AGENDA

SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY

REGULAR MEETING OF THE POLICY BOARD

CITY OF SOUTH GATE
AZALEA ROOM
AZALEA SHOPPING CENTER
4761 FIRESTONE BLVD.
SOUTH GATE, CA 90280

THURSDAY, APRIL 7, 2016
7:00 P.M.

1. PLEDGE OF ALLEGIANCE

2. ROLL CALL

3. PUBLIC COMMENTS

4. CONSENT CALENDAR

**Consent Calendar items will be considered and approved in one motion unless removed by a Board Member for discussion.**

a. SEWC BOARD OF DIRECTORS MINUTES OF FEBRUARY 4, 2015

Recommendation: Approve minutes as submitted.

b. WARRANT REGISTER

Recommendation: Approve Warrant Register.

**End of Consent Calendar**

5. UPDATE ON ADMINISTRATIVE SUPPORT SERVICES – KJSERVICES ENVIRONMENTAL CONSULTING

Arturo Cervantes, Lead Agency, City of South Gate
Recommendation: That the Board of Directors takes the following action:

Receive and File an update on the administrative support services provided to the Southeast Water Coalition under the contract with KJServices Environmental Consulting.

6. PRESENTATION ON AB 1794 (GARCIA) MUNICIPAL WATER DISTRICTS: BOARD OF DIRECTORS
Adriana Figueroa, Chair, Administrative Entity
Assemblymember Garcia's Staff

Recommendation: That the Board of Directors takes the following action:

Receive and File an update from Assemblymember Garcia's staff regarding Assembly Bill 1794 which is pending legislation affecting the Central Basin Municipal Water District.

7. POSITION RECOMMENDATIONS FOR SB 953 (LARA) CENTRAL BASIN MUNICIPAL WATER DISTRICTS, AND AB 1794 (GARCIA) MUNICIPAL WATER DISTRICTS: BOARD OF DIRECTORS
Adriana Figueroa, Chair, Administrative Entity

Recommendation: That the Board of Directors takes the following actions:

1. Adopt a Position of SUPPORT WITH AMENDMENTS for both SB 953 and AB 1794; and
2. Submit letters reflecting the Board's position to the sponsors of SB 953 and AB 1794, Senator Lara and Assemblymember Garcia, respectively.

8. WHITTIER NARROWS OPERATIONAL UNIT
Adriana Figueroa, Chair, Administrative Entity

Recommendation: That the Board of Directors takes the following actions:

1. Receive and File an update from the City of Whittier on the operations of the Whittier Narrows Operational Unit (WNOU); and
2. Submit letters to our State and Federal representatives to support the City of Whittier's efforts to secure funding in order to operate the WNOU.

9. BOARD OF DIRECTOR COMMENTS.

10. CHAIR / ADMINISTRATIVE ENTITY COMMENTS.
11. SECRETARY / LEAD AGENCY COMMENTS.

12. ADJOURNMENT.

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, the City of South Gate is committed to providing reasonable accommodations for a person with a disability. Please call Guillermo Petra with the City of South Gate at (323) 357-9614, if special accommodations are necessary and/or if information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged.

The next meeting of the Southeast Water Coalition Joint Powers Authority Board of Directors is Thursday, June 2, 2016 at 7:00 p.m., at the City of South Gate, Azalea Room, Azalea Shopping Center, 4761 Firestone Blvd., South Gate, CA 90280.

I hereby certify, under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted at South Gate City Hall, Leland R. Weaver Library, and Hollydale Library which are available for the public to view.

__________________________________________  ____________________________
Carmen Avalos  Date
City Clerk
MINUTES OF THE
SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY

SPECIAL MEETING OF THE POLICY BOARD

CITY OF SOUTH GATE
AZALEA ROOM
AZALEA SHOPPING CENTER
4761 FIRESTONE BLVD
SOUTH GATE, CA 90280

THURSDAY, FEBRUARY 4, 2016
7:00 P.M.

The regular meeting of the Southeast Water Coalition Joint Powers Authority Policy Board was called to order at 7:04 p.m. by Chairperson Davila.

1. **PLEDGE OF ALLEGIANCE**

   Ms. Juanita Trujillo, City of Santa Fe Springs Board Member, led the Pledge of Allegiance.

2. **ROLL CALL**

   Ivan Altamirano  
   Alex Saab  
   Todd Rogers  
   Marcel Rodarte  
   Tom Hansen  
   Gustavo Camacho  
   Juanita Trujillo  
   Maria Davila  
   City of Commerce  
   City of Downey  
   City of Lakewood  
   City of Norwalk  
   City of Paramount  
   City of Pico Rivera  
   City of Santa Fe Springs  
   City of South Gate

   Also Present:  
   Vince Brar  
   Gina Nila  
   Dan Mueller  
   Jason Wen  
   Adriana Figueroa  
   Chris Cash  
   Gladis Deras  
   Arturo Cervantes  
   Kevin Sales  
   Central Basin MWD  
   Kevin Hunt  
   Tammy Hierlihy  
   Leticia Vasquez  
   KJServices Environmental Consulting  
   Central Basin MWD  
   Central Basin MWD  
   Central Basin MWD
Ricardo Lara 
California State Senator

3. PUBLIC COMMENTS
California Senator Ricardo Lara made comments regarding his newly introduced bill, SB 953, legislation to address some of the concerns regarding the State's Audit of the Central Basin Municipal Water District (CBMWD). Concerns include contracting issues, financial responsibility, and regulatory oversight of CBMWD.

4. CONSENT CALENDAR
Board Member Saab (Downey) made a motion to approve Item Nos. 4a and 4b. Board Member Hansen (Paramount) seconded the motion. The Board Members approved the Consent Calendar by a unanimous voice vote.

