



# Monterey County Board of Supervisors

168 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

## Board Order

### Resolution No.: 16-327

Upon motion of Supervisor Armenta, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

Adopted Resolution No.: 16-327 authorizing the Chair of the Board of Supervisors to execute a Joint Powers Authority agreement establishing the Salinas Valley Basin Groundwater Sustainability Agency ("SVBGSA").

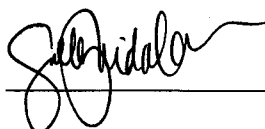
PASSED AND ADOPTED on this 13th day of December 2016, by the following vote, to wit:

AYES: Supervisors Armenta, Phillips, Salinas, Parker and Potter  
NOES: None  
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 79 for the meeting on December 13, 2016.

Dated: December 22, 2016  
File ID: 16-1403

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By  Deputy

**Before the Board of Supervisors in and for the  
County of Monterey, State of California**

**Resolution No.: 16-327**

Resolution authorizing the Chair of the Board )  
of Supervisors to execute a Joint Powers )  
Authority agreement establishing the Salinas )  
Valley Basin Groundwater Sustainability )  
Agency ("SVBGSA")..... )

WHEREAS, in the fall of 2014 the California legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the "Sustainable Groundwater Management Act" ("SGMA"), that initially became effective on January 1, 2015, and that has been amended from time-to-time thereafter; and

WHEREAS, the stated purpose of SGMA, as set forth in California Water Code section 10720.1, is to provide for the sustainable management of groundwater basins at a local level by providing local groundwater agencies with the authority, and technical and financial assistance necessary, to sustainably manage groundwater; and

WHEREAS, SGMA requires the designation of Groundwater Sustainability Agencies ("GSAs") for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans ("GSPs") or an alternative plan for all medium and high priority basins as designated by the California Department of Water Resources; and

WHEREAS, SGMA requires that the Basin have a designated GSA by no later than June 30, 2017, and an adopted GSP by no later than January 31, 2020, if a high or medium priority basin in critical overdraft, and no later than January 31, 2022, if a high or medium priority basin; and

WHEREAS, SGMA authorizes a combination of local agencies to form a GSA by entering into a joint powers agreement as authorized by the Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 of the California Government Code) ("Act"); and

WHEREAS, representatives of the County, including the CAO's and County Counsel's Offices, have been participating in meetings with other local agencies, stakeholders and interested parties in the Salinas Valley Groundwater Basin ("Basin") in a collaborative effort to develop a single GSA for the Basin; and

WHEREAS, the collaborative working group ("CWG") has reached a consensus to recommend to those local agencies in the Basin entitled under SGMA to declare themselves a GSA to form a joint powers authority ("JPA") to be the GSA for the Basin, and that the local agencies become members of the JPA ("Members"); and

WHEREAS, the CWG has also reached consensus and has recommended the material terms of a proposed JPA agreement to form the GSA for the Basin, to be called the Salinas Valley Basin Groundwater Sustainability Agency ("Agency"); and

WHEREAS, a number of local agencies in the Basin, including the City of Salinas, the cities of Gonzales, Soledad, Greenfield and King, and the Castroville Community Services District have indicated an interest in becoming Members;

WHEREAS, the proposed Members, including the County and the Water Resources Agency of the County, are authorized to create the Agency for the purpose of jointly exercising those powers granted by the Act, SGMA, and any additional powers which are common among them; and

WHEREAS, each proposed Member is a local agency, as defined by SGMA, within that portion of the Basin within Monterey County, which is designated basin number 3-04 in Department of Water Resources Bulletin No. 118 (update 2016); and

WHEREAS, the area proposed to be managed by the Agency under SGMA would be the entirety of the Basin, consisting of seven sub-basins and that portion of the Paso Robles sub-basin within Monterey County (but not including the adjudicated Seaside sub-basin, or that area managed by any other GSA established through SGMA), each of which is designated as either a high or medium priority basin, and two of which (the 180/400 ft. aquifer and the Paso Robles sub-basin) are designated in critical overdraft; and

WHEREAS, the proposed Members, individually and collectively, have the goal of cost effective sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater within and adjacent to the Basin; and

WHEREAS, the proposed Members intend to cooperate with adjacent GSAs such as any GSA formed over a portion of the Paso Robles sub-basin (3-04.06) within San Luis Obispo County, and the Pajaro Valley Water Management Agency; and

WHEREAS, the proposed Members intend to study the potential for state legislation to, among other amendments, amend the Water Resources Agency ("WRA") Act (Water Code Appendix Chapter 52) to modify the governance structure of the WRA in a form similar to the governance of the Agency established herein and to establish that amended agency as the statutorily designated GSA for the Basin, or establish a new entity to be so designated; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Supervisors of the County of Monterey as follows:

1. The above recitals are true and correct.
2. The Chair of the Board of Supervisors is hereby authorized and directed to execute for and on behalf of the County the Joint Exercise of Powers Agreement establishing the Salinas Valley Basin Sustainability Groundwater Agency, attached hereto as Exhibit 1, together with any modifications that, in the opinion of the County Administrative Officer and County Counsel are not material.
3. Staff is authorized and directed to take such other a further actions as may be necessary or appropriate to implement the intent and purposes of this Resolution.

**PASSED AND ADOPTED** upon motion of Supervisor Armenta, seconded by Supervisor Salinas carried this 13th day of December 2016, by the following vote, to wit:

**AYES:** Supervisors Armenta, Phillips, Salinas, Parker and Potter

**NOES:** None

**ABSENT:** None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 79 for the meeting on December 13, 2016.

Dated: December 22, 2016  
File Number: 16-1403

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By



Deputy

**EXHIBIT 1**

**JOINT EXERCISE OF POWERS AGREEMENT**

establishing the

**SALINAS VALLEY BASIN GROUNDWATER  
SUSTAINABILITY AGENCY**

# EXHIBIT 1

## JOINT EXERCISE OF POWERS AGREEMENT

establishing the

### SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

THIS JOINT EXERCISE OF POWERS AGREEMENT (“Agreement”) establishing the Salinas Valley Basin Groundwater Sustainability Agency (“Agency”) is made and entered into as of \_\_\_\_\_ (“Effective Date”), by and among the public agencies listed on the attached Exhibit “A” (collectively “Members” and individually “Member”) for the purpose of forming a Groundwater Sustainable Agency (“GSA”) and achieving groundwater sustainability in the Salinas Valley Groundwater Basin.

#### RECITALS

**WHEREAS**, in the fall of 2014 the California legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the “Sustainable Groundwater Management Act” (“SGMA”), that initially became effective on January 1, 2015, and that has been amended from time-to-time thereafter; and

**WHEREAS**, the stated purpose of SGMA, as set forth in California Water Code section 10720.1, is to provide for the sustainable management of groundwater basins at a local level by providing local groundwater agencies with the authority, and technical and financial assistance necessary, to sustainably manage groundwater; and

**WHEREAS**, SGMA requires the designation of Groundwater Sustainability Agencies (“GSAs”) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (“GSPs”) or an alternative plan for all medium and high priority basins as designated by the California Department of Water Resources; and

**WHEREAS**, SGMA requires that the Basin have a designated GSA by no later than June 30, 2017, and an adopted GSP by no later than January 31, 2020, if a high or medium priority basin in critical overdraft, and no later than January 31, 2022, if a high or medium priority basin; and

**WHEREAS**, SGMA authorizes a combination of local agencies to form a GSA by entering into a joint powers agreement as authorized by the Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 of the California Government Code) (“Act”); and

**WHEREAS**, each Member is a local agency, as defined by SGMA, within that portion of the Salinas Valley Groundwater Basin (“Basin” and as more fully described below) within Monterey County, which is designated basin number 3-004 in Department of Water Resources Bulletin No. 118 (update 2016), and consisting of seven sub-basins plus that portion of the Paso Robles sub-basin within Monterey County (but not including the adjudicated portion of the

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Seaside sub-basin), each of which is designated as either a high or medium priority basin, and one of which (the 180/400 ft. aquifer) is designated in critical overdraft; and

