AGENDA

I. DETERMINATION OF A QUORUM

II. PUBLIC COMMENT

III. MINUTES OF THE REGULAR MEETING OF FEBRUARY 20, 2004 AND MINUTES OF THE SPECIAL MEETING OF MARCH 8, 2004
   
   STAFF RECOMMENDATION: That the Committee approve the minutes as submitted.

IV. AWARD OF PROFESSIONAL SERVICES FOR PROFESSIONAL DESIGN, PRINTING, REPRODUCTION AND MAILING SERVICES CONTRACT FOR WRD’S NEWSLETTER
   
   STAFF RECOMMENDATION: That the Committee recommend 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.

V. PROPOSED PROPOSITION 50 IMPLEMENTATION GUIDELINES ALLOWING INVESTOR OWNED UTILITIES ACCESS TO STATE GRANTS AND LOANS
   
   STAFF RECOMMENDATION: Option 1: That the Inter-Agency recommend to the WRD Board approval of a letter to the Governor opposing the expansion of Prop. 50 eligibility to private water companies.

   Option 2: That the Inter-Agency recommend to the WRD Board approval of a letter to the Governor supporting the expansion of Prop. 50 eligibility to private water companies.

   Option 3: No action.

VI. SB 1272 (ORTIZ) – SPECIAL DISTRICTS
   
   STAFF RECOMMENDATION: For information.

VII. AB 2528 (LOWENTHAL) – PUBLIC WATER SYSTEMS
   
   STAFF RECOMMENDATION: For information.
VIII. TORRANCE CHAMBER OF COMMERCE

STAFF RECOMMENDATION: That the Committee recommend to the Board approval of the WRD’s membership to the Torrance Chamber of Commerce.

IX. TECHNICAL ADVISORY COMMITTEE RESOLUTION

STAFF RECOMMENDATION: That the Committee review and approve a resolution to recognize the TAC through the WRD Administrative Code.

X. LEGISLATIVE REPORT

STAFF RECOMMENDATION: For information.

XI. DEPARTMENT REPORT

STAFF RECOMMENDATION: For information.

XII. ADJOURNMENT

Posted by Abigail C. Andom, Deputy Secretary, April 16, 2004.
MINUTES OF FEBRUARY 20, 2004
A REGULAR MEETING OF THE INTER-AGENCY COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A regular meeting of the Inter-Agency Committee of the Board of Directors of the Water Replenishment District of Southern California was held on February 20, 2004, at 11:06 a.m. at the District Office, 12621 E. 166th Street, Cerritos, California. Chairwoman Pat Acosta called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM
Attendees included:
Committee: Directors Pat Acosta and Willard Murray, Jr.
Staff: Adeline Yoong, Albert Frias, Sheryll Petty
Guests: Art Aguilar of Central and West Basin Municipal Water Districts and Jeff Yann of the Upper San Gabriel Valley Municipal Water District

II. PUBLIC COMMENT
Mr. Bill Minasian, a resident of the City of Downey, stated that he is a retired school teacher of industrial education and had attended a few of the District’s meetings to learn more about the WRD and the water industry. He commented that he had concerns about the proposed contract with Tres Es, LLC, questioned the necessity of retaining the services of a retired senator to do work, that Mr. Minasian felt the current area legislators should be doing.

Chairwoman Acosta stated that the Committee will review the item at a special Inter-Agency Committee meeting next month. However, she explained that Senator Polanco, as a registered lobbyist, would be helpful in developing relations with legislators and in securing legislation for water issues of concern to the District.

III. MINUTES OF THE REGULAR MEETING OF DECEMBER 17, 2003
The minutes were approved as submitted.

IV. MINUTES OF THE REGULAR MEETING OF JANUARY 22, 2004
The minutes were approved as submitted.

V. PRESENTATION FROM THE SAN GABRIEL RIVER DISCOVERY CENTER
Mr. Jeff Yann, a consultant to the Upper San Gabriel Valley Municipal Water District and project manager of the San Gabriel River Discovery Center, gave a PowerPoint presentation on the proposed Center, its features, the current project status, and
participation opportunities. The Committee thanked Mr. Yann for his presentation.