5. METROPOLITAN WATER DISTRICT / LOS ANGELES COUNTY SANITATION DISTRICT #2 OF LOS ANGELES COUNTY – POTENTIAL REGIONAL RECYCLED WATER SUPPLY PROGRAM.
Administrative Entity Chair Mrs. Adriana Figueroa (Norwalk) presented an overview of the MWD/LACSD project.

The program will clean recycled water to a higher level to be used for groundwater recharge. A pilot project is in the development stages and will have the capacity to treat 1 million gallons of recycled water per day.

SEWC Administrative Entity staff will monitor the program to see what impact on rates the pilot and later full-scale project might have.

Board Member Altamirano (Commerce) made a motion to receive and file the item. The motion was seconded by Board Member Saab. The motion was approved by a unanimous voice vote of the Policy Board.

Administrative Entity Chair Mrs. Adriana Figueroa presented this item to the Policy Board.

The Association of Counties is sponsoring a Statewide initiative to pursue the use of funds for water and stormwater programs. The initiative would provide for the following:

1. Allow agencies to set rates that encourage water conservation, prevent waste and discourage the excessive use of water;
2. Allow agencies to levy fees and charges, subject to taxpayer approval, for flood control and the management of storm water runoff; and

3. Allow agencies to use collected fees and charges to reduce water and sewer fees for low-income customers.

The proposed initiative is still at the signature gathering stage and has yet to qualify for the ballot.

Board Member Saab made a motion to receive and file item. The motion was seconded by Board Member Rogers (Lakewood). The motion was approved by a unanimous voice vote of the Policy Board.

Administrative Entity Member Mr. Arturo Cervantes (South Gate) presented this item to the Policy Board.

Governor Brown signed an executive order, which was approved by the State Water Board, to extend emergency drought measures through October 31, 2016.

Even though some improvements to water supplies have been seen, in order to ensure that the water conservation progress will continue, the current drought regulations will be extended through October 31, 2016. At that time the State will reassess the status of the drought and determine if the regulations will need to be continued beyond that date.

Thanks to the Statewide conservation efforts, the per capita daily water use has been reduced from 76 gallons to 67 gallons - a 12% reduction.

The use of recycled water for recharge is helping to keep the Central Basin groundwater level relatively steady. Without the use of recycled water the basin level would be much lower.

Board Member Hansen made a motion to receive and file the update. The motion was seconded by Board Member Camacho (Pico Rivera). The motion was approved by a unanimous voice vote of the Policy Board.

8. EXTENSION OF SEWC’S ADMINISTRATIVE SUPPORT CONTRACT WITH KJSERVICES ENVIRONMENTAL CONSULTING ON A MONTH-TO-MONTH BASIS PENDING THE SELECTION OF A REPLACEMENT FIRM.
Administrative Entity Member Mr. Arturo Cervantes presented this item to the Policy Board.
The contract with KJServices Environmental Consulting for SEWC’s administrative support ended on December 31, 2015. The Administrative Entity is currently beginning the RFP process to identify and select a new consultant to provide SEWC’s on-going administrative support needs. In the interim, the Administrative Entity would like to continue to contract with KJServices on a month-by-month basis until a new consultant is brought on-board.

Board Member Saab made a motion to approve the month-to-month basis for KJServices Environmental Consulting. The motion was seconded by Board Member Camacho. The motion was approved by a unanimous voice vote of the Policy Board.

9. PRESENTATION BY THE CENTRAL BASIN MUNICIPAL WATER DISTRICT ON THE RESULTS OF THEIR AUDIT BY THE STATE OF CALIFORNIA.

Kevin Hunt, General Manager, Central Basin Municipal Water District (CBMWD) made a presentation to the Board reviewing the results of the recent audit of the CBWMD conducted by the State of California.

He indicated that approximately fifteen months ago the State decided to conduct an audit of the Central Basin Municipal Water District. Mr. Hunt added that the CBMWD was supportive of the State’s audit from the beginning. While the State auditor did find that the District has made progress over the last year or so in addressing some of its past problems, the auditor’s findings were largely negative, identifying 32 areas that needed to be addressed by the District. Mr. Hunt noted that the District is already moving forward on recommendations listed.

Mr. Hunt outlined the findings and discussed the process to correct issues. The District assumed responsibly of past issues.

Mr. Hunt outlined several programs and steps they have taken to implement reforms. So far, the District has adopted 7 of the 32 recommendations including reduced director vehicle allowance.

One of the auditor's main findings related to the governance of the District. The auditor suggested that the District move from an elected Board to an appointed Board, with members appointed by the water agencies it serves.

Mr. Hunt did comment on the two legislative bills currently under consideration by the Legislature that would implement some of the findings of the audit. Both bills, SB 953 sponsored by Senator Lara, and AB 1794 sponsored by Assemblymember Cristina Garcia, which are still being developed, would address the governance issue and would change the makeup of the District Board, adding some numbers of appointed members.
CBMWD Director Leticia Vasquez made some general comments on the State's audit and the steps that the District is taking to address them.

Director Vasquez has been on the Board for the past 3 years and stated that she believes that substantial progress has been made. The first step was to drop a long-term lawsuit with the Water Replenishment District (WRD). CBMWD also fired long term consultant Tom Calderon. The District limited conference costs to $5,000 per year. Board meetings are now recorded; transcripts and recordings are posted online within 24 hours of meeting. Director Vasquez stated the District will continue the progress they have begun over the last 3 years.