**WHEREAS**, the Members are therefore authorized to create the Agency for the purpose of jointly exercising those powers granted by the Act, SGMA, and any additional powers which are common among them; and

**WHEREAS**, the Members, individually and collectively, have the goal of cost effective sustainable groundwater management that considers the interests and concerns of all beneficial uses and users of groundwater within and adjacent to the Basin; and

**WHEREAS**, the Members hereby enter into this Agreement to establish the Agency to serve as a GSA for the Basin and undertake the management of groundwater resources pursuant to SGMA; and

**WHEREAS**, the Members intend to cooperate with adjacent GSAs such as any GSA formed over a portion of the Paso Robles sub-basin (3-04.06) within San Luis Obispo County, and the Pajaro Valley Water Management Agency; and

**WHEREAS**, the Members intend to study the potential for ~~pursue~~ state legislation to, among other amendments, amend the WRA Act to modify the governance structure of the WRA in a form similar to the governance of the Agency established herein and to establish that agency as the statutorily designated GSA for the Basin, or establish a new entity to be so designated;

## **NOW THEREFORE,**

In consideration of the matters recited and the mutual promises, covenants, and conditions set forth in this Agreement, the Members hereby agree as follows:

### **Article I: Definitions**

#### **Section 1.1 – Definitions.**

As used in this Agreement, unless the context requires otherwise, the meaning of the terms hereinafter set forth shall be as follows:

(a) “Act” means the Joint Exercise of Powers Act, set forth in Chapter 5 of Division 7 of Title 1 of the California Government Code, sections 6500, *et seq.*, as may be amended from time-to-time.

(b) “Agreement” means this Joint Exercise of Powers Agreement establishing the Salinas Valley Basin Groundwater Sustainability Agency.

(c) “Agency” means the Salinas Valley Basin Groundwater Sustainability Agency, which is a separate entity created by this Agreement pursuant to the provisions of the Act and SGMA.

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(d) “Agricultural Directors” means the four Directors representing agricultural interests, as more fully set forth in rows (f) – (i) of Exhibit B of this Agreement.

(e) “Agricultural Association” means the Salinas Basin Agricultural Water Association.

(f) “Alternate Director” means an Alternate Director appointed pursuant to Section 6.6 of this Agreement.

(g) “Appointing Authority” means the entity authorized to appoint Primary and Alternate Directors pursuant to Sections 6.2, 6.3 and 6.6 of this Agreement and as identified in Exhibit B to this Agreement.

(h) “Basin” means that portion of the Salinas Valley Groundwater Basin, newly designated no. 3-004 in the Department of Water Resources’ Bulletin No. 118 (update 2016), within the County of Monterey and that includes the following sub-basins: 1) 180/400 Foot Aquifer (No. 3-004.01); 2) East Side Aquifer (3-004.02); 3) Forebay Aquifer (3-004.04); 4) Upper Valley Aquifer (3-004.05); 5) Langley Area (3-004.09); 7) the newly designated Monterey sub-basin (3-004.10); and, 8) the portion of the Paso Robles Area (3-004.06) in Monterey County; but not including that portion of the Seaside Area that has been adjudicated, all as their boundaries may be modified from time to time through the procedures described in California Water Code section 10722.2 or by the Department of Water Resources under its separate authority, and not including any other area for which a GSA has been established pursuant to SGMA.

(i) “Board of Directors” or “Board” means the governing body of the Agency as established by Section 6.1 of this Agreement.

(j) “Brown Act” means the California Open Meeting Law, Government Code section 54950 *et seq.*

(k) “Bylaws” means the bylaws adopted by the Board of Directors pursuant to Section 6.8 of this Agreement to govern the day-to-day operations of the Agency.

(l) “Cause” means a conviction of a crime i) of moral turpitude, or ii) involving fraud, misrepresentation, or financial mismanagement, or iii) a finding by an administrative body or agency, or a court of law, that the person has violated any conflict of interest provision of federal, state or local law.

(m) “City Selection sub-Committee” means a subcommittee of the Monterey County City Selection Committee, established by Government Code section 50270 *et seq.*, and consisting of the mayors of the following cities: Gonzales, Soledad, Greenfield, and King City.

(n) “County” means the County of Monterey.

(o) “CPUC” means the California Public Utilities Commission.



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(p) "CPUC Regulated Water Company" means an investor owned water company operating in the Basin that has been granted a certificate of public convenience and necessity by the CPUC and is regulated by the CPUC.

(q) "Determination Date" means the date on which the Agency votes to notify the State of its intent to become a GSA as provided in Water Code sections 10723 (a) and (b).

(r) "Director" or "Directors" means Primary and Alternate Directors as set forth in Section 6.6 of this Agreement.

(s) "Director Position(s)" means those eleven Board positions, singularly or plural, established pursuant to Section 6.1 of this Agreement.

(t) "Disadvantaged Community" means a disadvantaged community or economically distressed area as those terms are defined in Water Code section 79702 (as may be amended from time-to-time) within the Basin.

(u) "Effective Date" means the date by which two Members have executed this Agreement which date shall be set forth in the introductory paragraph of this Agreement.

(v) "Fiscal Year" means that period of 12 months beginning July 1 and ending June 30 of each calendar year.

(w) "Groundwater Sustainability Agency" or "GSA" has the meaning set forth in California Water Code section 10721(j).

(x) "Groundwater Sustainability Plan" or "GSP" has the meaning set forth in California Water Code section 10721(k).

(y) "GSA Eligible Entity or Entities" means those entities eligible to become a GSA pursuant to SGMA.

(z) "Initial Board" means the initial Board of Directors established pursuant to Section 6.2, below.

(aa) "Initial Contribution" means the required contribution of Members as set forth in Section 10.4 of this Agreement.

(bb) "Local Agency" or "Local Agencies" has the meaning set forth in California Water Code Section 10721(n).

(cc) "Local small water system" means a system for the provision of piped water for human consumption that serves at least two, but not more than four, service connections, including any collection, treatment, storage, and distribution facilities under control of the operator of such system which are used primarily in connection with such system, and any collection or pretreatment storage facilities not under the control of the operator which are used primarily in connection with such system; it does not include two or more service connections,

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which supply dwelling units occupied by members of the same family, on one parcel, all as set forth in Monterey County Code section 15.04.020 (g).

(dd) “Majority Vote” means the affirmative vote of six Directors then present and voting at a meeting of the Board.

(ee) “Member” or “Members” means the GSA Eligible Entities listed in the attached Exhibit “A” that have executed this Agreement, including any new Members that may subsequently join this Agency with the authorization of the Board, pursuant to Section 5.2 of this Agreement.

(ff) “Mutual Water Company” has the meaning set forth in Corporations Code section 14300.

(gg) “Permanent Board” means the permanent Board of Directors established pursuant to Section 6.3 of this Agreement.

(hh) “Permanent Director” means a Director appointed to the Permanent Board.

(ii) “Permanent Director Position” means a Director Position on the Permanent Board.

(jj) “Primary Director” means a Primary Director appointed pursuant to Sections 6.4 of this Agreement.

(kk) “Public Water System” means a system for the provision of water for human consumption through pipes or other constructed conveyances that has 15 or more service connections or regularly serves at least 25 individuals daily at least 60 days out of the year. A public water system includes the following: (1) Any collection, treatment, storage, and distribution facilities under control of the operator of the system that are used primarily in connection with the system, (2) Any collection or pretreatment storage facilities not under the control of the operator that are used primarily in connection with the system, or (3) Any water system that treats water on behalf of one or more public water systems for the purpose of rendering it safe for human consumption, all as set forth in Health and Safety Code section 116275 (h).

(ll) “South County Cities” means the cities of Gonzales, Soledad, Greenfield and King City.

(mm) “State” means the State of California.

(nn) “State Small Water System” means a system for the provision of piped water to the public for human consumption that serves at least five, but not more than 14, service connections and does not regularly serve drinking water to more than an average of 25 individuals daily for more than 60 days out of the year, as set forth in California Health and Safety Code section 116275 (n).

