMENDATION

*Financial Auditor Selection Ad Hoc Committee Recommendation:* The Committee recommends that the Board authorize a three-year contract beginning with fiscal year 2003-04 for financial audit services with Charles Z. Fedak & Co. CPA’s for a total contract price of $68,250. The current contract with Teaman, Ramirez, and Smith, Inc. will be terminated in the manner provided in the contract if the Board approves the selection recommended by the Ad Hoc Committee.

VIII. NAME CHANGE OF COMMITTEE

*Inter-Agency Committee Recommendation:* The Committee recommends that the Board of Directors rename the Inter-Agency Committee to the External Affairs Committee.

IX. LEGISLATIVE REPORT

*Recommendation:* For information.

X. WRD TAC CHAIR REPORT

XI. GENERAL MANAGER’S REPORT

XII. DISTRICT COUNSEL REPORT

XIII. DIRECTORS’ REPORTS

XIV. WRD BOARD MEETING DATES

A. June 3, 2004 – 9:00 a.m. – Special Board of Directors Meeting
B. June 16, 2004 – 1:30 p.m. – Board of Directors Meeting
C. July 7, 2004 – 1:30 p.m. – Board of Directors Meeting
D. July 21, 2004 – 1:30 p.m. – Board of Directors Meeting

XV. 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

XVI. ADJOURNMENT

Agenda posted by Abigail C. Andom, Deputy Secretary, May 27, 2004. In compliance with ADA requirements, this document can be made available in alternative formats upon request.
MINUTES OF MAY 3, 2004
SPECIAL MEETING OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A special meeting of the Board of Directors of the Water Replenishment District was held on May 3, 2004 at 10:12 a.m. in the District office at 12621 E. 166th Street, Cerritos, California. Vice President Patricia Acosta called the meeting to order. Deputy Secretary Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM
The Vice President declared a quorum of Directors was present, which in addition to herself included Directors Robert Goldsworthy and Norm Ryan. President Murray and Director Robles arrived while the meeting was in progress. Also participating in the meeting were General Manager Robb Whitaker, District Counsels J. Arnoldo Beltran and Edward Casey, Assistant General Manager and Chief Engineer Mario Garcia, Chief Hydrogeologist Ted Johnson, Senior External Affairs Representative Adeline Yoong, and WRD Technical Advisory Committee Chairperson Jim Glancy.

II. PLEDGE OF ALLEGIANCE
Mr. Mike Gutierrez of Southern California Water Company (SCWC) led the Pledge of Allegiance.

III. INVOCATION
Director Ryan gave the Invocation.

Chief Hydrogeologist Ted Johnson made a presentation about May being Water Awareness Month. Mr. Johnson gave a brief background on the formation of the Central and West Basin Water Replenishment District, the West and Central Basin Water Associations, and ultimately, the WRD. He emphasized WRD’s goal in ensuring a healthy water supply for the region and reminding the public to use water wisely.
President Murray and Director Robles arrived.

IV. PUBLIC COMMENT
Mr. Bill Minasian, resident of the City of Downey, stated that he would like to provide comment on Agenda Items VIII and IX when the items come up.

V. ADDITIONAL ITEMS TO AGENDA
None.

VI. CONSENT CALENDAR
A. MINUTES OF THE SPECIAL MEETING OF APRIL 14, 2004
B. AWARD OF PROFESSIONAL SERVICES FOR PROFESSIONAL DESIGN, PRINTING, REPRODUCTION AND MAILING SERVICES CONTRACT FOR WRD’S NEWSLETTER
   This item was taken off the Consent Calendar.
C. TORRANCE CHAMBER OF COMMERCE

Director Robles requested that Agenda Item VI.B be taken off the Consent Calendar.

Upon a motion duly made by Director Ryan, seconded by Director Robles, and unanimously approved, it was

RESOLVED: That the Board approves the Consent Calendar of the meeting of May 3, 2004, as amended.

VI.B. AWARD OF PROFESSIONAL SERVICES FOR PROFESSIONAL DESIGN, PRINTING, REPRODUCTION AND MAILING SERVICES CONTRACT FOR WRD’S NEWSLETTER

Director Robles stated that he had received a phone call from Litho Tech, a vendor that had submitted a proposal for the newsletter. Director Robles stated that Litho Tech believed that the Request for Proposal (RFP) was not clear and, hence, their bid was presented inaccurately. According to Litho Tech, the bid that they had submitted for the RFP
included postage costs, and had those costs been removed, Litho Tech’s bid would have been the lowest. Director Robles asked that a decision on this item be deferred until the next meeting in order to clarify any confusion or misunderstandings.

Director Acosta stated that staff had reviewed all the proposals. She stated that AMS Response of Paramount, the recognized lowest bidder, is WRD’s current printer of the WRD newsletter. Director Acosta stated that staff has been very pleased with their work because everything in their operation is done in- house.

Director Goldsworthy concurred with Director Acosta. He stated that staff had thoroughly reviewed the proposals and he would like to see this item move forward. Director Goldsworthy added that of the 13 bid proposals received, Litho Tech seemed to be the only one that was not clear on the RFP requirements.

Upon a motion duly made by Director Acosta, seconded by President Murray, and with Director Robles abstaining, it was

RESOLVED: That the Board awards a contract for the professional design, printing, production and mailing of four (4) issues of WRD newsletters to AMS Response of Paramount.

VII. CAPITAL IMPROVEMENT PROGRAM

Senior Engineer Jason Weeks discussed the Strategic Plan/CIP process. Mr. Weeks explained that 11 projects were reviewed by the WRD Technical Advisory Committee (TAC). The eleven projects included in the CIP are: Alamitos Physical Barrier, ASR Wells Inland of Seawater Barrier, Caltrans Pipeline, Convert Orduña Wells to Injection Wells, Desalter Brine Line, Goldsworthy Desalter Expansion, Goldsworthy Desalter Horizontal
Well, Increased Spreading at Dominguez Gap Spreading Grounds, Safe Drinking Water Program, San Gabriel River Rubber Dams, and the Whittier Narrows Conservation Pool.