Board Member Rodarte (Norwalk) asked a question regarding the District's ethics code and if it allowed the Board members to speak directly with local newspapers, which in the past has been a source of friction among the Board members. Mr. Hunt stated that whether the Ethics Code applied or not, the District has changed procedures regarding media inquiries, which now go through the General Manager rather than the Board members.

Board Member Rodarte asked a follow-up question about the Board's past votes regarding their own compensation. General Manager Hunt stated that he hoped to address the issue with the Board voting on its own compensation through some of the proposed changes to the Board's governance, as recommended by the audit.

Board Member Altamirano made a motion to receive and file the item. The motion was seconded by Board Member Rogers (Lakewood). The motion was approved by a unanimous voice vote of the Policy Board.

10. BOARD OF DIRECTOR COMMENTS.
No comments were received.

11. CHAIR / ADMINISTRATIVE ENTITY COMMENTS.
Administrative Entity Chair Adriana Figueroa made no comments.

12. SECRETARY / LEAD AGENCY COMMENTS
Administrative Entity Member Arturo Cervantes made no comments.

13. ADJOURNMENT
The meeting was adjourned at 7:57 p.m.
ATTEST:
## South East Water Coalition Check Disbursements
January 1, 2016 through March 31, 2016

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**Total** 3,789.31
Date: April 7, 2016
To: Southeast Water Coalition Board of Directors
From: Arturo Cervantes, Lead Agency, City of South Gate

Subject: Update on Administrative Support Services - KJServices Environmental Consulting

Recommendation: That the Board of Directors take the following action:

Receive and File an update on the administrative support services provided to the Southeast Water Coalition (SEWC) under the contract with KJServices Environmental Consulting.

Discussion
KJServices Environmental Consulting (KJServices) has been providing administrative support services to SEWC for many years. At their last regular meeting, the Board of Directors approved extending the KJServices contract on a month-to-month basis, until a new consultant was selected through a competitive Request for Proposal (RFP) process.

The Administrative Entity is recommending a change in direction. At its last meeting on March 17, 2016, the Administrative Entity agreed that KJServices should continue to provide administrative support services, and that the RFP process should be put on hold, for the reasons following:

- The Administrative Entity is in the process of issuing an RFP for strategic planning services which are needed to reevaluate how SEWC’s goals and objectives could be achieved based on the current water policy environment. This could lead to a need for specialized support services in additional to administrative support services.

- In the current arrangement, the contract with KJServices is not utilized for specialized support services.

- In order to issue the RFP for specialized support services, the scope of work must be well defined. However, the AE cannot define them at this time because it is uncertain what services will be necessary. The services can be defined after the strategic planning study is completed.
To that end, the AE is proposing to put the RFP on hold to allow the time that is needed to complete the strategic planning document after which the scope of work for specialized services can be defined.

In the interim, KJServices will reorganize how administrative support services are staffed. Mr. Kevin Sales will take a less active, direct role, particularly with regards to the monthly meetings. Ms. Kristen Sales will handle the day-to-day activities related to the SEWC's administrative support needs and will attend the monthly meetings, and Mr. Kevin Sales will remain available, "in the background", to provide management support when necessary. In summary, Ms. Kristen Sales will provide administrative support and Mr. Kevin Sales will provide management support.

The Administrative Entity agreed with this proposed set up and recommended moving forward with this approach on a pilot basis for the next few months to ensure that the level of support remains sufficient to SEWC's needs.

Since the Policy Board had already approved a continuing month-to-month service agreement with KJServices, no changes to the contract are necessary.

Attachment(s):
None
Southeast Water Coalition
A joint powers authority to protect the Central Groundwater Basin

SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT

Date: April 7, 2016
To: Southeast Water Coalition Board of Directors
From: Adriana Figueroa, Administrative Entity Chair, City of Norwalk

Subject: Presentation on AB 1794 (Garcia) Municipal Water Districts: Board of Directors

Recommendation: That the Board of Directors take the following action:

Receive and File an update from Assemblymember Garcia’s staff regarding Assembly Bill 1794 which is pending legislation affecting the Central Basin Municipal Water District.

Discussion
At the February 4, 2016 meeting of the SEWC Policy Board, Senator Ricardo Lara spoke during public comments regarding his pending legislation SB 953. Because the item was not included on the agenda for that meeting, the Board was unable to take a position on the pending legislation. The Board instructed staff to develop a position recommendation for SB 953 and present their findings and recommendation at the next Policy Board meeting.

There is a second piece of legislation that has been introduced with regards to the governance structure of Central Basin Municipal Water District (CBMWD); AB 1794 (Garcia). Because of its similarity to SB 953 and the fact that it also addresses concerns with the structure and operation of the Central Basin Municipal Water District, Assemblymember Garcia’s staff was invited to make a presentation on AB 1794 so that the Board of Directors is fully briefed on both bills and their potential impacts on the Central Basin Municipal Water District.

Analysis
AB 1794: Assemblymember Garcia requested input from the water purveyors serviced by CBMWD. Workshops were held in January and February 2016, which resulted in the drafting of AB 1794 and its latest amendment. AB 1794 includes the following provisions:

- 4-3 member Board; with 4 elected and 3 appointed positions. Appointments are to be made by the water purveyors. Appointed members of the Board will need
to have water expertise and be required to either live or work within the District boundaries. Appointed members of the Board cannot be elected officials.

- Formation of a Technical Advisory Committee (TAC). The TAC would be comprised of 5 members, all appointed by the water purveyors. The TAC would essentially have veto powers over items within the following categories: contracting (procurement), administrative code changes related to ethics, director compensation, and benefits. Example, if the TAC does not approve a particular sole source contract, that item cannot be heard or acted on by the Board of the CBMWD.