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(oo) “Super Majority Vote” means the affirmative vote of eight Directors then present and voting at a meeting of the Board.

(pp) “Super Majority Plus Vote” means the affirmative vote of eight Directors then present and voting at a meeting of the Board but including the affirmative vote of three of the Agricultural Directors.

(qq) “Sustainable Groundwater Management Act” or “SGMA” means the comprehensive groundwater legislation collectively enacted and referred to as the “Sustainable Groundwater Management Act” as codified in California Water Code Sections 10720 *et seq.* and as may be amended from time-to-time.

(rr) “WRA” means the Water Resources Agency of the County of Monterey.

Unless otherwise indicated, all statutory references are to the statutory codes of the State.

## **Article II: The Agency**

### **Section 2.1 – Agency Established.**

There is hereby established a joint powers agency known as the Salinas Valley Basin Groundwater Sustainability Agency. The Agency shall be, to the extent provided by law, a public entity separate from the Members of this Agreement.

### **Section 2.2 – Purpose Of The Agency.**

The purpose of Agency is to cooperatively carry out the requirements of SGMA including, but not limited to, serving as the GSA for the Basin and developing, adopting and implementing a GSP that achieves groundwater sustainability in the Basin, all through the exercise of powers granted to a GSA by SGMA and those powers common to the members as provided in the Act.

## **Article III: Term**

### **Section 3.1 – Term.**

This Agreement shall become operative on the Effective Date. Subject to the terms of Sections 11.6, 11.7 and 11.8, below, this Agreement shall remain in effect unless terminated pursuant to Section 11.10, below.

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## Article IV: Powers

### Section 4.1 – Powers.

The Agency shall possess the ability to exercise those powers specifically granted by the Act, SGMA, and the common powers of its Members related to the purposes of the Agency, including, but not limited to, the following:

- a) To designate itself the GSA for the Basin pursuant to SGMA.
- b) To adopt rules, regulations, policies, bylaws and procedures governing the operation of the Agency and the adoption and implementation of the GSP.
- c) To develop, adopt and implement a GSP for the Basin pursuant to SGMA.
- d) To retain or employ consultants, advisors, independent contractors, agents and employees.
- e) To obtain legal, financial, accounting, technical, engineering, and other services needed to carry out the purposes of this Agreement.
- f) To conduct studies, collect and monitor all data related and beneficial to the development, adoption and implementation of the GSP for the Basin.
- g) To perform periodic reviews of the GSP including submittal of annual reports.
- h) To register and monitor wells.
- i) To issue revenue bonds or other appropriate public or private debt and incur debts, liabilities or obligations.
- j) To levy taxes, assessments, charges and fees as provided in SGMA or as otherwise provided by law.
- k) To regulate and monitor groundwater extractions as permitted by SGMA, provided that this provision does not extend to a Member's operation of its system to distribute water once extracted or otherwise obtained, unless and to the extent required by other laws now in existence or as may otherwise be adopted.
- l) To establish and administer projects and programs for the benefit of the Basin.
- m) To cooperate, act in conjunction, and contract with the United States, the State, or any agency thereof, counties, municipalities, special districts, groundwater sustainability agencies, public and private corporations of any kind (including without limitation, investor-owned utilities), and individuals, or any of them, for any and all purposes necessary or convenient for the full exercise of the powers of the Agency.

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n) To accumulate operating and reserve funds and invest the same as allowed by law for the purposes of the Agency.

o) To apply for and accept grants, contributions, donations and loans under any federal, state or local programs for assistance in developing or implementing any of its projects or programs in connection with any project undertaken in the Agency's name for the purposes of the Agency.

p) To acquire by negotiation, lease, purchase, construct, hold, manage, maintain, operate and dispose of any buildings, property, water rights, works or improvements within and without the respective jurisdictional boundaries of the Members necessary to accomplish the purposes describe herein.

q) To sue or be sued in its own name.

r) To invest funds as allowed by law.

s) Any additional powers conferred under SGMA or the Act, or under applicable law, insofar as such powers are needed to accomplish the purposes of SGMA, including all powers granted to the Agency under Article 4 of the Act which are in addition to the common powers of the Members, including the power to issue bonds or otherwise incur debts, liabilities or obligations to the extent authorized by the Act or any other applicable provision of law and to pledge any property or revenues of the rights thereto as security for such bonds and other indebtedness.

t) Any power necessary or incidental to the foregoing powers in the manner and according to the procedures provided for under the law applicable to the Members to this Agreement and to perform all other acts necessary or proper to fully carry out the purposes of this Agreement.

### **Section 4.2 – Exercise Of Powers.**

In accordance with Section 6509 of the Act, the foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the County.

### **Section 4.3 – Water Rights And Consideration Of All Beneficial Uses And Users Of Groundwater In The Basin.**

As set forth in Water Code section 10723.2 the GSA shall consider the interests of all beneficial uses and users of groundwater in the Basin, as well as those responsible for implementing the GSP. Additionally, as set forth in Water Code section 10720.5(a) any GSP adopted pursuant to this Agreement shall be consistent with Section 2 of Article X of the California Constitution and nothing in this Agreement modifies the rights or priorities to use or store groundwater consistent with Section 2 of Article X of the California Constitution, with the exception that no extraction of groundwater between January 1, 2015 and the date the GSP is adopted may be used as evidence of, or to establish or defend against, any claim of prescription. Likewise, as set forth in Water Code section 10720.5(b) nothing in this Agreement or any GSP

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adopted pursuant to this Agreement determines or alters surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.

## **Section 4.4 – Preservation Of Police Powers.**

Nothing set forth in this Agreement shall be deemed to modify or otherwise limit a Member's police powers in any way, or any authority to regulate groundwater under existing law or any amendment thereto.

## **Article V: Membership**

### **Section 5.1 – Members.**

The Members of the Agency shall be the entities listed on the attached Exhibit A so long as their membership has not been withdrawn or terminated pursuant to the provisions of Article XI of this Agreement. GSA Eligible Entities shall have until the Determination Date to execute this Agreement and pay their Initial Contribution, and become Members. Any GSA Eligible Entity that has not executed this Agreement and paid their Initial Contribution by the Determination Date shall be subject to the process described in Section 5.2, below, to become a Member.

### **Section 5.2 – New Members.**

New Members may be added to the Agency by the unanimous vote of all other Members so long as: 1) the new Member is a GSA Eligible Entity; and, 2) the new Member agrees to or has met any other conditions that the existing Members may establish from time-to-time.

Once an application is approved unanimously by the existing Members the attached Exhibit A shall be amended to reflect the new Member.

## **Article VI: Directors And Officers**

### **Section 6.1 – Board Of Directors.**

The Agency shall be governed and administered by an eleven (11) member Board of Directors which is hereby established. All voting power of the Agency shall reside in the Board.

### **Section 6.2 – Initial Board of Directors.**

An Initial Board shall be composed of the Director Positions with the qualifications and Appointing Authority as described in Exhibit B. The nominating groups identified in Section 6.5, below, may, but are not required to, provide nominations to the relevant Appointing Authority for the Initial Board; however, any such nomination must be received by the respective Appointing Authority no later than January 31, 2017. If such nominations are received no later than the time specified the Appointing Authorities shall follow the respective procedures for

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appointment to the Permanent Board set forth in Section 6.5, below. If such nominations are not received by the time specified, the Appointing Authority may make appointments to the Initial Board as it determines in its sole discretion.

The Initial Board shall serve only until September 30, 2017, at which time a Permanent Board shall be appointed as described below.