VI. NATIONAL ASSOCIATION OF LATINO ELECTED AND APPOINTED OFFICIALS (NALEO) 21ST ANNUAL CONFERENCE
The Committee recommended that the Board approve attendance of directors to the 21st NALEO Annual Conference.

VII. 15TH ANNUAL GREAT LOS ANGELES RIVER CLEAN UP, LA GRAN LIMPIEZA
Public Affairs Representative Albert Frias stated that the District has been participating in the Great Los Angeles River Clean Up, La Gran Limpieza for the past four years. WRD contributed $1,500 last year to support volunteer teams assigned to clean up debris from sections of the river. FoLAR is once again seeking financial assistance from the District for this year’s clean-up event.

The Committee recommended that the Board authorize a $1,500 contribution to Friends of the Los Angeles River 15th Annual River Clean-up.

VIII. JOINT WRD-CENTRAL/WEST BASIN MUNICIPAL WATER DISTRICT BARBECUE
Director Murray stated that he and Director Bob Apodaca of the Central Basin Municipal Water District have discussed the possibility of having a joint barbecue with West Basin Municipal Water District.
Discussion followed.

It was recommended that the cost be shared equally by all three agencies and be held in the spring. The event will be for elected officials from both Central and West basins.

The Committee directed staff to write a letter to the presidents of the two water districts inviting them to join the WRD in this effort.

IX. NOMINATION FOR LAFCO REPRESENTATIVE
Deputy Secretary Abigail Andom stated that there is a vacancy in the Local Agency Formation Commission (LAFCO) for a special district representative. Nominations are being sought to fill the position.

Mr. Art Aguilar of the Central and West Basin Municipal Water Districts’ Public Affairs Department stated that Director Don Dear has been nominated by their Board. Discussion followed.
The Committee recommended that the Board nominate Director Robert W. Goldsworthy to fill the seat at the Local Agency Formation Commission, pending his acceptance.

X. PROCUREMENT OF PROFESSIONAL SERVICES FOR DESIGN, PRODUCTION AND MAILING OF WRD SOURCE NEWSLETTERS
Mr. Frias stated that the present contract for the WRD newsletter, the Source, will expire June 30, 2004. Staff is preparing the Request for Proposal (RFP) to procure professional services for the design, production, printing and mailing of the newsletter for 2004-2005. Mr. Frias added that, in accordance with the District’s procurement procedure, the RFP will be advertised in a newspaper of general circulation in Los Angeles County once a week, for four consecutive weeks.

XI. LEGISLATIVE REPORT - SB 50 (SHER)
Assistant to the General Manager Adeline Yoong gave an update on state and federal legislative issues. Ms. Yoong stated that Governor Arnold Schwarzenegger is urging the Legislature to speed up the annual budget process and adopt a new state budget by the end of May 2004. She also gave a brief background on Propositions 57 and 58 for the March Primary. Ms. Yoong informed the Committee that Assemblyman Fabian Nunez was sworn in as the 66th Assembly Speaker, replacingAssemblyman Herb Wesson - who will leave office at the end of the year due to term limits.

Ms. Yoong also asked that the Committee recommend that the Board remove its support for SB 50 (Sher). SB 50 was originally a bill that would require bottled water companies to comply with more stringent requirements as those required of the water industry. The bill has since been amended and replaced with language to address hazardous electronic waste. The Committee concurred with the staff recommendation.

XII. DEPARTMENT REPORT
Mr. Frias provided an update on the District’s educational partnership program, the groundwater tour program, and the speakers bureau.

Mr. Frias stated that staff had re-evaluated the number of groundwater tours conducted by the District. He stated that in order to accommodate the increasing demand of tours, three tours be given during the summer months and five more tours be scheduled throughout the year.
Ms. Yoong stated that staff has been coordinating tours for the city officials at Signal Hill, Representative Hilda Solis’ office, and the City of Inglewood; and that overview presentations were made at the city council meetings of Gardena and Norwalk. Ms. Yoong also stated that a cable station in indicated an interest in conducting an interview.