Mr. Weeks also presented the Five-Year Capital Outlay schedule. He explained that eight of the eleven projects are shown on the five-year capital outlay. The Alamitos Physical Barrier and the Goldsworthy Desalter Horizontal Well were not included as feasible candidate projects. The Desalter Brine Line was also removed due to timing constraints and marginal project economics. He added that the Leo J. Vander Lans Water Treatment Facility expansion, which was not previously included in the initial listing, was now added to the list for consideration. The Leo J. Vander Lans Water Treatment Facility Expansion was added in fiscal year 08/09 to preserve the possibility for funding assistance through the U.S. Bureau of Reclamation’s Title 16 funding program. 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.

Mr. Weeks stated that the Board voted unanimously to receive and file the Five-Year Capital Outlay of Projects and incorporate it as the basis for a long-term schedule for the Capital Improvement Program (CIP) at its April 21, 2004 meeting. The five projects that are scheduled to move forward in fiscal year 2004-05 and fiscal year 2005-06 include: the Caltrans Pipeline project, the Increased Spreading at the Dominguez Gap Spreading Grounds, the Safe Drinking Water Program, the San Gabriel River Rubber Dams, and the Whittier Narrows Conservation Pool. He briefly discussed the project costs, benefits, and savings of each of these projects.
Mr. Weeks stated that staff will continue to evaluate appropriate methods for funding CIP projects and will review/update the CIP during the fall/winter 2004.

Upon a motion duly made by Director Acosta, seconded by Director Goldsworthy, and unanimously approved, it was

RESOLVED: That the Board approves and adopts the District’s Capital Improvement Program (CIP), and thereby adopts Resolution No. 04-706.

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

(Reference is hereby made to Resolution No. 04-706 in the Draft Resolution file and by this reference is incorporated herein and included a part hereof as though fully set forth at length.)

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

President Murray reconvened the Public Hearing and invited public comment.

Mr. Diem Vuong, Long Beach Water Department (LBWD), stated that staff had presented various scenarios for the replenishment assessment and he would like to support Scenario No. 2 with a replenishment assessment of $126/acre-foot. He explained that he felt that the amount would provide a smooth transition in raising the reserves and carry out the projects the District intends to do.
Mr. Desi Alvarez, City of Downey, stated that Downey is supporting a replenishment assessment in the mid-$120’s or $124/acre-foot. Mr. Alvarez asked that the Board re-evaluate its administrative costs and the economic feasibility and benefits of the projects and programs that are proposed for fiscal year 2004-05. He also noted that the City of Downey would like to recommend that the Board strongly consider eliminating the cost of Metropolitan Water District (MWD) member agency surcharges in the future by pursuing other alternative sources of water either directly from MWD or from other state contractors.

Mr. Patrick Scanlon, Southern California Water Company (SCWC), stated that he would like to thank the Board and staff for their excellent communication efforts. Mr. Scanlon explained that the WRD TAC had reviewed the CIP and had recommended that certain projects warrant moving forward. He stated that he believes that debt-financing should be used to finance these CIP projects. Mr. Scanlon urged the Board to adopt a replenishment assessment that would provide the services to the community at the least cost possible.

Mr. Bill Minasian, resident of the City of Downey, stated that Downey continues to enjoy good tasting water at a low rate and he would like to see that continue.

Mr. Jim Glancy, WRD TAC Chairperson, stated that there is a lot of similarity in everyone’s goals and concerns about the health of the basin. Mr. Glancy stated that the TAC recommended that certain operations should not be financed by debt-financing since they are not considered CIP projects, for example, the Safe Drinking Water Program (SDWP). He added that a replenishment assessment of $128/acre-foot seems to be favorable to a majority of the TAC members. Mr. Glancy explained that the TAC looked at the replenishment assessment of $128/acre-foot with
the caveat that debt financing is there but is to be reserved for larger projects in the long term.

As the City of Lakewood Public Works Director, Mr. Glancy stated that he agreed that an increase in the replenishment assessment would be prudent. However, there were still some areas that need efficiencies. He noted that Lakewood supports efforts in reducing the cost of surcharges from Central and West Basin Municipal Water Districts (C&WBMWD), and the potential savings realized from conjunctive use benefits. Mr. Glancy also added that the Central and West Basin Water Associations are currently reviewing the expansion of WBMWD’s recycling plant and are recommending that expansion may not be necessary. He asked that the long term contract for recycled water be reviewed.

Mr. Neil Miller, Public Works Director for the City of Manhattan Beach, stated that he would like to compliment staff for the revitalized CIP process. Mr. Miller noted that he supported the previous comments made by the other speakers. He explained that he would like to know where the savings on the projects are realized, and what the reserves are for. He stated that he supports debt financing for large long term projects only, and that he is excited about the results of the study on the proposed West Coast Basin operational plan. Mr. Miller stated that he would support a replenishment assessment in the mid-$120s.

Before the Public Hearing officially closed, District Counsel Beltrán asked President Murray to accept into evidence all materials, information and documents that District staff had relied on in preparing for the Public Hearing, all public notices of this hearing and its continuations, the 2004 Engineering Survey and Report (ESR) dated March 3, 2004 and all its modifications, all prior Board resolutions that relate to the ESR and the setting of the 2004-05 replenishment assessment, and all written
comments received with respect to the ESR and the 2004-05 assessment and its continuations.

District Counsel Beltrán then asked General Manager Robb Whitaker to acknowledge his familiarity with the April 5, 1979, Final Environmental Impact Report and Resolution No. 78-211. Mr. Whitaker stated that the water replenishment program described in the 2004 ESR was within the scope of the 1979 EIR. Mr. Whitaker also added that by Resolution No. 78-211 all general and administrative expenses of the District are related to the accomplishment of the water replenishment and water quality programs. District Counsel Beltrán then asked that these materials be also taken into evidence.

President Murray stated that those items previously mentioned have been accepted into evidence. The Public Hearing on the 2004-05 replenishment assessment was then closed.


Director Ryan, as Chairman of the Ad Hoc Budget Committee, stated that various scenarios were reviewed. Scenario No. 1 has the replenishment assessment at $115/acre-foot, Scenario No. 2 has the replenishment assessment at $126/acre-foot, Scenario No. 3 has the replenishment
assessment at $128.25/acre-foot, and Scenario No. 4 has the replenishment assessment at $140/acre-foot.

President Murray made a motion to adopt a replenishment assessment of $140/acre-foot. Director Ryan seconded.