Attachment(s):
1. AB 1794 text and amendments
AMENDMENTS TO ASSEMBLY BILL NO. 1794

Amendment 1
In the title, in line 1, strike out "amend Section 71250" and insert:

add Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20

Amendment 2
In the title, in line 2, strike out "districts." and insert:

districts, and declaring the urgency thereof, to take effect immediately.

Amendment 3
On page 1, before line 1, insert:

SECTION 1. Chapter 1.6 (commencing with Section 71265) is added to Part 3 of Division 20 of the Water Code, to read:

Chapter 1.6. Central Basin Municipal Water District

71265. For the purposes of this chapter:
(a) "District" means the Central Basin Municipal Water District.
(b) "Large water purveyor" means one of the top five purveyors of water as measured by the total purchase of water from the district for the three prior fiscal years.
71266. (a) Except as provided in subdivision (b) and notwithstanding any other provision of this division, the board of the district shall be composed of seven directors as follows:
(1) Four directors, one director elected for each division established pursuant to subdivision (c) by the voters of the division. Each director shall be a resident of the division from which he or she is elected.
(2) Three directors appointed by the water purveyors of the district in accordance with Section 71267.
(b) Until the directors elected at the November 6, 2018, election take office, the board of the district shall be composed of eight directors as follows:
(1) Five directors in accordance with Section 71250.
(2) Three directors appointed by the water purveyors of the district pursuant to Section 71267.
(c) The board of the district shall divide the district into four divisions in a manner as to equalize, as nearly as practicable, the population in the respective divisions pursuant to Section 71540.
71267. (a) The executive director of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations for appointment of individuals to the board of the district.
(b) Individuals nominated for appointment to the board of directors shall demonstrate eligibility and relevant technical expertise.

(c) (1) The three directors appointed by the water purveyors shall be selected by the water purveyors of the district every four years as follows:
   
   (A) One director shall be selected by all large water purveyors from the nominees of large water purveyors. Each large water purveyor shall have one vote.
   
   (B) One director shall be selected by all cities that are water purveyors of the district from the nominees of cities. Each city shall have one vote.
   
   (C) One director shall be selected by all of the water purveyors of the district from any nominee. The vote of each purveyor shall be weighted to reflect the number of service connections of that water purveyor.

   (2) Each nominee for director who receives the highest number of votes cast for each office described in paragraph (1) is appointed as a director to the board of the district and shall take office in accordance with Section 71512. The district shall collect the votes and report the results to the water purveyors. Votes for an appointed director are public records.

   (d) Each appointed director shall live or work within the district.

   (e) In order to ensure continuity of knowledge, the directors appointed at the first purveyor selection shall classify themselves by lot so that two of them shall hold office until the selection of their successors at the first succeeding purveyor selection and one of them shall hold office until the selection of his or her successor at the second succeeding purveyor selection.

   (f) (1) The term of a director appointed pursuant to subparagraph (A) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a large water purveyor.

   (2) The term of a director appointed pursuant to subparagraph (B) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a city.

   (3) The term of a director appointed pursuant to subparagraph (C) of paragraph (1) of subdivision (c) is terminated if the appointed director no longer is employed by or a representative of a water purveyor.

   (g) An appointed director shall not do either of the following:

   (1) Hold an elected office.

   (2) Be a president, vice president, chief financial officer, or shareholder of a private company that purchases water from the district.

   (h) A vacancy in an office of appointed director shall be filled in accordance with the selection process described in subdivisions (a) to (c), inclusive.

   71268. (a) (1) The district shall establish a technical advisory committee composed of the representatives of five water purveyors selected before December 31, 2016, and every two years thereafter, as follows:

   (A) One position shall be selected by the large water purveyors from nominated large water purveyors, each large water purveyor having one vote.

   (B) One position shall be selected by the cities that are water purveyors of the district from nominated cities, each city having one vote.

   (C) Three positions shall be selected by all water purveyors of the district from nominated water purveyors with the vote of each purveyor weighted to reflect the number of service connections of that water purveyor.
(2) Each nominated water purveyor that receives the highest number of votes cast for each position described in paragraph (1) is selected to the position. The district shall collect the votes and report the results to the water purveyors. Votes for a position on the technical advisory committee are public records.

(b) In composing the technical advisory committee, a person and an alternate from each water purveyor selected to a position pursuant to subdivision (a) shall serve on the technical advisory committee. A purveyor may change the person or alternate that serves on the technical advisory committee at any time. Those selected shall demonstrate eligibility and relevant technical expertise.

(c) The executive director of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations to serve on the technical advisory committee.

(d) (1) To be eligible to serve on the technical advisory committee, a water purveyor shall not have an individual employed by or representing that water purveyor on the board of the district.

(2) A water purveyor shall not hold more than one technical advisory committee seat.

(3) No person selected to represent a water purveyor on the committee shall be a president, vice president, chief financial officer, or shareholder of a private company that purchases water from the district.

71269. (a) The technical advisory committee shall meet on a quarterly basis for the following purposes:

(1) To review the district’s budget and projects for the purpose of providing nonbinding advice to the district’s general manager.

(2) To review and approve proposed changes to the administrative code relating to ethics, director compensation, and benefits.

(3) To review and approve proposed changes relating to procurement.

(b) The board of the district shall not make a change described in paragraph (2) or (3) of subdivision (a) unless the technical advisory committee approves the change by majority vote before the change comes to a vote of the board of the directors.

SEC. 2. If the Commission on State Mandates determines that this act contains 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.

SEC. 3. This act is an urgent statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that the provisions take effect before the November 8, 2016, election for the Board of Directors of the Central Basin Municipal Water District, it is necessary that this act take effect immediately.