XIII. ADJOURNMENT
With no other business to come before the Committee, the meeting was adjourned at 12:28 p.m.

___________________________________________
Chair

ATTEST:

___________________________________________
Director
MINUTES OF MARCH 8, 2004
A SPECIAL MEETING OF THE INTER-AGENCY COMMITTEE
OF THE BOARD OF DIRECTORS
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

A special meeting of the Inter-Agency Committee of the Board of Directors of the Water Replenishment District of Southern California was held on March 8, 2004, at 8:16 a.m. at the District Office, 12621 E. 166th Street, Cerritos, California. Chairperson Pat Acosta called the meeting to order and presided thereover. Deputy Secretary Abigail C. Andom recorded the minutes.

I. DETERMINATION OF A QUORUM
Attendees included:
Committee: Directors Pat Acosta
and Robert Goldsworthy (Alternate)
Staff: Diana Delker, Albert Frias

II. PUBLIC COMMENT
Mr. Bill Minasian, resident of the City of Downey, stated that he had concerns about the proposed contract with Tres Es, LLC (Senator Polanco) since he was not sure of what the scope of services were and felt that the procurement process was not open to everyone.

III. CONSIDERATION OF CONTRACT TO RETAIN THE SERVICES OF TRES ES, LLC (SEN. RICHARD POLANCO, RET.) TO WORK WITH BOARD AND STAFF ON DISTRICT STRATEGIC PLANNING
Chairwoman Acosta stated that the District currently has numerous projects that the Board would like to see move forward and felt that Tres ES, LLC could provide assistance with such projects. She noted that Senator Polanco had recently left the Legislature and has many legislative and governmental contacts that would prove to be valuable to the District, especially with the Bureau of State Audits and the Department of Health Services. Chairwoman Acosta explained that Senator Polanco, as a registered lobbyist, would be better able to represent the WRD’s concerns in both Sacramento and the District.

Director Goldsworthy added that Senator Polanco was uniquely qualified to assist the District because of his background and experience. He felt that the financial benefits in the form of grants and other funding sources that Tres Es, LLC may be able to secure for WRD will far outweigh his professional fee.

Director Goldsworthy used the problems staff is presently faced with regarding the permit process for the Leo J. Vander Lans Water Treatment Facility as an example of an area where Senator Polanco may be of help. He explained that the facility is not operational because of imposed regulations that are unrealistic and
unscientific. Director Goldsworthy noted that once the plant is operational, it will provide a more reliable and cost efficient source of water for the region. He believed that Senator Polanco and Tres Es, LLC could assist in getting the District’s message across and hopefully expedite the permit process.

Mr. Minasian requested more information regarding the fee structure. Director Acosta responded that other lobbying contracts and scopes of work were reviewed and it was determined that the fee was justified.

Ms. Diana Delker, Manager of Administration and Human Resources, added that other lobbying firms were contacted to solicit comparison bids based on the scope of work presented to Tres ES, LLC. She stated that as of that date, no responses had been received.

The Committee recommended that the Board retain the services of Tres Es, LLC to provide assistance to the Directors and staff on District strategic planning. The Committee also requested that staff provide any quotes received from the other lobbying firms at the next Board meeting.

IV. ADJOURNMENT
With no other business to come before the Committee, the meeting was adjourned at 8:41 a.m.

___________________________
Chair

ATTEST:

______________________________
Director
MEMORANDUM

ITEM NO. IV

DATE: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
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 bidder 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 bids received were:

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<thead>
<tr>
<th>BIDDER</th>
<th>AMOUNT</th>
<th>BIDDER</th>
<th>AMOUNT</th>
<th>BIDDER</th>
<th>AMOUNT</th>
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<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>
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</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.
STAFF RECOMMENDATION
That the Committee recommend 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: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
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.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
Option 1: That the Inter-Agency recommend to the WRD Board approval of a letter to the Governor opposing the expansion of Prop. 50 eligibility to private water companies.