Director Robles stated that he appreciated the efforts done by the Ad Hoc Budget Committee. However, he stated that he would like to make a proposal to modify the assessment in the future if the assumptions made are found not to be true. Director Robles recommended that the Inter-Agency Committee review the process and allow for future modification. He stated that he would like the replenishment assessment at $126/acre-foot and is hopeful that this amount would not deplete the reserves. Director Robles stated that at $128/acre-foot further cuts can be realized.

Director Goldsworthy stated that he would like to compliment staff and the Ad Hoc Budget Committee for their work. He noted that the reserves are low and that this would preclude the District from making its water purchases. Director Goldsworthy stated that he would like to see a replenishment assessment of $128.25 based on the budget figures.

Director Acosta stated that, as a member of the Ad Hoc Budget Committee, various scenarios were carefully reviewed. She noted that it was her desire to provide the lowest possible rate without sacrificing the services the District provides. Director Acosta stated that she felt a replenishment assessment of $128/acre-foot is a responsible option.

Director Ryan stated that he was troubled by past actions of the Board that had cost the District $1.8 million that could have been added to the reserves. He explained that if the District was able to proceed with its debt financing, that the District’s reserves could have been at $9 million at
the present. Director Ryan stated that he felt a replenishment assessment of $128.25/acre-foot was not justified and that he would not want to see any rate increase.

Director Acosta offered an amendment to President Murray’s earlier motion. Director Acosta made a motion to adopt a replenishment assessment of $128.25/acre-foot. Director Goldsworthy seconded the amended motion. By roll call vote, it was

RESOLVED: That the Board accepts the amended motion to adopt a replenishment assessment of $128.25/acre-foot for the fiscal year 2004-05.

AYES: Directors Acosta, Goldsworthy, Murray
NOES: Directors Robles, Ryan

Director Robles stated that he felt that a replenishment assessment of $128.25 was detrimental to the District. He explained that discussions are on-going with Central Basin Municipal Water District regarding surcharges and he felt that adopting that rate would undermine discussions. Director Robles also noted that the budget had not been approved and all the assumptions were based on a replenishment assessment of $128.25. Lastly, he stated that a double digit rate increase at the moment does not bode well for the District.

Director Robles made an amended motion to set the replenishment assessment at $126/acre-foot. The motion died for lack of a second.

By roll call vote, Resolution No. 04-705 was adopted with a replenishment assessment rate of $128.25/acre-foot.

AYES: Directors Acosta, Goldsworthy, Murray
NOES: Directors Robles, Ryan
RESOLUTION NO. 04-705


(Reference is hereby made to Resolution No. 04-705 in the Draft Resolution file and by this reference is incorporated herein and included a part hereof as though fully set forth at length.)

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

Mr. Desi Alvarez, City of Downey, stated that this is an example of an area where the District can have some cost savings. He explained that he felt this trip was not cost efficient and asked that the Board not approve it.

Upon a motion duly made by President Murray, seconded by Director Acosta, and with Director Goldsworthy dissenting, it was


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

Mr. Alvarez stated that he would like to reiterate his comments on the previous agenda item for this travel request as well.
Director Goldsworthy stated that he felt the travel request to the Watereuse Foundation was more beneficial to the District than the Colorado River SuperConference.

Upon a motion duly made by President Murray, seconded by Director Acosta, and unanimously carried, it was


XII. SB 1272 (ORTIZ) – SPECIAL DISTRICTS
Director Acosta stated that the Inter-Agency Committee has been reviewing various bills that may impact the District and of which SB 1272 is one of them. She explained that the Committee recommended an “oppose” position on SB 1272 since it was felt that the bill undermines the local authority of the special districts. She noted that the Association of California Water Agencies (ACWA) has also recommended an “oppose” position on SB 1272.

Upon a motion duly made by Director Acosta, seconded by President Murray, and unanimously approved, it was

RESOLVED: That the Board adopts an “Oppose” position on SB 1272 (Ortiz).

XIII. AB 2528 (LOWENTHAL) – PUBLIC WATER SYSTEMS
Senior External Affairs Representative Adeline Yoong stated that 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. Ms. Yoong explained that staff has been working with the bill sponsor, Metropolitan Water District, on amendment language.

The Inter-Agency Committee reviewed this item at its April 22, 2004 meeting and recommended a “support if amended” position.

Upon a motion duly made by Director Acosta, seconded by President Murray, and unanimously approved, it was

RESOLVED: That the Board adopts 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

Mr. Alvarez stated that he would like the Board to adopt a “support” position on Proposition 50 implementation guidelines allowing private water companies or investor owned utilities eligibility for state grants and loans. He explained that Prop. 50 funds would serve all income communities, are not subject to rate recovery, and will provide lower cost utilities to rate payers. Mr. Alvarez noted that the minority communities are serviced by the investor-owned utilities.

Mr. Patrick Scanlon, Southern California Water Company (SCWC), stated that Prop. 50 funds has no distinction between public water utilities and investor owned companies since both are providing a service to the public. He explained that a majority of the services provided by the investor owned utilities are services provided to economically disadvantaged
He asked that the Board adopt a “support” position on Prop. 50 funds.

Discussion followed. Upon a motion duly made by Director Ryan, seconded by Director Goldsworthy, and by roll call vote, it was

RESOLVED: That the Board approve a letter to the Governor “Supporting” the expansion of Prop. 50 eligibility to private water companies.

AYES: Directors Goldsworthy, Robles, Ryan
NOES: Director Acosta, Murray

XV. LEGISLATIVE REPORT
There was no oral report presented.

XVI. WRD TAC CHAIR REPORT
WRD Technical Advisory Committee (TAC) Chairperson Jim Glancy reported that the TAC has been reviewing the request for proposal for the West Coast Basin Operational Study and will move forward with it.

XVII. GENERAL MANAGER’S REPORT
General Manager Whitaker stated he is pleased that the capital improvement program (CIP) flow chart had been finalized for the projects. Mr. Whitaker also added that the Conjunctive Use Working Group met last week and is working diligently in order to realize the benefits of their work.

XVIII. DISTRICT COUNSEL REPORT
Deferred to closed session.

XIX. DIRECTORS’ REPORTS/COMMITTEE REPORTS
Director Ryan stated that the budget is set for adoption in June and a special Board meeting/budget workshop will be scheduled in the coming weeks.
President Murray wished everyone a Happy Mother’s Day.