Amendment 4
On page 1, strike out lines 1 and 2 and strike out page 2
SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
AGENDA REPORT

Date: April 7, 2016
To: Southeast Water Coalition Board of Directors
From: Adriana Figueroa, Administrative Entity Chair, City of Norwalk

Subject: California State Audit of the Central Basin Municipal Water District - Related Pending Legislation - SB 953 (Lara) - Central Basin Municipal Water District, AB 1794 (Garcia) Municipal Water Districts: Board of Directors

Recommendations: That the Board of Directors take the following action:

1. Adopt a Position of SUPPORT WITH AMENDMENTS for both SB 953 and AB 1794.
2. Submit letters reflecting the Board's position to the sponsors of SB 953 and AB 1794, Senator Lara and Assemblymember Garcia, respectively.

Discussion
At the February 4, 2016 meeting of the SEWC Policy Board, Senator Ricardo Lara spoke during public comments regarding his pending legislation SB 953. Because the item was not included on the agenda for that meeting, the Board was unable to take a position on the pending legislation. The Board instructed staff to review SB 953 and present their findings and recommendation at the next Policy Board meeting.

Additionally there is a second piece of legislation that may affect the Central Basin Municipal Water District, AB 1794 (Garcia).

Both bills were discussed at the Administrative Entity meeting of March 17, 2016 as well as at a Special Meeting of the AE on March 24, 2016. There was a discussion on whether SEWC should take a position of support on both bills or if SEWC should support their development as each bill attempts to resolve the challenges identified in the State's audit utilizing a different approach. While there are differences in the bills, there are also areas that overlap. There has not been any substantive discussion on consolidation of the bills; therefore, both of the bills are under consideration.

Both bills are consistent with the State Auditor's recommendations and recognize the importance of changing the governance structure of CBMWD and adhere to the recommendations of the State Auditor. However, they differ primarily in the way they
propose to change the governance structure of the District’s Board of Directors. The basic differences between the bills are outlined below.

**Analysis**

AB 1794: Assemblymember Garcia requested input from the water purveyors serviced by CBMWD. Workshops were held in January and February 2016, which resulted in the drafting of AB 1794 and its latest amendment. AB 1794 includes the following provisions:

- 4-3 member Board; with 4 elected and 3 appointed positions. Appointments are to be made by the water purveyors. Appointed members of the Board will need to have water expertise and be required to either live or work within the District boundaries. Appointed members of the Board cannot be elected officials.

- Formation of a Technical Advisory Committee (TAC). The TAC would be comprised of 5 members, all appointed by the water purveyors. The TAC would essentially have veto powers over items within the following categories: contracting (procurement), administrative code changes related to ethics, director compensation, and benefits. Example, if the TAC does not approve a particular sole source contract, that item cannot be heard or acted on by the Board of the CBMWD.

SB 953 includes the following provisions:

- Prohibits CBMWD from using sole source contracts, except as prescribed. This bill would require the CBMWD to rebid a contract if the CBMWD significantly changes the scope of work of the contract.

- Requires the general manager of the CBMWD to submit a quarterly report to the CBMWD’s Board detailing all of the CBMWD’s contracts, contract amendments, and contract and amendment dollar amounts.

- Modifies the governance structure of CBMWD. The proposed Board would consist of seven members, five members elected and two members appointed by the Board of Supervisors of the County of Los Angeles.

- Prohibits CBMWD from providing any member of its Board of Directors with CBMWD funds to conduct community outreach activities.

The Administrative Entity is recommending that the SEWC Board of Directors adopt a SUPPORT WITH AMENDMENTS position for both bills. The key elements of how the appointed members of the District Board will be selected and what qualifications, if any,
will be required along with the actual makeup of the CBMWD Board; a seven member board under the Lara bill (5 elected and 2 appointed), versus 4 elected and 3 appointed under the Garcia bill, are still to be determined.

Additionally the Garcia bill includes a Technical Advisory Committee which will have veto powers over certain issues, vs. the Lara bill which codifies the findings of the State Audit in the legislation. Until these details are determined and the bills are finalized, it is recommended that SEWC, while supportive of the intent of both bills and the efforts of both legislators, take a position of support with amendments.

Attachment(s):
1. SB 953 text
2. AB 1794 text and amendments
3. Draft Letters of Support for SB 953 and AB 1794
An act to add Article 2 (commencing with Section 71730) to Chapter 5 of Part 5 of Division 20, and to add Part 11.6 (commencing with Section 72770) to Division 20 of, the Water Code, relating to the Central Basin Municipal Water District.

LEGISLATIVE COUNSEL’S DIGEST

SB 953, as introduced, Lara. Central Basin Municipal Water District. Existing law, the Municipal Water District Law of 1911, authorizes the formation of a municipal water district to acquire and sell water. The district law authorizes a municipal water district to make contracts. This bill would prohibit the Central Basin Municipal Water District from using sole source contracts, except as prescribed. This bill would require the district to rebid a contract if the district significantly changes the scope of work of the contract. This bill would require the general manager of the district to submit a quarterly report to the district’s board detailing all of the district’s contracts, contract amendments, and contract and amendment dollar amounts. By imposing new duties on a municipal water district, this bill would impose a state-mandated local program. The district law requires the board of directors of a municipal water district to consist of 5 members and each member is required to be a resident of the division from which he or she is elected. This bill would require the board of directors of the Central Basin Municipal Water District to consist of 7 members, 5 members elected and 2 members with certain qualifications appointed by the board of supervisors of the County of Los Angeles, as prescribed. This bill would prohibit the Central Basin Municipal Water District from providing any
member of its board of directors with district funds to conduct community outreach activities.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Central Basin Municipal Water District.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.