## **Section 6.3 – Permanent Board.**

Subject to the Appointment and Nominating procedures set forth in Section 6.5, below, beginning on October 1, 2017, a Permanent Board shall be established consisting of the Director Positions with the qualifications and Appointing Authority as described in Exhibit B. With the exception of the CPUC Regulated Water Company Director Position, each Permanent Director Position shall have a term consisting of three (3) years and shall hold office until their successor is appointed by their Appointing Authority and the Agency has been notified of the succession. The terms of Permanent Director Positions shall be staggered, with Director Positions identified in rows (a), (c), (f), (h) and (j) of exhibit C serving three (3) year terms from initial appointment, and those identified in rows (b), (d), (g), (i), and (k) serving two (2) year terms from initial appointment, and thereafter serving three (3) year terms. The CPUC Regulated Water Company Director Position shall serve a term of two (2) years, and a Director shall hold office until their successor is appointed and the Agency has been notified of the succession. Notwithstanding the actual date of their initial appointment, for purposes of establishing the terms of Permanent Directors such initial appointment shall be deemed to have commenced on the July 1 preceding such initial appointment, and the terms of Directors shall thereafter commence on July 1 of the respective appointing year. Each Director Position shall require an affirmative appointment by the Appointing Authority for every term.

## **Section 6.4 – General Qualifications.**

- a) Each Director, whether on the Initial Board or Permanent Board, must have the following general qualifications:
  - i. General education and/or knowledge, interest in and experience relating to the control, storage, and beneficial use of groundwater.
  - ii. General understanding and knowledge of the Basin and all its beneficial users.
  - iii. Working knowledge and understanding of how to develop strategic plans, policies, programs, and financing/funding mechanisms.
  - iv. Genuine commitment to collaboratively work together to (i) achieve groundwater sustainability through the adoption and implementation of a GSP for the Basin, and all its beneficial uses; and (ii) provide for the ongoing sustainable management of the Basin.
  - v. General knowledge and understanding of one or more of the different facets

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(administration, financial, legal, organizational, personnel, etc.) needed for a successful and productive organization.

- vi. Ability to commit the time necessary, estimated at a minimum 15-20 hours per month, to responsibly fulfill their commitment to the organization. This includes, but is not limited to: (i) Board meetings, (ii) Board training, (iii) analyzing financial statements and technical reports, (iv) reviewing Board documents before Board meetings, (v) attending Board meetings, and (vi) serving on committees to which they are assigned.
- vii. A permanent resident within the Basin, or a representative of an agency with jurisdiction, or a business or organization with a presence, within the Basin.

b) Nominating groups and Appointing Authorities, as described in Section 6.5, should endeavor to avoid nominating or appointing a person to a Director Position that, because of his or her employment or other financial interest, is likely to be disqualified from a substantial number of decisions to be made by the Board on the basis of conflict-of-interest requirements.

## **Section 6.5 – Appointments and Nominations for Director Positions on the Permanent Board.**

The appointment and nominating process for each Primary and Alternate Director Positions on the Permanent Board shall be as follows:

- a) City of Salinas Director Position.

The City of Salinas shall appoint the Director Position listed in Row (a) of Exhibit B, the specific qualifications of such Director Position to be at the discretion of the City of Salinas.

- b) South County Cities Director Position.

The Director Position listed in Row (b) of Exhibit B shall be filled by a representative from one of the four cities listed therein. The City Selection sub-Committee shall determine which city shall be the Appointing Authority for each term of the Director Position. The specific qualifications of such Director Position shall be at the discretion of that city designated the Appointing Authority. If the City Selection sub-Committee cannot reach agreement on a city to be the Appointing Authority for this Director Position, the County Board of Supervisors shall decide which city shall be the Appointing Authority.

- c) Other GSA Eligible Entity Director Position.

- i. Representative of the entities listed on Exhibit C shall be eligible to participate in the nominating process for the Other GSA Eligible Entity Director Position listed in Row (c) of Exhibit B.



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- ii. The representatives collectively by agreement among themselves shall make nominations to the Appointing Authority for the persons to fill both the Primary and Alternate Director Positions when the term of such position are expiring or are vacant.
  - iii. The representatives shall nominate one or more persons to fill both the Primary and Alternate Director Positions. If more than one person is nominated the representatives shall indicate the preferred nominee.
  - iv. The Appointing Authority shall appoint the nominee (if only one) or appoint from among the nominees; the Appointing Authority may reject a nominee only for Cause. If the representatives cannot or do not forward any nominations the Appointing Authority shall make the appointment based upon its own determination.
  - v. The representatives may also advise the Appointing Authority regarding the removal of their nominee from the Director Positions for Cause. If the Appointing Authority determines that Cause exists such Director shall be removed and a new Director appointed to fill out the remaining term of the removed Director. The representatives may also request that their nominee in the Director Position be removed for any reason or no reason. If such request is made the Appointing Authority shall remove the Director and a new Director appointed to fill out the remaining term of the removed Director.
  - vi. From time-to-time entities may ask to be removed from Exhibit C. If such request is made the Appointing Authority shall notify the other Members and the Board, and Exhibit C shall be modified accordingly.
  - vii. From time-to-time other entities may request to be included on Exhibit C. The then-existing representatives shall inform the Appointing Authority if such requests are acceptable. If accepted by the representatives the Appointing Authority shall notify the other Members and the Board, and Exhibit C shall be modified accordingly.
- d) Disadvantaged Community, or Public Water System Systems, including Mutual Water Companies serving residential customers, Director Position.
- i. Representative of the entities listed on Exhibit D shall be eligible to participate in the nominating process for the Disadvantaged Community, or Public Water System Systems, including Mutual Water Companies serving residential customers, Director Position listed in Row (d) of Exhibit B.
  - ii. The representatives by agreement among themselves shall collectively make nominations to the Appointing Authority for the persons to fill both the Primary and Alternate Director Positions when the term of such positions are expiring or are vacant.

## EXHIBIT 1

- iii. The representatives shall nominate one or more persons to fill both the Primary and Alternate Director Positions. If more than one person is nominated the representatives shall indicate the preferred nominee.
  - iv. The Appointing Authority shall appoint the nominee (if only one) or appoint from among the nominees; the Appointing Authority may reject a nominee only for Cause. If the representatives cannot or do not forward any nominations the Appointing Authority shall make the appointment based upon its own determination.
  - v. The representatives may also advise the Appointing Authority regarding the removal of their nominee from the Director Positions for Cause. If the Appointing Authority determines that Cause exists such Director shall be removed and a new Director appointed to fill out the remaining term of the removed Director. The representatives may also request that their nominee in the Director Position may be removed for any reason or no reason. If such request is made the Appointing Authority shall remove the Director and a new Director appointed to fill out the remaining term of the removed Director.
  - vi. From time-to-time entities may ask to be removed from Exhibit D. If such request is made the Appointing Authority shall notify the other Members and the Board, and Exhibit D shall be modified accordingly.
  - vii. From time-to-time other entities may request to be included on Exhibit D. The then-existing representatives shall inform the Appointing Authority if such requests are acceptable. If accepted by the representatives the Appointing Authority shall notify the other Members and the Board, and Exhibit D shall be modified accordingly.
- e) CPUC Regulated Water Company Director Position.
- i. Representative of the entities listed on Exhibit E must meet the requirements of Section 1.1 (o) and shall be eligible to participate in the nominating process for the CPUC Regulated Water Company Director Position listed in Row (e) of Exhibit B.
  - ii. The representatives by agreement among themselves shall collectively make nominations to the Appointing Authority for the persons to fill both the Primary and Alternate Director Positions when the term of such position are expiring or are vacant.
  - iii. The representatives shall nominate one or more persons to fill both the Primary and Alternate Director Positions. If more than one person is nominated the representatives shall indicate the preferred nominee.