XX. WRD BOARD MEETING DATES
A. May 19, 2004 – 1:30 p.m. – WRD Board of Directors Meeting
B. June 2, 2004 – 1:30 p.m. – WRD Board of Directors Meeting
C. June 16, 2004 – 1:30 p.m. – WRD Board of Directors Meeting
D. July 7, 2004 – 1:30 p.m. – WRD 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 Beltrán
   Bargaining Group: American Federation of State, County and 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

The Board went into closed session. The Board reconvened in open session.

For Agenda Item XXI.A, two cases were reviewed, status reports were provided, and no action was taken. Director Ryan did not participate in the discussion, President Murray dissented, and there was consensus from the three other directors.

For Agenda Item XXII.B, the Board reached consensus, and further instructions were provided to the negotiator.

For Agenda Item XXI.C., no action was taken, further review was deferred awaiting response regarding the offer made.
XXII. ADJOURNMENT

President Murray asked if there was any further business to come before the Board and there being none, the meeting was adjourned at 1:25 p.m.

____________________________________
President

ATTEST:

____________________________________
Secretary
DATE: JUNE 2, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: CONSIDERATION OF RESOLUTION NO. 04-711 –
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER
REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA REQUESTING
THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO
PERMIT THE REGISTRAR-RECORDER CLERK TO RENDER ELECTION
SERVICES FOR AN ELECTION OF SAID DISTRICT TO BE HELD ON
NOVEMBER 2, 2004

SUMMARY
In compliance with the provisions of Election Code Section 10400, et. seq., an appropriate resolution
must be filed with the Board of Supervisors to permit the Registrar-Recorder/County Clerk to render
election services to consolidate with the statewide general election scheduled

Attached is Resolution No. 04-711.

FISCAL IMPACT
Approximately $600,000.

STAFF RECOMMENDATION
That the Board adopt Resolution No. 04-711.
RESOLUTION NO. 04-711

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO PERMIT THE REGISTRAR-RECORDER/COUNTY CLERK TO RENDER ELECTION SERVICES FOR AN ELECTION OF SAID DISTRICT TO BE HELD ON NOVEMBER 2, 2004

WHEREAS, the California Elections Code permits special districts electing governing board members to call an election;

WHEREAS, an election in the District is to be held on Tuesday, November 2, 2004, for the purpose of electing two members of the Board of Directors of said District; and

WHEREAS, the Board of Directors believes that it is desirable that said election be conducted with the General District Elections to be held on the same date and that within said District the precincts, polling places and election officers of the election be the same, and that the Registrar-Recorder/County Clerk of the County of Los Angeles canvass the returns of the election and that said District election be held in all respects as if there were only one election.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA HEREBY RESOLVES, DETERMINES, AND ORDERS AS FOLLOWS:

1. That an election is hereby called by the Board of Directors of the Water Replenishment District of Southern California to be held on November 2, 2004 for the purpose of electing two members to the Board of Directors.

2. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Los Angeles is hereby requested to consent and agree to conduct the Water Replenishment District of Southern California election with the Tuesday, November 2, 2004, Statewide General Election for the purpose of electing members to the Board of Directors of said district.

3. Said Registrar-Recorder/County Clerk is hereby authorized to canvass the returns of the Water Replenishment District of Southern California election.
RESOLUTION NO. 04-711
(Continuation)

4. Said Board of Supervisors is hereby requested to issue instructions to the Registrar-Recorder/County Clerk to take any and all steps necessary for the holding of said election.

5. Water Replenishment District of Southern California shall pay in full its pro rata share of the expenses for the conduct of the election.

6. Water Replenishment District of Southern California shall require each candidate to pay in advance his or her pro rata share of the printing, handling, and mailing costs of his/her candidate statement as a condition to having it included in the voters’ sample ballot pamphlet.

7. The word limit for candidate’s statements shall be 200 words.

8. That the General Manager is hereby directed to file a certified copy of this resolution with the Board of Supervisors and the Registrar-Recorder/County Clerk of the County of Los Angeles.


_______________________________
President

ATTEST:

_______________________________
Secretary
DATE: JUNE 2, 2004

TO: BOARD OF DIRECTORS

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: TRAVEL REQUEST-
WATERSHED WORKING LANDS SUMMIT: BETTER WATER QUALITY THROUGH BETTER GOVERNMENT COLLABORATION, JUNE 22-24, 2004, SAINT LOUIS, MISSOURI

SUMMARY
The Watershed Working Lands Summit, sponsored by the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) will be held June 22-24, 2004 in Saint Louis, Missouri. Topics for discussion include, among others, effective collaboration to solve water quality problems, the dynamics and motivating factors associated with leading change, and the art and science of value-added negotiation in the public sector.

Interest has been expressed by the Groundwater Clean-up Committee to attend the above-referenced conference, and it is therefore brought to the Board for approval of travel request(s).

FISCAL IMPACT
Registration fee is $250 per person. Special room rates are available at $102 per night.

INTER-AGENCY COMMITTEE RECOMMENDATION
The Inter-Agency Committee recommends that the Board approve the travel request as submitted.
Watershed Working Lands Summit:
Better Water Quality Through Better Government Collaboration

June 22-24, 2004

Adams Mark Hotel
Fourth St. & Chestnut
St. Louis, Missouri
Ph: (314) 241-7400    Fax: (314) 241-9839

To register for this meeting, please click on this link:
http://www.asiw pca.org/events/other/

VISION:  As stewards of public resources, State. Local and Federal agencies:

Collaborate to establish a unified view of water quality and related natural resource priorities at the State level,

Understand and efficiently use the tools and collective capacity available to address problems, and

Work together to achieve measurable, water quality improvements.

EXPECTED OUTCOMES:  Federal, State and Local water quality and natural resource managers will:

- Develop dynamic decision making cross organizational frameworks for innovative, value-added approaches to collaboratively address water quality and natural resource priorities.