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

SECTION 1. Article 2 (commencing with Section 71730) is added to Chapter 5 of Part 5 of Division 20 of the Water Code, to read:

Article 2. Central Basin Municipal Water District

71730. (a) For the purposes of this article, "district" means the Central Basin Municipal Water District.

(b) It is the intent of the Legislature in enacting this article that the district make better use of the funds it spends on services, that it does not unnecessarily use amendments that limit competitive bidding for its contracts, and that its contract amendments reflect the authorization of the district’s board.

71731. (a) The district shall not use sole source contracts unless one of the following conditions is met:

(1) The contract is limited to an emergency circumstance.

(2) The circumstances are that only one vendor can meet the district’s needs.

(b) Before executing a sole source contract, the district shall provide written justification demonstrating the reasons for not competitively bidding the services. The justification shall include all of the following information:

(1) The background of the purchase.
(2) A description of the vendor's uniqueness.
(3) An explanation of the consequences of not purchasing from
the vendor.
(4) Market research to substantiate a lack of competition.
(5) An analysis of pricing and alternatives.
71732. The district shall rebid a contract if the district
significantly changes the scope of work of the contract. Significant
changes include, but are not limited to, changes to the nature of
the services or work products.
71733. The general manager of the district shall submit a
quarterly report to the district's board detailing all of the district's
contracts, contract amendments, and contract and amendment
dollar amounts.
SEC. 2. Part 11.6 (commencing with Section 72770) is added
to Division 20 of the Water Code, to read:
PART 11.6. CENTRAL BASIN MUNICIPAL WATER
DISTRICT
72770. For the purposes of this part, "district" means the
Central Basin Municipal Water District.
72771. Notwithstanding any other provision of this division,
the board of directors of the district shall consist of seven members
who shall each serve four-year terms. The members of the board
of directors shall be selected as follows:
(a) Five members of the board of directors shall be elected in
accordance with Part 3 (commencing with Section 71250) and Part
4 (commencing with Section 71450). Members of the board of
directors of the district who were elected on or before January 1,
2018, shall continue to serve their term as provided in Section
71252.
(b) (1) Two members of the board of directors shall be
appointed by the board of supervisors of the County of Los Angeles
in a public meeting. The board of supervisors shall consider any
nominations of candidates for appointment made by a water retailer
that purchases water from the district, if any, and may also consider
other qualified candidates for appointment. Each member of the
board of directors appointed pursuant to this subdivision shall
possess the following qualifications:
(A) Residence within the boundaries of the district.
(B) Knowledge of the water industry and familiarity with the role and responsibilities of a municipal water district.

(2) If a member of the board of directors appointed pursuant to this subdivision is unable to serve for the duration of his or her term, the board of supervisors shall appoint a member to fill that vacancy in the same manner specified in paragraph (1).

The district shall not provide any member of its board of directors with district funds to conduct community outreach activities.

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances of the Central Basin Municipal Water District as described in the California State Auditor's December 3, 2015, report number 2015-102.

SEC. 4. If the Commission on State Mandates determines that this act contains 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.
AMENDMENTS TO ASSEMBLY BILL NO. 1794

Amendment 1
In the title, in line 1, strike out "amend Section 71250" and insert:

add Chapter 1.6 (commencing with Section 71265) to Part 3 of Division 20

Amendment 2
In the title, in line 2, strike out "districts." and insert:
districts, and declaring the urgency thereof, to take effect immediately.

Amendment 3
On page 1, before line 1, insert:

SECTION 1. Chapter 1.6 (commencing with Section 71265) is added to Part 3 of Division 20 of the Water Code, to read:

Chapter 1.6. Central Basin Municipal Water District

71265. For the purposes of this chapter:
(a) "District" means the Central Basin Municipal Water District.
(b) "Large water purveyor" means one of the top five purveyors of water as measured by the total purchase of water from the district for the three prior fiscal years.
71266. (a) Except as provided in subdivision (b) and notwithstanding any other provision of this division, the board of the district shall be composed of seven directors as follows:
(1) Four directors, one director elected for each division established pursuant to subdivision (c) by the voters of the division. Each director shall be a resident of the division from which he or she is elected.
(2) Three directors appointed by the water purveyors of the district in accordance with Section 71267.
(b) Until the directors elected at the November 6, 2018, election take office, the board of the district shall be composed of eight directors as follows:
(1) Five directors in accordance with Section 71250.
(2) Three directors appointed by the water purveyors of the district pursuant to Section 71267.
(c) The board of the district shall divide the district into four divisions in a manner as to equalize, as nearly as practicable, the population in the respective divisions pursuant to Section 71540.
71267. (a) The executive director of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations for appointment of individuals to the board of the district.
(b) Individuals nominated for appointment to the board of directors shall
demonstrate eligibility and relevant technical expertise.
(c) (1) The three directors appointed by the water purveyors shall be selected by
the water purveyors of the district every four years as follows:
   (A) One director shall be selected by all large water purveyors from the nominees
       of large water purveyors. Each large water purveyor shall have one vote.
   (B) One director shall be selected by all cities that are water purveyors of the
district from the nominees of cities. Each city shall have one vote.
   (C) One director shall be selected by all of the water purveyors of the district
       from any nominee. The vote of each purveyor shall be weighted to reflect the number
       of service connections of that water purveyor.
   (2) Each nominee for director who receives the highest number of votes cast for
       each office described in paragraph (1) is appointed as a director to the board of the
district and shall take office in accordance with Section 71512. The district shall collect
the votes and report the results to the water purveyors. Votes for an appointed director
are public records.
(d) Each appointed director shall live or work within the district.
(e) In order to ensure continuity of knowledge, the directors appointed at the
first purveyor selection shall classify themselves by lot so that two of them shall hold
office until the selection of their successors at the first succeeding purveyor selection
and one of them shall hold office until the selection of his or her successor at the second
succeeding purveyor selection.
(f) (1) The term of a director appointed pursuant to subparagraph (A) of paragraph
(1) of subdivision (c) is terminated if the appointed director no longer is employed by
or a representative of a large water purveyor.
   (2) The term of a director appointed pursuant to subparagraph (B) of paragraph
(1) of subdivision (c) is terminated if the appointed director no longer is employed by
or a representative of a city.
   (3) The term of a director appointed pursuant to subparagraph (C) of paragraph
(1) of subdivision (c) is terminated if the appointed director no longer is employed by
or a representative of a water purveyor.
(g) An appointed director shall not do either of the following:
   (1) Hold an elected office.
   (2) Be a president, vice president, chief financial officer, or shareholder of a
private company that purchases water from the district.
(h) A vacancy in an office of appointed director shall be filled in accordance
with the selection process described in subdivisions (a) to (c), inclusive.
71268. (a) (1) The district shall establish a technical advisory committee
composed of the representatives of five water purveyors selected before December 31,
2016, and every two years thereafter, as follows:
   (A) One position shall be selected by the large water purveyors from nominated
large water purveyors, each large water purveyor having one vote.
   (B) One position shall be selected by the cities that are water purveyors of the
district from nominated cities, each city having one vote.
   (C) Three positions shall be selected by all water purveyors of the district from
nominated water purveyors with the vote of each purveyor weighted to reflect the
number of service connections of that water purveyor.
(2) Each nominated water purveyor that receives the highest number of votes cast for each position described in paragraph (1) is selected to the position. The district shall collect the votes and report the results to the water purveyors. Votes for a position on the technical advisory committee are public records.

(b) In composing the technical advisory committee, a person and an alternate from each water purveyor selected to a position pursuant to subdivision (a) shall serve on the technical advisory committee. A purveyor may change the person or alternate that serves on the technical advisory committee at any time. Those selected shall demonstrate eligibility and relevant technical expertise.

(c) The executive director of the district shall notify each water purveyor of the district and provide a 60-day period during which the district will accept nominations to serve on the technical advisory committee.

(d) (1) To be eligible to serve on the technical advisory committee, a water purveyor shall not have an individual employed by or representing that water purveyor on the board of the district.

(2) A water purveyor shall not hold more than one technical advisory committee seat.

(3) No person selected to represent a water purveyor on the committee shall be a president, vice president, chief financial officer, or shareholder of a private company that purchases water from the district.

71269. (a) The technical advisory committee shall meet on a quarterly basis for the following purposes:

(1) To review the district’s budget and projects for the purpose of providing nonbinding advice to the district’s general manager.

(2) To review and approve proposed changes to the administrative code relating to ethics, director compensation, and benefits.

(3) To review and approve proposed changes relating to procurement.

(b) The board of the district shall not make a change described in paragraph (2) or (3) of subdivision (a) unless the technical advisory committee approves the change by majority vote before the change comes to a vote of the board of the directors.

SEC. 2. If the Commission on State Mandates determines that this act contains 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.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that the provisions take effect before the November 8, 2016, election for the Board of Directors of the Central Basin Municipal Water District, it is necessary that this act take effect immediately.

Amendment 4
On page 1, strike out lines 1 and 2 and strike out page 2
April 7, 2016

The Honorable Senator Ricardo Lara  
Huntington Park District Office  
6550 Miles Avenue, 2nd Floor  
Huntington Park, CA 90255

Re: Support with Amendments for Senate Bill, SB953

Dear Senator Lara:

The Southeast Water Coalition would like to thank you for your continued support of our region and your proposed legislation, Senate Bill 953 (SB953) regarding the governance structure of the Central Basin Municipal Water District.

The Southeast Water Coalition Joint Powers Authority (SEWC) was established in 1991 and has a membership consisting of the cities of Cerritos, Commerce, Downey, Lakewood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, South Gate, Vernon, and Whittier. SEWC's mission addresses the need to develop water resource policies that will ensure the availability of reliable, quality, and affordable water for area residents. SEWC's water purveyors serve a population of 670,000 in a service area of 93+ square miles.

As you know, the Central Basin Municipal Water District (CBMWD) serves a vital role in meeting the water supply needs of nearly 2 million people in 24 cities and 6 unincorporated areas in Southeast Los Angeles County. In recent years, the CBMWD’s actions have called into question the efficiency and effectiveness of its operations. In December 2015, the California State Auditor completed an audit of the CBMWD concerning their planning, operations and management, long-term financial viability, and control environment. The audit resulted in a series of recommendations to improve governance, transparency and financial stability of the CBMWD.

SB953 creates a new governance structure to ensure that CBMWD will effectively fulfill its responsibilities moving forward and are consistent with the State Auditor’s recommendation.

We thank you for your commitment and dedication to our region and look forward to our continued partnership. We understand that water purveyors in the central groundwater basin would like to meet with you to discuss possible amendments to the bill specifically as it relates to the governance structure, and SEWC encourages their input and involvement.
If you have any questions, or wish to discuss this further, please contact Arturo Cervantes, SEWC Secretary, at (323) 563-9512.