## EXHIBIT 1

- iv. The Appointing Authority shall appoint the nominee (if only one) or appoint from among the nominees; the Appointing Authority may reject a nominee only for Cause. If the representatives cannot or do not forward any nominations the Appointing Authority shall make the appointment of an employee or agent of a CPUC Regulated Water Company listed on Exhibit E based upon its own determination.
  - v. The representatives may also advise the Appointing Authority regarding the removal of their nominee from the Director Position for Cause, although such authority to remove shall rest solely with the Appointing Authority.
  - vi. From time-to-time entities may ask to be removed from Exhibit E. If such request is made the Appointing Authority shall notify the other Members and the Board, and Exhibit E shall be modified accordingly.
  - vii. From time-to-time other entities may request to be included on Exhibit E. The then-existing representatives shall inform the Appointing Authority if such requests are acceptable. If accepted by the representatives the Appointing Authority shall notify the other Members and the Board, and Exhibit E shall be modified accordingly.
- f) Agriculture Director Positions.
- i. The Agricultural Association shall be eligible to participate in the nominating process for the Agriculture Director Positions listed in Rows (f) – (i) of Exhibit B. The Agricultural Association shall be solely responsible for its membership.
  - ii. The Agricultural Association shall make nominations to the Appointing Authority for the persons to fill each Primary and Alternate Director Position when the terms of such positions are expiring or are vacant.
  - iii. The Agricultural Association shall nominate at least two persons to fill each Director Position; the Agricultural Association shall indicate the preferred nominee for each Director Position.
  - iv. The Appointing Authority shall appoint from among the nominees for each Director Position; the Appointing Authority may reject a nominee only for Cause. If the Agricultural Association cannot or does not forward any nominations the Appointing Authority shall make the appointment based upon its own determination.
  - v. The Agricultural Association may also advise the Appointing Authority regarding the removal of a nominee from a Director Position for Cause. If the Appointing Authority determines that Cause exists such Director shall be removed and a new Director appointed to fill out the remaining term of the removed Director. The Agricultural Association may also request that

## EXHIBIT 1

their nominee in a Director Position may be removed for any reason or no reason. If such request is made the Appointing Authority shall remove the Director and a new Director appointed to fill out the remaining term of the removed Director.

- g) Environment Director Position.
- i. Representative of the entities listed on Exhibit F shall be eligible to participate in the nominating process for the Environment Director Position listed in Row (j) of Exhibit B.
  - ii. The representatives by agreement among themselves shall collectively make nominations to the Appointing Authority for the persons to fill both the Primary and Alternate Director Positions when the term of such positions are expiring or are vacant.
  - iii. The representatives shall nominate at least two persons to fill both the Primary and Alternate Director Positions and the representatives shall indicate the preferred nominee.
  - iv. The Appointing Authority shall appoint from among the nominees; the Appointing Authority may reject a nominee only for Cause. If the representatives cannot or do not forward any nominations the Board shall solicit applications from interested persons. At an open public meeting, the Board shall select qualified applicants whose names shall be forwarded to the Appointing Authority. The Board may indicate a preferred nominee. The Appointing Authority shall make the appointment from the list of candidates in its sole discretion. If the Board cannot, or does not, forward a list of candidates, the Appointing Authority shall make the appointment based upon its own determination.
  - v. The representatives may also advise the Appointing Authority regarding the removal of their nominee from the Director Position for Cause. If the Appointing Authority determines that Cause exists such Director shall be removed and a new Director appointed to fill out the remaining term of the removed Director. The representatives may also request that their nominee in the Director Position may be removed for any reason or no reason. If such request is made the Appointing Authority shall remove the Director and a new Director appointed to fill out the remaining term of the removed Director.
  - vi. From time-to-time entities may ask to be removed from Exhibit F. If such request is made the Appointing Authority shall notify the other Members and the Board, and Exhibit F shall be modified accordingly.
  - vii. From time-to-time other entities may request to be included on Exhibit F. The then-existing representatives shall inform the Appointing Authority if such requests are acceptable. If accepted by the representatives the

# EXHIBIT 1

Appointing Authority shall notify the other Members and the Board, and Exhibit F shall be modified accordingly.

- h) Public Member Director Position.
  - i. The Public Member Primary and Alternate Director Positions listed in Row (k) of Exhibit B shall be filled by application to the Board when the term of such position is expiring or is vacant.
  - ii. Board staff shall process the applications to an open and public meeting of the Board.
  - iii. At the public hearing, the Board shall select the qualified applicants whose names shall be forwarded to the Appointing Authority. The Board may indicate a preferred nominee.
  - iv. The Appointing Authority shall appoint from among the nominees in its sole discretion. If the Board cannot or does not forward any nominations the Appointing Authority shall make the appointment based upon its own determination.
  - v. The Board may also advise the Appointing Authority regarding the removal of the Public Member Director for Cause, although such authority to remove shall rest solely with the Appointing Authority.

## **Section 6.6 – Primary Directors And Alternates.**

Subject to the Appointing and Nominating procedures set forth in Section 6.5, above, each Appointing Authority shall appoint one Primary Director and one Alternate Director for each Director Position. With the exception of the Chairperson and Vice-Chairperson duties as more fully described in Section 6.7, below, the Alternate Director shall serve and assume the rights and duties of the Primary Director when the Primary Director is unable to attend or participate in a Board meeting. Unless appearing as a substitute for a Primary Director, Alternate Directors shall have no vote, and shall not participate in any discussions or deliberations of the Board, but may appear at Board meetings as members of the public. The Primary and Alternate Directors may be removed by their Appointing Authority only for Cause only upon the recommendation of or consultation with the nominating body for that Director Position, or upon the request of the nominating body for that Director Position. In the event that a Primary or Alternate Director is removed from their position, that Director Position shall become vacant and the Appointing Authority for that Director Position shall appoint a new Primary or Alternate Director pursuant to the provisions of Section 6.5 who shall fill the remaining term of that Director Position. In the event that a Director resigns from a Director Position, the Board shall notify the nominating body for that Director Position and the Appointing Authority for that Director Position shall appoint a new Primary or Alternate Director pursuant to the provisions of Section 6.5 who shall fill the remaining term of that Director Position.

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## **Section 6.7 – Officers Of The Board.**

### a) Designation.

Officers of the Board shall consist of a Chairperson and Vice-Chairperson who shall be selected from the Primary Directors. The Chairperson shall preside at all meetings of the Board. Notwithstanding the appointment of an Alternate Director for the Chairperson, the Vice-Chairperson shall perform the duties of the Chairperson in the absence or disability of the Chairperson; however, the Alternate Director may otherwise attend and participate in the meeting as a substitute for the absent Primary Director. The Chairperson and Vice-Chairperson shall exercise and perform such other powers and duties as may be assigned by the Board. In the absence of both the Chairperson and Vice-Chairperson, and notwithstanding the appointment of an Alternate Director for the Director Position serving as Vice-Chairperson, the Board shall elect a Chairperson Pro-Tem from the Primary Directors to preside at a meeting; however, the Alternate Director for the Vice-Chairperson may otherwise attend and participate in the meeting as a substitute for the absent Primary Director.

### b) Election.

The Board shall elect officers at the initial meeting of the Board, described in Section 7.1, below. The Primary Director appointed by the City of Salinas shall be designated as the Chairperson Pro Tem to convene and preside at the initial meeting of the Board, described in Section 7.1, until a Chairperson is elected by the Board. The Chairperson so elected shall serve in such capacity until June 30 of the succeeding calendar year. Thereafter, the Board shall annually elect the officers of the Board from the Primary Directors. Officers of the Board shall hold office for a term of one year commencing on July 1 of each calendar year and they may serve for multiple consecutive terms. Officers of the Board may be removed and replaced at any time, with or without cause, by a Majority Vote. In the event that an officer loses their position as a Primary Director, that officer position shall become vacant and the Board shall elect a new officer from existing Primary Directors to serve the remaining officer term.

## **Section 6.8 – Bylaws.**

The Board shall adopt Bylaws governing the conduct of meetings and the day-to-day operations of the Agency on or before the first anniversary of the Effective Date.

## **Section 6.9 – Official Seal And Letterhead.**

The Board may adopt, and/or amend, an official seal and letterhead for the Agency.

## **Section 6.10 – Conflict of Interest.**

Directors shall be subject to the provisions of the California Political Reform Act, California Government Code section 81000 et seq, and all other laws governing conflicts of interests. Directors shall file the statements required by Government Code section 87200, et seq.