- Use their available resources and tools to Shift the focus from individual programs to shared objectives at the State and Local level that can be achieved in a synergistic manner.
The summit will focus on “Working Lands” that are dedicated to the production of food and fiber, including lands enrolled in term retirement programs (CRP & CREP) that may return to production. During the Summit, participants will:

- **Enhance their understanding** of the missions and authorities of other natural resource Federal, State and Local agencies and the compelling forces that impact decision-making.
- **Get to know their peers** in other State, Local and Federal natural resource agencies better.
- **Better understand the available programs/information/tools** and how they could be used together to provide leverage.
- **Understand the watershed protection challenges and opportunities** in the States.
- **Share innovations.**
- **Identify gaps, barriers and disconnects that stifle collaboration and possible solutions.**
- **Identify ways to better integrate** working land programs with State and Local opportunities to protect watersheds and solve nonpoint source problems.
- **Develop strategies for working together in the States** to better connect programs and resources to watershed priorities.
- **Identify opportunities to include Tribal natural resource objectives in state priorities** and provide tribes a means of providing input to Federal and State activities that impact them.
- **Identify better ways national program leaders can support Regional, State and Local collaboration.**

**Target Audience:**

State and Tribal Water Quality, Agriculture, Forestry, and other natural resource agency senior leadership and program managers.


Conservation and Natural Resource Districts and other sub-units of State government with authority and responsibility for working lands.

USEPA Headquarters and Regions (Senior Managers, Watershed Branch Chiefs, Nonpoint Source Coordinators and Agricultural Sector Contacts)

**There will be 3 meetings:**

- **One in St. Louis June 22-24, 2004**, focused on Central States (USEPA Regions V, VI, VII and VIII);
- **One in Sacramento, California on October 26-28, 2004** focused on Western States (USEPA Regions IX and X): and
- **One in Baltimore, Maryland** focused on Eastern States (USEPA Regions I, II, III and IV). The date for that meeting is being finalized

See: [http://www.asiwpca.org/events/other.htm](http://www.asiwpca.org/events/other.htm) for further information and registration.
Watershed Working Lands Summit:  
Better Water Quality Through Better Government Collaboration

Adams Mark Hotel  
Fourth St. & Chestnut  
St. Louis, Missouri  
Ph: (314) 241-7400  Fax: (314) 241-9839

To register for this meeting, please click on this link:  
http://www.asiwpca.org/events/other/

AGENDA:

Tuesday, June 22, 2004 – Setting the Stage — “If We Keep Doing What We Did We’ll Get What We Got…”

8:30 AM  
Opening Session  
Welcome: Alan Vicory, ASIWPCA President  
Charge to the Group: James Gulliford, USEPA Regional Administrator, Region 7  
The Importance of this Meeting -National Overview:  
Dr. R. Mack Gray, Deputy Under Secretary for Natural Resources and Environment, USDA  
Keynote Speaker, A Case for Change: Senator Bond (invited)

9:30 AM  
Roundtable Discussion  
What Do YOU Want to Get out of the Summit: In groups of 8-10, participants identify their goals for the meeting. (Each group to report out on one key goal)

10:15  
Break

10:30 AM  
Report Out of Top Priority Expectations  
Watershed Case Studies  
Effective Collaboration to Solve Water Quality Problems  
Moderator: Diane Regas, Director, USEPA Office of Wetlands Oceans and Watersheds

- **Missouri**: Bob Ball, Assistant State Conservationist and the Missouri Clean Water Commission  
- **Louisiana**: Britt Paul, Assistant State Conservationist for Water Resources and Jan Boydstun, Department of Environmental Quality  
- **Minnesota**: Faye Sleeper, Minnesota Pollution Control Agency

12:30 PM  
Lunch  
Speaker: Challenges Accessing Assistance to Address Working Lands issues – A Landowner’s Perspective, Davis Minton, Member of the Stoddard County Soil and Water Conservation District and the Missouri Clean Water Commission

2:00 PM  
The Dynamics and Motivating Factors Associated with Leading Change  
Dr. Robin Shepard, University of Wisconsin
Wednesday, June 23, 2004 -- Overcoming Barriers and Strengthening Collaboration

8:30  Plenary  Today's Charge Reviewed
Moderator: Sarah Fast, Director of the Conservation Program at the MO DNR

Challenges Facing the Mississippi River Basin Addressing Hypoxia:
Ben Grumbles, USEPA Assistant Administrator for Water

9:30 AM  State and Topical Sessions  Identification of Key Gaps and Barriers To Collaboration:
At the State, National, Regional and Local Levels

Report Out of Top Concerns

12:30 PM  Lunch:  Speaker: Making the Common Vision Come to Reality Through Outcome Based Approaches – Jeff Way, Regional Vice President, CI International

2:00 PM  Roundtable Discussion  Symptoms vs. Causes
Moderator: National Association of Conservation Districts

3:00  Break

3:30 PM  State and Topical Sessions  Identification of Opportunities to Improve Integration and Collaboration:
[Participants go back into smaller groups]

Report Out Priority Suggestions

5:30 PM  Summary of Progress and Tomorrow’s Expectations
Thursday, June 24, 2004 – Moving to Action

8:30 AM
Group Discussion  Today’s Charge Reviewed

Strategic Frameworks For Better Program Integration and Collaboration to Protect Watersheds: Based on the results of the first 2 days Summit Leaders present an outline of key elements for group discussion and refinement

9:30 AM
State Sessions  Development of Strategies That Launch or Build on the Framework
Participants convene at State Tables to discuss what can be done to improve collaboration and integration

10:30 AM
Plenary  State Strategy Enhancements: Group discussion of highlights
Discussion Leader: Gary Margheim, Special Assistant to the Chief, Natural Resources Conservation Service (invited)

- Presentation of Recommendations From the Summit
- Participant validation of Consensus on Changes needed Nationally and in the States
- Discussion of Next Steps/Follow-Up At National and State Levels

12:00 PM  ADJOURN
DATE: JUNE 2, 2004

TO: BOARD OF DIRECTORS

FROM: ROBB WHITAKER, GENERAL MANAGER

SUBJECT: FINANCIAL AUDIT SERVICES RECOMMENDATION

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**Request for Proposals**

The Financial Auditor Selection Ad Hoc Committee reviewed the performance of the District’s current auditors and requested that the District solicit proposals from accounting firms to provide auditing services. On April 15, 2004 staff distributed the Request for Proposals for Service as Financial Auditors to the District. The distribution was made to 12 regional firms who have financial audit experience with Special Districts, (see Exhibit A for a listing of the firms).