Option 2: That the Inter-Agency recommend to the WRD Board approval of a letter to the Governor supporting the expansion of Prop. 50 eligibility to private water companies.

Option 3: No action.
### 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>
</tr>
</thead>
<tbody>
<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>
<td></td>
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<tr>
<td>Foreign-owned multinational corporations will have access to public funding.</td>
<td></td>
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<tr>
<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>
</tr>
<tr>
<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>
</tr>
<tr>
<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></td>
<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>
</tr>
<tr>
<td><strong>OPPOSITION (includes ACWA, CMUA, State Treasure Angelides)</strong></td>
<td><strong>SUPPORT (includes CWA, an association of private water companies; and Senator Machado)</strong></td>
</tr>
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<td>---------------------------------------------------------------</td>
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</tr>
<tr>
<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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</tbody>
</table>
DATE: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: SB 1272 (ORTIZ) – SPECIAL DISTRICTS

SUMMARY
SB 1272 (Ortiz) is a special district reform bill that was recently amended by the author on April 12, 2004. The bill will be heard by the Senate Local Government Committee on April 15, 2004.

This bill will require annual audits of special districts to be performed in accordance with government auditing standards for financial and compliance audits and would impose various other requirements on these audits. The bill will also require the Controller to review the audits under specified procedures. It requires annual legal and ethics 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 based on IRS accountable plan guidelines, not to exceed standard travel reimbursement for state employees. 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.

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

FISCAL IMPACT
None.

STAFF RECOMMENDATION
For information.
SENATE BILL No. 1272

Introduced by Senator Ortiz

February 13, 2004

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 Section 20201 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 General Accounting Office 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. Existing law also proscribes various activities by public officers as conflicts of interest and incompatible activities.

This bill would prohibit 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 or transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of his or her duties in the public interest or responsibilities as prescribed by law, and would set forth specific prohibitions. The bill also would make the violation of any of these provisions a misdemeanor, thereby creating a crime and imposing a state-mandated local program.

This bill would additionally 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 limit define the meetings for which compensation may be paid to members of governing boards of special districts to not exceed $100 per day for meetings or requested service to the board not to exceed 6 days per month and would limit travel and per diem 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.

This bill would repeal that provision.

(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:

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 generally accepted 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 generally accepted 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 General Accounting Office 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 on a biennial basis conduct testing of transactions considered high risk for abuse. The additional testing may either be performed during a special district’s regular financial statement audit or as a separate audit that 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 independent 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 General Accounting Office 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 performed by independent auditors. The Controller shall determine whether audit reports are in conformance with reporting provisions of General Accounting Office 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 independent auditor, and the special district for which the review was performed, and shall review his or her findings with the independent 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 independent 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 independent auditor conducted an audit in an unprofessional manner, the independent 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 independent auditor from performing any special district audits pending final disposition of the matter by the California Board of Accountancy if the Controller gives the independent auditor notice and an opportunity to respond to that suspension. The independent auditor shall be given credit for any period of suspension if the California Board of Accountancy prohibits the independent auditor from performing audits of the special district under clause (ii). In no event may the Controller suspend an independent auditor under this subdivision for a period of longer than three years.

(E) The legislative body of a special district may refer an independent 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 the state, a county, a city, a school district, or a community facilities district, an air quality district or other regulatory district having responsibilities related to the protection of public health, or 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.—Conflicts of Interest

60215. No person, while serving as a member of the governing board of a special district, shall have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity, or incur any obligation of any nature, that is in substantial conflict with the proper discharge of his or her duties in the public interest and of his or her responsibilities as prescribed in the laws of this state. Members shall accept the obligation to act in a way that will serve the public interest, honor the public trust, and perform all official responsibilities with the highest sense of integrity.

60216. No elected member shall do any of the following:

(a) Accept other employment that he or she has reason to believe will either impair his or her independence of judgment as to his or her official duties or require him or her, or induce him or her, to disclose confidential information acquired by him or her in the course of and by reason of his or her official duties.

(b) Willfully and knowingly disclose, for pecuniary gain, to any other person, confidential information acquired by him or her in the course of and by reason of his or her official duties or use any of this information for the purpose of pecuniary gain.