Sincerely,

Maria Davila
Chair
April 7, 2016

Assemblymember Cristina Garcia
Assistant Majority Floor Leader
State Capitol
Sacramento, CA 95814

RE: Support with Amendments for AB 1794: Central Basin Municipal Water District

Dear Assemblymember Garcia,

The Southeast Water Coalition would like to thank you for your continued support of our region and your proposed legislation, AB 1794 regarding the governance structure of the Central Basin Municipal Water District.

The Southeast Water Coalition Joint Powers Authority (SEWCA) was established in 1991 and has a membership consisting of the cities of Cerritos, Commerce, Downey, Lakewood, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, South Gate, Vernon, and Whittier. SEWCA’s mission addresses the need to develop water resource policies that will ensure the availability of reliable, quality, and affordable water for area residents. SEWCA’s water purveyors serve a population of 670,000 in a service area of 93+ square miles.

In the last decade, Central Basin Municipal Water District (CBMWD) has lost credibility with the communities it serves, as it battled other water agencies in its region and its directors’ actions were questioned. The State Auditor’s report from 2015 highlighted the problems of leadership and ethics within the Board that governs the district. While the CBMWD has started to fulfill its responsibilities to respond to the auditor’s report, permanent changes in governance are needed for real long-term reform.

AB 1794 creates a new governance structure to ensure that CBMWD will effectively fulfill its responsibilities moving forward and are consistent with the State Auditor’s recommendations. We understand there is further work to be done in refining some elements of the Bill and ask that you continue to keep us engaged as those amendments are formulated.

We appreciate your hard work and dedication in making sure that the water purveyors were part of the development of AB 1794 and commend your efforts in continuing to
keep us engaged throughout this legislative process. If you have any questions, or wish to discuss this further, please contact Arturo Cervantes, SEWC Secretary, at (323) 563-9512.

Sincerely,

Maria Davila
Chair
Date: April 7, 2016
To: Southeast Water Coalition Board of Directors
From: Adriana Figueroa, Administrative Entity Chair, City of Norwalk

Subject: Whittier Narrows Operational Unit

Recommendation: That the Board of Directors take the following actions:

1. Receive and file an update on the plans of the City of Whittier to re-assume the operation of the Whittier Narrows Operational Unit (WNOU);
2. Submit letters to our State and Federal representatives to support the City of Whittier's efforts to secure funding in order to operate the WNOU.

Discussion

There is a long history for the Whittier Narrows Operational Unit (WNOU) in the San Gabriel Main Basin, the Water Quality Protection Project (WQPP) plant in the Central Basin, the City of Whittier and the Southeast Water Coalition's involvement to protect this groundwater basin.

Here are highlights of important timelines:

- 1987 - The EPA began a study of the nature and extent of contamination in the Whittier Narrows area of the San Gabriel Valley.
- 1999 – The Court issued a Record of Decision Amendment calling for extraction and treatment of groundwater from extraction wells just north of the Whittier Narrows Dam.
- 2005-2013 – City of Whittier operated the WNOU on behalf of the Environmental Protection Agency (EPA).
- 2013-current – San Gabriel Valley Water Company (SGVWC) operates the plant on behalf of the Department of Toxic Substances Control (DTSC). During this time, SGVWC has been unable to serve this water to their intended customers due to permitting issues. In the meantime, only the shallow zone has been pumped, treated, and discharged to Legg Lake as a replenishment source.
- 2015 – EPA and DTSC contacted the City of Whittier inquiring about the willingness of resuming operation of the WNOU again.

During its period as the operator of the WNOU, the City of Whittier had its challenges. The City was required to staff the plant for 24/7 operation to comply with various federal
mandates for water quality testing and reporting. The EPA is a federal agency that is not familiar with the operation of local drinking water systems. The federal government has onerous processes and procedures that were applied to the operation. The City had difficulty processing invoices through the federal system and receiving timely payments for costs incurred during those times.

In May 2013 around the same time as the City of Whittier ceased to be the operator of the plant, primary responsibility to operate the WNOU was transferred from EPA to DTSC. According to DTSC, they currently do not have a dedicated funding source to operate the plant. They have been using savings from other projects or remaining unencumbered funds for minimal operation.

Analysis

The City of Whittier’s water system is strategically located geographically and infrastructure-wise for the operation of WNOU. The City of Whittier operated it successfully for eight (8) years. With the water quality in jeopardy, Whittier weighed the financial and operational risks of becoming the primary contract operator of WNOU again with DTSC as the primary client this time.

For the reasons stated above, along with DTSC’s lack of programmed financial commitment, the City of Whittier could take this burden of operation, but at a financial risk. At the same time, the City of Whittier wishes to be a part of the solution for protecting the water quality in the Main Basin, which ultimately also affects the Central Basin.

The Water Quality Protection Program (WQPP) plant is also located at the City of Whittier pumping plant and is already plumbed to Whittier’s system for blending and distribution to the Cities of Santa Fe Springs and Pico Rivera.

As an on-going discussion among the stakeholders, Whittier wishes to cease the operation of the WQPP plant. However, this decision largely also depends on a long-term plan on how to contain the contamination plume and clean the water in the Main Basin. Although there is no immediate threat to Central Basin water quality now, the plume has increased from 2013 when Whittier ceased the full operation of the plant.

The City of Whittier wishes to be a collaborator and a partner as a common stakeholder for preserving the water quality in the Main and Central Basins. However, this burden of operation should not be solely borne by the City of Whittier’s ratepayers if DTSC/EPA is not able to compensate for the cost this operation.

City of Whittier requests that SEWC, as a coalition of stakeholders and with its core mission being the protection of the Central Basin and its water quality, support the City of Whittier’s decision to resume the operation of the WNOU plant and advocate on the
City's behalf for DTSC and EPA to secure a dedicated and steady source of funding for the plant's on-going operation.