**Receipt of Proposals**

The deadline for receipt of proposals was Friday, April 30, 2004 at 3:00 p.m. The District received timely proposals from the following three firms:

- Teaman, Ramirez & Smith, Inc.
- Charles Z. Fedak & Co. CPA's
- Vasquez & Company LLP

**Review of Proposals**

The proposals were reviewed under the standards set forth in the District’s Procurement Policies and Procedures as outlined in the Administrative Code:

**Contract Solicitations for Other Professional Services**

Contract Solicitations for professional services totaling $25,000 or more shall be accomplished by issuance of a request for proposals or qualifications. Professional services covered by this Article shall include legal, legislative, accounting, public affairs and public relations services.

(i) Contracts for Professional Services totaling $25,000 or more shall be awarded on the basis of demonstrated competence of the bidder whose proposal offers the District the best combination of expertise, experience, professional qualifications, price and overall value.

*Authority: Water Code § 60602*
The Financial Auditor Selection Ad Hoc Committee met on May 24 to consider the proposals. The Committee based their recommendation on the five criteria outlined in the Water Code.

Based on the criteria, the Ad Hoc Committee believes that the combination of prior experience with Special Districts in the water industry throughout California as well as other governmental agencies, a demonstrated commitment of senior experienced staff to provide timely and professional service, and the quality services the District has already received relating to improving our contract management system and budgeting process, the firm of Charles Z. Fedak & Co. CPA’s provides the best option for the District.

Price Comparison for First Year of Service

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<th>Firm</th>
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<tr>
<td>Teaman, Ramirez &amp; Smith, Inc</td>
<td>$20,500</td>
</tr>
<tr>
<td>Charles Z. Fedak &amp; Co. CPA’s</td>
<td>$24,500</td>
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<tr>
<td>Vasquez &amp; Company LLP</td>
<td>$24,500</td>
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FISCAL IMPACT
The fiscal impact will be $24,500 for the first year of services.

FINANCIAL AUDITOR SELECTION AD HOC COMMITTEE RECOMMENDATION
The Committee recommends that the Board authorize a three year contract beginning with fiscal year 2003-04 for financial audit services with Charles Z. Fedak & Co. CPA’s for a total contract price of $68,250. The current contract with Teaman, Ramirez, and Smith, Inc. will be terminated in the manner provided in the contract if the Board approves the selection recommended by the Ad Hoc Committee.
Mr. Steven Northcote, CPA
Leaf & Cole, LLP
1843 Hotel Circle South, Suite 300
San Diego, CA 92108-3322

Mr. Craig A. Hartzheim, CPA
Moss, Levy & Hartzheim, CPAs
9107 Wilshire Blvd., Suite 320
Beverly Hills, CA 90210

Mr. Robert Memory, CPA
Rogers, Anderson, Malody, & Scott
290 N. D. Street, Suite 300
San Bernardino, CA 92401

Mr. Richard A. Teaman, CPA
Teaman, Ramirez & Smith
4201 Brockton Avenue, Suite 100
Riverside, CA 92501-3431

Mr. Wendell Bryant, CPA
McGladrey & Pullen, LLP
3880 Lemon Street, Suite 100
Riverside, CA 92501-3667

Mr. R. Edward Baranek, CPA
Edwards, Eichel & Baranek
468 N. Rosemead, #100
Pasadena, CA 91107-3059

Mr. Victor Ell
Ell & Associates
215 N. Marengo Avenue, 3rd Floor
Pasadena, CA 91101

Mr. Patrick L. Ryan, CPA
Patrick L. Ryan & Company
16541 Gothard Street, Suite 207
Huntington Beach, CA 92647-4473

Mr. David White, CPA
Haskell & White, LLP
16485 Laguna Canyon Road, 3rd Floor
Irvine, CA 92618

Charles Z. Fedak & Co.
Mr. Paul Kaymark
Orange Valley Professional Building
6081 Orange Avenue
Cypress, CA 90630

Windes & McClauhry
111 West Ocean Boulevard, 22nd Floor
Post Office Box 87
Long Beach, CA 90801-0087

Vasquez and Company
Gil Vasquez, CPA
510 West Sixth Street, Suite 400
Los Angeles, CA 90014-1315
DATE: JUNE 2, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: NAME CHANGE OF COMMITTEE

SUMMARY
There have been some informal discussions that in order to better reflect the oversight and guidance provided by the committee that the name of the committee should be reviewed. Some suggestions include: 1) External Affairs Committee 2) Communications 3) Communications, Outreach and Legislation 4) Communications and Legislative Committee.

This item was reviewed by the Inter-Agency Committee on May 27, 2004. The Committee unanimously voted to recommend that the Inter-Agency Committee be renamed to the External Affairs Committee.

FISCAL IMPACT
None.

INTER-AGENCY COMMITTEE RECOMMENDATION
The Committee recommends that the Board of Directors rename the Inter-Agency Committee to the External Affairs Committee.
DATE: JUNE 2, 2004
TO: BOARD OF DIRECTORS
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: LEGISLATIVE REPORT

SUMMARY

Legislative Calendar
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.
June 25 – Last day for policy committees to meet and report bills.
July 2 – Summer Recess begins upon adjournment, provided Budget Bill has been enacted.
August 2 – Legislature reconvenes from Summer Recess.

Update
Staff will provide a verbal update on federal and state matters, including the state budget and CalFED.

FISCAL IMPACT
None.