(c) Accept or agree to accept, or be in partnership with any person who accepts or agrees to accept, any employment, fee, or other thing of monetary value, or portion thereof, in consideration of his or her appearing, agreeing to appear, or taking any other action on behalf of another person before any state board or agency.

The prohibition contained in this subdivision shall not apply to a partnership or firm of which the elected official is a member if the elected official does not share directly or indirectly in the fee, less any expenses attributable to that fee, resulting from the transaction.

(d) Receive or agree to receive, directly or indirectly, any compensation, reward, or gift from any source.

60217. A member subject to this chapter has an interest that is in substantial conflict with the proper discharge of his or her duties in the public interest and of his or her responsibilities as prescribed in the laws of this state or a personal interest, arising from any situation, within the scope of this article, if he or she has
reason to believe or expect that he or she will derive a direct monetary gain or suffer a direct monetary loss, as the case may be, by reason of his or her official activity.

60218. A member does not have an interest that is in substantial conflict with the proper discharge of his or her duties in the public interest and of his or her responsibilities as prescribed in the laws of this state or a personal interest, arising from any situation, within the scope of this chapter, if any benefit or detriment accrues to him or her as a member of a business, profession, occupation, or group to no greater extent than any other member of that business, profession, occupation, or group:

60218.5. A person subject to the provisions of this article shall not be deemed to be engaged in any activity which is in substantial conflict with the proper discharge of his or her duties in the public interest and of his or her responsibilities as prescribed in the laws of this state, or have a personal interest, arising from any situation, within the scope of this article, solely by reason of any of the following:

(a) His or her relationship to any potential beneficiary of any situation is one that is defined as a remote interest by Section 1091 or is otherwise not deemed to be a prohibited interest by Section 1091.1 or 1091.5.

(b) Receipt of a campaign contribution regulated, received, reported, and accounted for pursuant to Title 9 (commencing with Section 81000), so long as the contribution is not made on the understanding or agreement, in violation of law, that the person’s vote, opinion, judgment, or action will be influenced thereby.

60219. Every person who knowingly and willfully violates any provision of this article is guilty of a misdemeanor.

Article 3. Ethics

Article 2. Ethics

60220. (a) The governing board of each special district shall conduct 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
Proposed by the State Constitutionally-Mandated Practices Commission—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).

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) is economically wasteful, or involves gross misconduct, incompetency, or inefficiency.

(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.

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 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, 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, 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 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 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, 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 pursuant to subdivision (a), and the department has issued, or failed to issue, findings.

(d) This section is not intended to prevent an appointing power, 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, 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 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 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 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 4.

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 may not be reimbursed for any costs that exceed the amounts and the types of reimbursements for travel and per diem expenses otherwise authorized for state employees. 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.

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 5.

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. Change the auditors or accountants employed to conduct the audits every five years.

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. 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 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.

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

SEC. 4. 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 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars ($1,000,000), reimbursement shall be made from the State Mandates Claims Fund.
DATE: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
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.

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

FISCAL IMPACT
None.

STAFF RECOMMENDATION
For information.
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 standard setting process 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 standard setting process 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.
DATE: APRIL 22, 2004

TO: INTER-AGENCY COMMITTEE

FROM: ROBB WHITAKER

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.

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

STAFF RECOMMENDATION
That the Committee recommend to the Board approval of the WRD’s membership to the Torrance Chamber of Commerce.
DATE: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
FROM: ROBB WHITAKER, GENERAL MANAGER
SUBJECT: TECHNICAL ADVISORY COMMITTEE RESOLUTION

SUMMARY
The WRD Technical Advisory Committee (TAC) was formed by change to the California State Water Code that is due to sunset at the end of December 2004. The TAC has become a very beneficial resource for WRD staff to gain useful additional perspectives and input on proposed projects and other District efforts.

In light of the scheduled expiration of the TAC in current state law, the Chair of the Inter-Agency Committee has requested District staff to draft a resolution that would extend the TAC by recognizing it through the WRD Administrative Code. Staff recommends using the language, unchanged, from the current law in a resolution that will cause the TAC to be added to the WRD Administrative Code.