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## **Article VII: Board Meetings And Actions**

### **Section 7.1 – Initial Meeting.**

The initial meeting of the Board shall be held at either the County Board of Supervisors chambers, located at 168 W. Alisal Street in Salinas, or at the Salinas City Council chambers, located at 200 Lincoln Avenue in Salinas within thirty days (30) days of the Effective Date of this Agreement. The date and time of the meeting shall be prominently publicized and noticed in addition to any requirements of the Brown Act in an effort to maximize public participation.

### **Section 7.2 – Regular Meeting Schedule.**

At its initial meeting, and annually before July 1 of each calendar year thereafter, the Board shall establish a schedule of regular meetings, including time and place, at a location overlying the Basin. The Board may vote to change the regular meeting location, time and place, and may call special or emergency meetings, provided that the new, special or emergency meeting location remains at a place overlying the Basin, unless otherwise authorized by the Brown Act.

### **Section 7.3 – Principal Office.**

At its initial meeting the Board shall establish a principal office for the Agency, which shall be located at a place overlying the Basin. The Board may change the principal office from time to time as the Board sees fit so long as that principal office remains at a location overlying the Basin.

### **Section 7.4 – Conduct Of Board Meetings.**

Meetings of the Board of Directors shall be noticed, held, and conducted in accordance with the provisions of the Brown Act and such By-laws as the Board may adopt that are consistent with the Brown Act.

### **Section 7.5 – Quorum.**

A quorum of the Board shall consist of a majority of the Director Positions.

### **Section 7.6 – Voting.**

Each Director Position shall have one vote. In all cases, when a quorum is present, a Majority Vote shall be required to conduct business, unless a Super Majority Vote or a Super Majority Plus Vote is required.

### **Section 7.7 – Super Majority Vote Requirement.**

Items that require a Super Majority Vote include the following unless otherwise required by law:

## **EXHIBIT 1**

- a) Approval of a GSP;
- b) Amendment of budget and transfer of appropriations;
- c) Withdrawal of Members pursuant to Section 11.6 (d); and,
- d) Termination of Members pursuant to Section 11.7 (c).

### **Section 7.8 – Super Majority Plus Vote Requirement.**

Items that require a Super Majority Plus Vote include the following unless otherwise required by law:

- a) Decisions to impose fees not requiring a vote of the electorate or property owners;
- b) Proposals to submit to the electorate or property owners (as required by law) decisions to impose fees or taxes; and
- c) Limitations on well extractions (pumping limits).

### **Section 7.9 – Conflict Of Interest Code.**

At the initial meeting of Board, the Board shall begin the process for adoption and filing of a Conflict of Interest Code pursuant to the provisions of the Political Reform Act of 1974 (Government Code section 81000 et seq.).

## **Article VIII: Board Committees**

### **Section 8.1 – Committees Of The Board.**

a) **Board Committees.**

The Board may from time-to-time establish one or more standing or ad hoc committees consisting of Directors to assist in carrying out the purposes and objects of the Agency, including but not limited to a Budget and Finance Committee, Planning Committee, and an Executive Committee. The Board shall determine the purpose and need for such committees. Meetings of standing committees shall be subject to the requirements of the Brown Act.

b) **Advisory Committee.**

The Board shall establish an advisory committee consisting of Directors and non-Directors. The advisory committee shall be designed to ensure participation by and input to the Board of those constituencies set forth in Water Code section 10723.2 whose interests are not directly represented on the Board. The Board shall determine the number and qualifications of committee members.



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## **Article IX: Operations And Management**

### **Section 9.1 – Initial Administrative And Legal Services.**

One or more of the Members shall provide initial administrative, legal and other support services to the Agency at no charge until the appointment of the Permanent Board as provided in Section 6.3, above. The Members shall collectively determine which of the Members shall provide such services.

### **Section 9.2 – Contracting Administrative And Legal Services.**

The Agency may engage one or more Members to provide administrative or legal services following the conclusion of the initial administrative and legal services described in Section 9.1 of this Agreement, on terms and conditions acceptable to the Board. Any Member so engaged shall have such responsibilities as are set forth in the contract for such Member's services.

### **Section 9.3 – Executive Director.**

The Agency may appoint an Executive Director from time-to-time under terms and conditions to be determined by the Board. The Executive Director shall report to and serve at the pleasure of the Board. The Executive Director shall be responsible for the general administration of the Agency, the preparation and implementation of a GSP, and such other duties as may be determined by the Board. If the Board has contracted for administrative services as described in Section 9.2, above, and appoints an Executive Director, the Executive Director shall be responsible for the oversight and control of such contracted administrative services pursuant to the policies and directives established by the Board.

### **Section 9.4 – Legal Counsel And Other Officers.**

#### a) General Counsel

The Agency may appoint a General Counsel from time-to-time under terms and conditions to be determined by the Board. The General Counsel shall report to and serve at the pleasure of the Board. The General Counsel shall be responsible for the general oversight of the Agency's legal affairs, including litigation. The Board may contract with other counsel for specialized legal services under the supervision of the General Counsel.

#### b) Treasurer and Auditor

The City of Salinas shall serve as the initial Treasurer and Auditor for the Agency upon its formation, and shall discharge the duties set forth in Sections 6505 and 6505.5 of the Act. Subsequent to formation of the Agency, the Board may appoint a separate Treasurer or separate Auditor pursuant to Section 6505.6 of the Act, and those officers shall discharge the duties set forth in Sections 6505 and 6505.5 of the Act, respectively. The Board may change such Auditor or Treasurer from time-to-time provided such change is consistent with the Act.

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## c) Custodian of Property

The Public Works Director of the City of Salinas (“PW Director”) shall serve as the initial Custodian of the Agency’s Property as set forth in Section 6505.1 of the Act upon the Agency’s formation. The PW Director shall file an official bond as described in Government Code section 1450 et seq. in the amount of \$50,000, the premium of which shall be paid by the Agency. Subsequent to the formation of the Agency, the Board may designate a different Custodian provided such Custodian files an official bond in an amount required by the Board.

## b) Other Officers

Subject to the limits of the Agency’s approved budget, the Board may establish other officer positions and appoint and contract for the services of such other officers as it may deem necessary or convenient for the business of the Agency, all of whom shall serve at the pleasure of the Board.

### **Section 9.5 – Employees.**

Subject to the limits of the Agency’s approved budget, the Agency may hire employees to discharge the duties and responsibilities of the Agency, subject to the general oversight and control of the Executive Director.

### **Section 9.6 – Independent Contractors.**

Subject to the limits of the Agency’s approved budget, the Board may contract for the services of such consultants, advisers and independent contractors as it may deem necessary or convenient for the business of the Agency.

## **Article X: Financial Provisions**

### **Section 10.1 – Fiscal Year.**

The Fiscal Year of the Agency shall be July 1 – June 30.

### **Section 10.2 – Establishment Of Funds.**

The Board shall establish and maintain such funds and accounts as may be required by generally accepted government accounting practices. The Agency shall maintain strict accountability of all funds and report all receipts and disbursements of the Agency on no less than a quarterly basis.

### **Section 10.3 – Budgets.**

#### a) Initial Budgets

The initial budget of the Agency for the Fiscal Year ending June 30, 2017, shall not exceed \$50,000. The budgets of the Agency for Fiscal Years 2017 – 2018 and 2018 – 2019 shall not exceed \$1,100,000 each unless otherwise agreed to by the unanimous vote of the Members as

# EXHIBIT 1

described in Section 10.4, below.

b) Regular Budgets

Beginning for Fiscal Year 2019 – 2020, no later than sixty (60) days prior to the end of each Fiscal Year, the Board shall adopt a budget for the Agency for the ensuing Fiscal Year. The Board may authorize mid-year budget adjustments, as needed by Super Majority Vote.