RECOMMENDATION
For information.
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<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>AB 83 Corbett</td>
<td><strong>Bottled water.</strong> 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. 01/06/03 <strong>Location:</strong> Sen Approps <strong>Status:</strong> Re-referred to Sen Approps (01/12/04)</td>
<td><strong>Staff Rec:</strong> Support <strong>ACWA:</strong> Favor <strong>CMUA:</strong> Support</td>
<td><strong>Comments:</strong> 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>AB 107 Corbett</td>
<td><strong>Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002.</strong> 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 <strong>Location:</strong> Sen Agriculture and Water <strong>Status:</strong> Amended on 03/17/03, 04/21/03, 06/02/03, 06/24/03; Hearing cancelled by author (07/01/03)</td>
<td><strong>Staff Rec:</strong> Watch <strong>ACWA:</strong> Oppose unless amended <strong>CMUA:</strong> Watch</td>
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<td>AB 1522 Parra</td>
<td><strong>Water rights: permits.</strong> 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 <strong>Location:</strong> Sen. Ag &amp; Water Resources <strong>Status:</strong> Amended on 04/22/03; Passed Asm Water, Parks &amp; Wildlife (04/24/03); Passed Asm Approps (05/15/03); Passed</td>
<td><strong>Staff Rec:</strong> Oppose <strong>ACWA:</strong> Oppose</td>
<td><strong>ACWA’s Comments:</strong> 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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<td>Bill Number</td>
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<td>AB 2528</td>
<td>Public water systems. This bill 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.</td>
<td>Int. 02/20/04 Location: Senate Rules Status: Hearing postponed (03/22/04, 03/23/04); Passed Asm Environmental Safety &amp; Toxic Materials as amended (04/01/04); Amended (04/12/04); Passed Asm Approp (04/22/04); Passed Asm Floor (04/29/04) Staff Rec: Support if Amended ACWA: Oppose unless Amended WRD Board: Support if Amended (05/03/04)</td>
<td>Comments: ACWA opposes the section of the bill that would expand the notification requirement to include surface source water. The Association contends that much of the information regarding source water quality is already contained in the annual Consumer Confidence Report (CCR) provided to customers. It is also concerned that notifying local agency governing bodies about untreated surface water quality could undermine public confidence in drinking water when the water can be treated downstream and made safe to drink.</td>
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<td>AB 2603</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 ACWA: Watch</td>
<td>Comments: According to ACWA, there is no sponsor for this bill. Staff will closely monitor this bill given the subject matter.</td>
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<td>AB 2605</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 Location: Assembly</td>
<td>Staff Rec: Watch ACWA: Watch</td>
<td>Comments: According to ACWA, there is no sponsor for this bill. Staff will closely monitor this bill given the subject matter.</td>
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<td>SB 117</td>
<td>Water Security, Clean Drinking Water, Coastal and Beach 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. Modifies the implementation guidelines of Prop. 50 to exclude reference to</td>
<td>Int. 02/03/03 Location: Assembly Environmental Safety &amp; Toxic Materials (04/12/04) Status: Amended on 04/22/03, 05/08/03,</td>
<td>Staff Rec: Watch ACWA: Watch CMUA: Watch</td>
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<td>Bill</td>
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<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>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>
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<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, 06/26/03, 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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<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); Hearing cancelled at</td>
<td>Staff Rec: Oppose ACWA: Oppose</td>
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<td>Bill</td>
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<td>SB 922</td>
<td>Soto</td>
<td><strong>Cleanup or abatement orders: contaminated drinking water supplies.</strong> 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>(07/01/03)</td>
<td><strong>Int.</strong> 02/21/03</td>
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<td>SB 1165</td>
<td>Local Govt.</td>
<td><strong>Local Government Omnibus Act of 2004.</strong> This bill contains provisions applying to a variety of non-controversial local governance issues.</td>
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<td><strong>Int.</strong> 02/02/04</td>
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<td>SB 1251</td>
<td>Morrow</td>
<td><strong>State Water Project.</strong> This bill would state the intent of the Legislature to set conditions for bodies of water that are directly connected to, and affected by, the State Water Resources Development System. <strong>Diamond Valley Reservoir: recreational use.</strong> Allows recreational use activity in Diamond Valley Reservoir and establishes standards including water treatment, monitoring, and</td>
<td></td>
<td><strong>Int.</strong> 02/12/04</td>
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<td>Bill Number</td>
<td>Sponsor</td>
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| SB 1272 | Ortiz | **Special districts.** 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 for small districts and no more than 10 meetings or days per month for large districts. 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. | **Int.** 02/18/04  
**Location:** Sen Approp  
**Status:** Amended  
(03/23/04, 04/12/04, 04/27/04); Passed Sen Local Govt as amended; Placed on Approp. suspense file (05/10/04); Suspension hearing on 05/20/04 | **Staff Rec:** Support if Amended  
**ACWA:** Support if Amended  
**WRD Board:** Oppose (05/03/04); opposition letter forwarded on 05/06/04 | **Comments:** This is the special district reform legislation. |
| SB 1374 | Machado | **Water transfers: third-party impacts.** 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. | **Int.** 02/13/04  
**Location:** Sen Approp  
**Status:** Passed Sen Ag & Water (04/20/04); Placed on Sen Approp suspense file (05/03/04); Suspension hearing on 05/20/04 | **Staff Rec:** Watch  
**ACWA:** Support/Amend | **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. |
| SB 1479 | Sher | **California regional water quality control boards: membership.** This bill would reduce the membership of a regional board to 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. | **Int.** 02/19/04  
**Location:** Assembly Water, Parks & Wildlife  
**Status:** Passed Sen Env Quality (04/15/04); Passed Sen Approp (05/04/04); Passed Sen Floor (05/10/04) | **Staff Rec:** Watch  
**ACWA:** Oppose | **Comments:** Combining the representations of irrigated agriculture and industrial water use into one seat on the board could decrease the representation from the water industry |
MEMORANDUM

DATE: May 14, 2004

TO: Water Replenishment District of Southern California

FROM: Peter Carlson, Will & Carlson, Inc.
Lucie Gikovich, Platinum Advisors
Judy Lemons, Platinum Advisors

RE: MAY 2004 UPDATE

**FY05 Budget Resolution**
The leadership of the House and Senate continue to meet regarding how to solve the stalemate on the FY05 Budget Resolution. The issue of “pay / go” continues to be the problem regarding how many years the provisions are covered in the resolution. Pay / go rules require offsets for all new tax cuts and entitlements.

House Appropriators frustrated with that process have decided to move forward in subcommittees with their “303(b)” allocations based on an overall FY05 discretionary spending limit of $821 billion. We expect to see those numbers shortly revealing how the VA, HUD and Independent Agencies (EPA) bill fared in the process. Early unconfirmed reports note an $800 million increase over FY04. As a result, the subcommittees will start markups for appropriations bills as early as next week.

**WRDA**
The Senate Environment and Public Works Committee staff has asked the U.S. Army Corps of Engineers for assistance in drafting their 2004 Water Resources Development Act. There is still hope that a bill can be put together by the Memorial Day recess so the Committee can move forward with this top priority.