A draft of that resolution will be provided at the Committee meeting.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
That the Committee review and approve a resolution to recognize the TAC through the WRD Administrative Code.
DATE: APRIL 22, 2004

TO: INTER-AGENCY COMMITTEE

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.

STAFF RECOMMENDATION
For information.
<table>
<thead>
<tr>
<th>Bill No./</th>
<th>Title/Content</th>
<th>Status</th>
<th>Position</th>
<th>Comments</th>
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<tbody>
<tr>
<td>AB 83</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</td>
<td>Staff Rec: Support ACWA: Favor 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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<tr>
<td>AB 107</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</td>
<td>Staff Rec: Watch ACWA: Oppose unless amended CMUA: Watch</td>
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<td>AB 1522</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</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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<td>Bill Number</td>
<td>Sponsor</td>
<td>Status</td>
<td>Comments</td>
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<td>AB 2279</td>
<td>Dymally</td>
<td>Int. 02/19/04</td>
<td>This bill would delete all of the above provisions. Allows a regional water quality control board’s executive officer to issue, without a specific board action, National Pollutant Discharge Elimination System (NPDES) permits and make several technical and corrective changes to statutes governing water rights and waste discharge violations.</td>
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<tr>
<td>AB 2279</td>
<td>Dymally</td>
<td>Staff Rec: None</td>
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<tr>
<td>AB 2279</td>
<td>Dymally</td>
<td>Comments: The WRD has requested that language on the District for this bill be removed.</td>
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<td>AB 2528</td>
<td>Lowenthal</td>
<td>Int. 02/20/04</td>
<td>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>
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<tr>
<td>AB 2528</td>
<td>Lowenthal</td>
<td>Staff Rec: Support if Amended</td>
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<tr>
<td>AB 2528</td>
<td>Lowenthal</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>Calderon</td>
<td>Int. 02/20/04</td>
<td>Urban water management plans. Makes technical, nonsubstantive change requiring urban water supplier to prepare and adopt an urban water management plan.</td>
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<td>AB 2603</td>
<td>Calderon</td>
<td>Staff Rec: Watch ACWA: Watch</td>
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<td>AB 2603</td>
<td>Calderon</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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<tr>
<td>AB 2605</td>
<td>Calderon</td>
<td>Int. 02/20/04</td>
<td>Water storage districts. Makes technical, nonsubstantive change authorizing the board of a California Water Storage District to acquire property.</td>
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<td>AB 2605</td>
<td>Calderon</td>
<td>Staff Rec: Watch ACWA: Watch</td>
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<td>AB 2605</td>
<td>Calderon</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>
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<td>Int. 02/03/03</td>
<td>Staff Rec: Watch</td>
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<tr>
<td>SB 117</td>
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<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>Bill</td>
<td>Description</td>
<td>Location</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>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>
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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)</td>
<td>Staff Rec: Oppose ACWA: Oppose</td>
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<tr>
<td>Bill</td>
<td>Title</td>
<td>Hearing cancelled at author’s request (07/01/03)</td>
<td>Int. 02/21/03</td>
<td>Location: Asm Water, Parks and Wildlife</td>
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<td>SB 922 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></td>
<td>Int. 02/21/03</td>
<td>Location: Assembly Desk</td>
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<td>SB 1000 Aanestad</td>
<td><strong>Beneficial use: extension of time.</strong> 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></td>
<td>Int. 02/21/03</td>
<td>Status: Bill dropped (02/02/04)</td>
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<tr>
<td>SB 1165 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>Int. 02/02/04</td>
<td>Location: Assembly Desk</td>
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<td>SB 1251</td>
<td><strong>State Water Project.</strong> This bill would state the intent of the</td>
<td></td>
<td>Int. 02/12/04</td>
<td>Staff Rec: Watch</td>
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<td>Bill</td>
<td>Author/Subject</td>
<td>Text</td>
<td>Location</td>
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<tr>
<td>Morrow</td>
<td>Legislature to set conditions for bodies of water that are directly connected to, and affected by, the State Water Resources Development System.</td>
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<td>Sen Rules</td>
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<tr>
<td>SB 1272 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</td>
<td>Watch</td>
<td>Support if Amended</td>
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<td>SB 1374 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</td>
<td>Watch</td>
<td>Support/Amend</td>
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<tr>
<td>SB 1479 Sher</td>
<td><strong>California regional water quality control boards: membership.</strong> 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.</td>
<td>Int. 02/19/04</td>
<td>Watch</td>
<td>Oppose</td>
</tr>
</tbody>
</table>
DATE: APRIL 22, 2004
TO: INTER-AGENCY COMMITTEE
FROM: ROBB WHITAKER
SUBJECT: DEPARTMENT REPORT