**Section 10.4 – Initial Contributions.**

a) Fiscal Years 2017 – 2018 and 2018 - 2019

In order to provide the necessary capital to initially fund the Agency during Fiscal Year 2017 - 2018, the Members identified below shall each provide the listed Initial Contribution to the Agency's Treasurer/Auditor no later than July 7, 2017:

- 1) County: \$670,000
- 2) WRA: \$ 20,000
- 3) City of Salinas: \$330,000
- 4) City of Gonzales: \$ 20,000
- 5) City of Soledad: \$ 35,000
- 6) City of Greenfield: \$ 35,000
- 7) City of King: \$ 30,000
- 8) Castroville CSD \$ 20,000

In order to provide the necessary capital to fund the Agency during Fiscal Year 2018 – 2019, the Members identified below shall each provide the listed Initial Contribution to the Agency's Treasurer/Auditor no later than July 6, 2018:

- 1) County: \$670,000
- 2) WRA: \$ 20,000
- 3) City of Salinas: \$330,000
- 4) City of Gonzales: \$ 20,000
- 5) City of Soledad: \$ 35,000
- 6) City of Greenfield: \$ 35,000
- 7) City of King: \$ 30,000
- 8) Castroville CSD \$ 20,000

b) Additional Initial Contributions

New Members not listed above executing this Agreement no later than the Determination Date shall pay a minimum Initial Contribution of twenty thousand dollars (\$20,000) per year for the two fiscal years. New Members not listed above executing this Agreement after the

# EXHIBIT 1

Determination Date shall pay a minimum Initial Contribution of fifty thousand dollars (\$50,000) per year for the two fiscal years.

Should the Board determine that additional funding for each of Fiscal Years 2017 – 2018 and 2018 – 2019 is necessary for Agency operations the Board shall adopt a resolution requesting each of the Members to consider additional funding and demonstrating in detail 1) the need for the funding, and 2) the purposes for which the additional funding will be utilized. Such requested funding shall be in the same proportion as the Initial Contributions set forth in Section 10.4 (a) unless the Members unanimously agree otherwise.

Upon receipt of the resolution requesting additional funding representatives of the Members may meet and confer regarding the request; however, each Member shall consider and act upon the request no later than 30 (thirty) days following the adoption of the resolution by the Board.

c) Reimbursement of Initial Contributions

To the extent the Agency is able to secure other funding sources, and to the extent permitted by law, the Agency shall reimburse these Initial Contributions to the Members on a proportionate basis in relation to their cumulative Initial Contributions to the Agency.

**Section 10.5 – Payments To The Agency.**

All costs and expenses of the Agency may be funded from: (i) voluntary contributions from third parties; (ii) grants; (iii) contributions from Members from time to time to supplement financing of the activities of the Agency; (iv) advances or loans from the Members or other sources; (v) bond revenue; and, (vi) taxes, assessments, fees and/or charges levied by the Agency under the provisions of SGMA or as otherwise authorized by law.

**Section 10.6 – Directors’ Stipends and Expenses.**

Directors shall be eligible to receive a stipend in the amount of \$ 100 for each Board meeting actually attended plus mileage to and from Board meetings. In addition, Directors shall be reimbursed for the actual and necessary expenses incurred in the discharge of their duties pursuant to an adopted Board policy. Directors are not required to accept the stipend or mileage, or expenses, and may decline the same by written notice to the Board.

**Article XI: Relationship Of Agency And Its Members**

**Section 11.1 – Separate Entity.**

In accordance with Sections 6506 and 6507 of the Act, the Agency shall be a public entity separate and apart from the Members.

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## **Section 11.2 – Liabilities.**

In accordance with Section 6507 of the Act, the debt, liabilities and obligations of the Agency shall be the debts, liabilities and obligations of the Agency alone and not of its Members. The Members do not intend hereby to be obligated either jointly or severally for the debts, liabilities or obligations of the Agency, except as may be specifically provided for in California Government Code Section 895.2 as amended or supplemented.

## **Section 11.3 – Insurance.**

The Agency shall procure appropriate policies of insurance providing coverage to the Agency and its Directors, officers and employees for general liability, errors and omissions, property, workers compensation, and any other coverage the Board deems appropriate. Such policies shall name the Members, their officers and employees as additional insureds.

## **Section 11.4 – Indemnity.**

Funds of the Agency may be used to defend, indemnify, and hold harmless the Agency, each Member, each Director, and any officers, agents and employees of the Agency for their actions taken within the course and scope of their duties while acting on behalf of the Agency. To the fullest extent permitted by law, the Agency agrees to save, indemnify, defend and hold harmless each Member from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including attorney's fees and costs, court costs, interest, defense costs, and expert witness fees, where the same arise out of, or are attributable in whole or in part, to negligent acts or omissions of the Agency or its employees, officers or agents or the employees, officers or agents of any Member, while acting within the course and scope of an Member relationship with the Agency. Notwithstanding the foregoing, the sole negligence, gross negligence, or intentional acts of any Member is exempted from this Section 11.3 - Indemnity.

## **Section 11.5 – Agreements With Members**

The Agency intends to carry out activities in furtherance of its purposes consistent with the powers established by this Agreement and with the participation of all Members. Notwithstanding the foregoing, the Board shall have the authority to approve any agreements with one or more Members in order to further the purposes of the Agency, including, but not limited to, the commencement of a condemnation action within the jurisdictional boundary of the agreeing Member or Members.

## **Section 11.6 – Withdrawal Of Members.**

a) Any Member shall have the ability to withdraw by providing ninety (90) days written notice of its intention to withdraw. Said notice shall be given to the Board and to each of the other Members. If such Member is an Appointing Authority, the Member's withdrawal shall not be effective unless and until the non-withdrawing Members agree to an amendment to this

## EXHIBIT 1

Agreement providing for the composition of and appointment to the Board.

b) A Member shall not be fiscally liable for any contribution to an adopted budget provided that the Member provides written notice ninety (90) days prior to the adoption of the budget of its intention to withdraw.

c) In the event of a withdrawal, this Agreement shall continue in full force and effect among the remaining members as set forth in Section 11.8, below.

d) Notwithstanding the foregoing, Members shall not have the ability to withdraw if there is outstanding bonded debt or other long term liability of the Agency unless and until it is determined by the Board by Super Majority Vote that the withdrawal of the Member shall not adversely affect the ability of the Agency to perform its financial obligations pursuant to the bonded debt or other liability. The Board shall communicate its finding to the non-withdrawing Members who may approve the withdrawal by unanimous vote.

### **Section 11.7 – Termination Of Members.**

a) As an alternative to pursuing litigation against a Member for failure to meet its funding obligations set forth in this Agreement or as may be adopted by the Board from time to time, the Board may vote to terminate such Member. The Board shall transmit its determination to the Members who may approve the termination by unanimous vote of the Members not proposed to be terminated. If such Member is an Appointing Authority, the Member's termination shall not be effective unless and until the non-terminated Members agree to an amendment to this Agreement providing for the composition of and appointment to the Board.

b) In the event of a termination, this Agreement shall continue in full force and effect among the remaining members as set forth in Section 11.8, below.

c) Notwithstanding the foregoing, Members may not be terminated if there is outstanding bonded debt or other long term liability of the Agency unless and until it is determined by the Board by Super Majority Vote that the termination of the Member shall not adversely affect the ability of the Agency to perform its financial obligations pursuant to the bonded debt or other liability. The Board shall communicate its finding to the Members who may approve the termination by unanimous vote of the Members not proposed to be terminated.

### **Section 11.8 – Continuing Obligations: Withdrawal Or Termination.**

a) Provided that at least two Members remain, the withdrawal or termination of one or more Members shall not terminate this Agreement or result in the dissolution of the Agency; this Agreement shall remain in full force and effect among the remaining Members; and the Agency shall remain in operation.

b) Except as provided in Section 11.6 (b), any withdrawal or termination of a Member shall not relieve the Member of its financial obligations under this Agreement in effect prior to the effective date of the withdrawal or termination.

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## **Section 11.9 – Disposition Of Money Or Property Upon Board Determination Of Surplus.**

Upon determination by the Board that any surplus money is on hand, such surplus money shall be returned to the then existing Members in proportion to their cumulative contributions to the Agency, or such surplus money may be deposited in a Board designated reserve account. Upon determination by the Board that any surplus properties, works, rights and interests of the Agency are on hand, the Board shall first offer any such surplus for sale to the Members and such sale shall be based on highest bid received. If no such sale is consummated, the Board shall offer the surplus properties, works, rights and interests of the Agency for sale in accordance with applicable law to any governmental agency, private entity or persons for good and adequate consideration.