There are two issues that are competing for time while the WRDA bill is coming together – completion of negotiations on the highway bill and a nomination for the Nuclear Regulatory Commission. The nominee, Greg Jaczyko, was a top advisor to Senator Reid (D-NV) who sits on the Committee, is opposed by Republicans. As a result, Senator Reid is reportedly holding up all legislation coming out of that committee.

**CAL-FED**
The Senate Energy and Natural Resources Committee reported out S.1097 on April 28, by unanimous voice vote. The $389 million authorization bill authorizes groundwater storage and feasibility studies for new reservoirs; conservation, water recycling and desalination projects; ecosystem restoration projects; and water conveyance projects. The report for the bill is presently being written so the legislation would be ready for consideration on the Senate floor.

On May 5, the House Resources Committee passed Chairman Calvert’s (R-CA) substitute version to H.R. 2828
by a voice vote, after rejecting Rep. Miller’s (D-CA) substitute. The substitute amendment that was adopted
authorizes $184 million for water conveyance and storage improvements, funds for water quality and fish
protection; $90 million for the Environmental Water Account; $90 million for levee stability; and $25 million for
state coordination.

In addition, two amendments offered by Rep. Napolitano (D-CA) were accepted. The first “deemed as feasible”
the Bay Area Report and the Southern California Comprehensive Reuse Study projects, and the second added
“groundwater remediation” as an eligible project purpose under the water use efficiency section.

The original title of one of the bills was dropped which would have authorized a competitive grant program in
the Department of the Interior. Instead, they made the Salton Sea and Rural Water titles of the bill studies.
Governor Schwarzenegger Announces Local Government Budget Agreement

Governor Arnold Schwarzenegger announced he is supporting a $1.3 billion budget deal with local governments that will help alleviate the state’s financial crisis, while providing permanent financial protection for local governments.

Through the agreement, special districts, cities, and counties will shift and additional $350 million to the state this year and next year (2004-05 and 2005-06). Redevelopment agencies will shift $250 million. In exchange, special districts have the Governor’s commitment to restore those financial revenues back to special districts, including the revenue growth that occurs during the two-year shift. The Governor will place an initiative on the ballot this November to constitutionally protect local government against future ERAF shifts.

The agreement was negotiated between the Governor and members of the Leave Our Community Assets Local (LOCAL) coalition, which includes the League of California Cities, California Special Districts Association and California State Association of Counties. ACWA is part of LOCAL and provided input along the way to the negotiators.

2004-05 May Revise (CALFED BAY-Delta Program)

The May Revision proposes an additional $10.1 million Proposition 13 bond funds for CALFED projects to improve drinking water quality. With this request, the Budget will provide a total of $381 million for the CALFED Program.

Since the CALFED Record of Decision (ROD) was adopted in 2000, over $2.5 billion has been invested in water supply, water quality, and ecosystem restoration programs and projects in the 50 counties that depend on the Bay-Delta system for all or part of their water needs. Of the $2.5 billion, $1.7 billion has been contributed by the State. This amount is almost twice the proportionate share of the CALFED funding envisioned in the ROD. Federal and local agencies have not contributed comparable levels of funding. The May revise maintains that with the depletion of bond funding and diminished availability of general funds, the State can no longer afford to pay a disproportionate share for these programs.

The Administration will seek additional federal contributions and will support the enactment of a water user fee consistent with the “beneficiary pays” principle of the ROD. This will ensure that important water supply, water quality, environmental, and levee stability programs continue and receive appropriate levels of funding from all partner in the CALFED effort.
SB 1272 (Ortiz) Hearing May 10

SB 1272 (Ortiz) was heard and put on the suspense file on May 10, 2004 in the Senate Appropriations Committee. This bill will make the following changes to the laws affecting special districts:

1. Sets specific standard for auditors, including rotation of auditors.

2. Requires the controller to provide guidance and oversee audits. $600,000 is appropriated annually for this purpose. The author's office indicates that this appropriation will be removed.

3. Authorizes the Controller to conduct additional reviews of local audits.

4. Requires ethics training every 2 years and consultation with the Attorney General's office and FPPC in setting up the ethics training standards. The Attorney General's costs will be minor if the special districts use the on-line training information on the Attorney General's website.

5. Limits per diem to 6 days per month. If the special district has annual expenditures of more than $100 million, the limit is 10 days per month. Prohibits salaries in excess of the per diem limit, life insurance, or pension funding for board members.

6. Creates “whistleblower” protections for special district personnel and requires the county auditor to investigate charges. Senator Ortiz has not not adopted any amendments to this bill that will address the concerns over compensation and expenses. However she has added a definition of “meeting” that is pursuant to the Ralph M. Brown Act.

AB 2528 (Lowenthal)

AB 2528 (Lowenthal) passed the assembly floor on April 29, 2004 and is now in the Senate Committee on Environmental Quality.

This bill will make a number of changes to the requirements imposed on public water systems' (PWS) public notices pursuant to the detection of contaminates.

This bill:
1. Repeals the requirement that a public water system notify the governing body of the appropriate local agency within 30 days of the closure of a well or discovery of a contaminant that exceeds the maximum contaminant or action level for drinking water.
2. Requires, instead, the public water systems provide a specified notice, within 30 days, relating to contamination of any drinking water source that exceeds the maximum contaminant level, a response level, or a notification level.
3. Requires the notification to identify all of the following:
   a. The drinking water sources
   b. Its type
   c. The origins of the contaminant, if known.
   d. The maximum contaminant level, response level, or notification level.
   e. The concentration of the detected contaminant.
   f. The operational status of the drinking water source.

AB 2528 is sponsored by Metropolitan Water District of Southern California and will be amended in the Senate Committee on Environmental Quality to address concerns raised by the WRD.

ACWA Sponsors Local Government Reorganization Legislation (Consolidation)

ACWA is sponsoring AB 2067 (Harman) which establishes a comprehensive procedure for the consolidation of two or more special districts not formed under the same
principal act. According to ACWA AB 2067 includes important protections for the customers that are served by the districts subject to the consolidation proposal. AB 2067(Harman) requires LAFCO to designate a successor agency or form a new district to ensure that the services provided by the consolidating districts continue to be performed.

LAFCO is also required to complete a study of the districts involved and determine that services will be maintained at similar or lower costs. Additionally, LAFCO must determine that the proposed consolidation will promote public access and accountability for community service needs and financial resources.

AB 2067 will be heard in the Assembly Appropriations Committee on May 17, 2004.