SUMMARY
Staff will provide an update of department activities.

FISCAL IMPACT
None.

STAFF RECOMMENDATION
For information.
Government and Public Affairs Report (February-March)
Compiled April 13, 2004

Government Affairs
- WRD groundwater tours for Compton Councilmembers Isadore Hall and Barbara Calhoun have been scheduled. Still awaiting dates from Mayor Eric Perrodin, and Councilmembers Yvonne Arceneaux and Lillie Dobson.
- Coordinating tour for the city officials at Signal Hill.
- Awaiting dates from Inglewood to schedule briefing and/or tour.
- Preparations for annual WRD state and federal legislative visits continues.
- Overview WRD presentation provided to the following cities and commission:
  - Torrance Water Commission
  - Rancho Palos Verdes
  - Hermosa Beach

Public Outreach
- *the Source* newsletter
  - Publication has been distributed. Work underway for the next issue, which is scheduled to be mailed in mid-March.
- WRD Groundwater Tour Program
  - The next groundwater tour is set for February 17 with Director Murray attending.
  - Director Acosta will attend the next tour, scheduled for March 23.
  - Several mailings and news releases were sent during the holidays and the response from the public has been great. We have a waiting list of about 40 people for the tours.
- Educational Partnership Program
  - Most schools in program were out for two weeks during the holidays. And several are on year-round schedules and students are not scheduled to return until March.
  - **Division 1:** Will be making a presentation on February 10 to seven classrooms at Monroe Middle School in Inglewood. The teacher wants to schedule the field trips after they return from the school break in March. This is a year-round school. Teacher has also agreed to participate in a water contest.
  - **Division 2:** Teachers at Lawndale school are still working on a date for student field trip. Will be making a classroom presentation in Torrance school in Feburary. Teachers have yet to confirm a date for classroom presentation or field trip. Students at Harbor City School are out on break and are scheduled to return in March. Teachers want the field trip to be held in April or May.
  - **Division 3:** Teacher at Powell Academy has yet to set up a date for classroom presentations. Staff has met with her to set up a water contest for students
Division 4: South Gate Middle School went on a field trip in early December. Teachers have agreed to have a water contest in February. Both partnership schools in Division 4 have now gone on field trips.

Division 5: Teachers in Pico Rivera are still working on dates for a field student field trip. Staff will be meeting with educators in Compton and Carson regarding classroom presentations and field trips.

WRD Speakers Bureau

Presentations have been made to the following organizations:
- Downtown Long Beach Lions
- Hacienda Heights Lions

Upcoming presentations scheduled for the following organizations:
- Whittier Rotary
- Pico Rivera Rotary

Press Relations

- Media advisory issued on the Department of Health Services’ public hearing on the Leo J. Vander Lans Water Treatment Facility (2/3/04)

Miscellaneous

- WRD groundwater tour scheduled for Central Basin Municipal Water District Directors Gonzalez and Cole, and West Basin Municipal Water District Director Fernandez.
- Participated at the Long Beach Chamber Business Conference Exhibit.
- Coordinating joint WRD-Central and West Basin Municipal Water Districts Spring reception.
- Continued support provided on state audit
- Ongoing activities
  - Monitor legislation
  - Monitor county and council meetings
  - Press clippings