## **Section 11.10 – Termination And Dissolution.**

### a) Mutual Consent

i) Except as otherwise provided in this Section 11.10 (a), this Agreement may be terminated and the Agency dissolved at any time upon the unanimous approval of the Members provided that provision has been made by the Members for the payment, refunding, retirement, or other disposition of any bonded debt or other long term liability in the name of the Agency.

ii) Upon Dissolution of the Agency, each then existing Member shall receive a proportionate share, based upon the cumulative contributions of all then remaining Members, of any remaining assets after all Agency liabilities and obligations have been paid in full. The distribution of remaining assets may be made “in kind” or assets may be sold and the proceeds thereof distributed to the Members. The Agency shall remain in existence for such time as is required to determine such distribution, and the Board, or other person or entity appointed by the Members, shall be responsible for its determination. Such distribution shall occur within a reasonable time after a decision to terminate this Agreement and dissolve the Agency has been approved by the Members. No former Member that previously withdrew or was terminated as of the effective date of the decision to terminate this Agreement and dissolve the Agency shall be entitled to a distribution upon dissolution.

### b) Insufficient Members

Subject to the provisions of Sections 11.6 and 11.7, should Members either be terminated or withdraw such that only one Member remains, this Agreement shall terminate and the Agency dissolved. In such event the last remaining Member shall be entitled to all assets of the Agency.

### c) Failure to be Financially Sustainable

In the event that the Agency does not take the necessary actions to create a sustainable revenue stream necessary to fully finance its operating budget by the end of Fiscal Year 2018 – 2019 this Agreement shall terminate and the Agency shall be dissolved, unless otherwise agreed to by amendment to this Agreement approved unanimously by all then-existing Members. In the event of such termination and dissolution, the process of dissolution shall begin on July 1, 2019, and proceed as set forth in Section 11.10 (a) (ii), above.

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## d) Legislative Determination

Should the State adopt legislation specifying that the Basin should be managed by a statutorily designated entity this Agreement shall terminate and the Agency shall be dissolved upon such terms and conditions as the legislation may designate. Upon such dissolution, the assets and liabilities of the Agency shall be disposed of in the manner specified by the legislation. If the legislation does not so specify, the assets and liabilities of the Agency shall be disposed of in the manner provided in Section 11.10 (a), above.

## **Article XII: Miscellaneous Provisions**

### **Section 12.1 – Complete Agreement.**

The foregoing constitutes the full and complete Agreement of the Members. This Agreement supersedes all prior agreements and understandings, whether in writing or oral, related to the subject matter of this Agreement that are not set forth in writing herein.

### **Section 12.2 – Amendment.**

This Agreement may be amended from time-to-time by the unanimous consent of the Members, acting through their governing bodies. Such amendments shall be in the form of a writing signed by each Member.

### **Section 12.3 – Successors And Assigns.**

The rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any assignment or delegation permitted under the terms of this Agreement shall be consistent with the terms of any contracts, resolutions or indentures of the Agency then in effect.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Members hereto. This section does not prohibit a Member from entering into an independent agreement with another person, entity, or agency regarding the financing of that Member's contributions to the Agency or the disposition of proceeds, which that Member receives under this Agreement so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Agency or the Members under this Agreement.

### **Section 12.4 – Dispute Resolution.**

In the event there are disputes and/or controversies relating to the interpretation, construction, performance, termination, breach of, or withdrawal from this Agreement, the Members involved shall in good faith meet and confer within twenty-one (21) calendar days after written notice has been sent to all the Members. In the event that the Members involved in the dispute ("Disputing Members") are not able to resolve the dispute through informal negotiation, the Disputing Members agree to submit such dispute to formal mediation before litigation. If Disputing Members cannot agree upon the identity of a mediator within ten (10) business days



## EXHIBIT 1

after a Disputing Member requests mediation, then the non-Disputing Members shall select a mediator to mediate the dispute. The Disputing Members shall share equally in the cost of the mediator who ultimately mediates the dispute, but neither of the Disputing Members shall be entitled to collect or be reimbursed for other related costs, including but not limited to attorneys' fees. If mediation proves unsuccessful and litigation of any dispute occurs, the prevailing Member shall be entitled to reasonable attorneys' fees, costs and expenses in addition to any other relief to which the Member may be entitled. If a Disputing Member refuses to participate in mediation prior to commencing litigation, that Member shall have waived its right to attorneys' fees and costs as the prevailing party.

### **Section 12.5 – Execution In Parts Or Counterparts.**

This Agreement may be executed in parts or counterparts, each part or counterpart being an exact duplicate of all other parts or counterparts, and all parts or counterparts shall be considered as constituting one complete original and may be attached together when executed by the Members hereto. Facsimile or electronic signatures shall be binding.

### **Section 12.6 – Member Authorization.**

The governing bodies of the Members have each authorized execution of this Agreement, as evidenced by their respective signatures below.

### **Section 12.7 – No Predetermination Or Irrevocable Commitment of Resources.**

Nothing herein shall constitute a determination by the Agency or any Members that any action shall be undertaken or that any unconditional or irrevocable commitment of resources shall be made, until such time as the required compliance with all local, state, or federal laws, including without limitation the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, have been completed.

### **Section 12.8 – Notices.**

Notices authorized or required to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given when mailed, postage prepaid, or delivered during working hours to the addresses set forth for each of the Members hereto on Exhibit "A" of this Agreement, or to such other changed addresses communicated to the Agency and the Members in writing.

### **Section 12.9 – Severability And Validity Of Agreement.**

Should the participation of any Member, or any part, term or provision of this Agreement, be decided by the courts or the legislature to be illegal, in excess of that Member's authority, in conflict with any law of the State, or otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms or provisions of this Agreement shall not be affected thereby and each Member hereby agrees it would have entered into this Agreement upon the same remaining terms as provided herein.

# EXHIBIT 1

## Section 12.10 – Singular Includes Plural.

Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

**IN WITNESS WHEREOF**, the Members hereto, pursuant to resolutions duly and regularly adopted by their respective governing boards, have caused their names to be affixed by their proper and respective officers as of the day and year so indicated.

### **COUNTY OF MONTEREY**

By \_\_\_\_\_  
Chair of the Board of Supervisors

Dated: \_\_\_\_\_

APPROVED AS TO FORM

CHARLES J. MCKEE, County Counsel

By \_\_\_\_\_

### **WATER RESOURCES AGENCY OF THE COUNTY OF MONTEREY**

By \_\_\_\_\_  
Chair of the Board of Supervisors of the Water Resources Agency

Dated: \_\_\_\_\_

APPROVED AS TO FORM

CHARLES J. MCKEE, County Counsel

By \_\_\_\_\_

### **CITY OF SALINAS**

By \_\_\_\_\_  
Mayor

Dated: \_\_\_\_\_

**EXHIBIT 1**

APPROVED AS TO FORM

CHRISTOPHER CALLIHAN, City Attorney

By \_\_\_\_\_

**CITY OF SOLEDAD**

By \_\_\_\_\_

Mayor

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_, City Attorney

By \_\_\_\_\_

**CITY OF GONZALES**

By \_\_\_\_\_

Mayor

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_, City Attorney

By \_\_\_\_\_

**CITY OF GREENFIELD**

By \_\_\_\_\_

Mayor

Dated: \_\_\_\_\_

**EXHIBIT 1**

APPROVED AS TO FORM

\_\_\_\_\_, City Attorney

By \_\_\_\_\_

**CITY OF KING**

By \_\_\_\_\_  
Mayor

Dated: \_\_\_\_\_

APPROVED AS TO FORM

\_\_\_\_\_, City Attorney

By \_\_\_\_\_

**CASTROVILLE COMMUNITY SERVICES**

By \_\_\_\_\_  
Chair of the Board of Directors

APPROVED AS TO FORM

\_\_\_\_\_, District Counsel

# **EXHIBIT 1**

## **EXHIBIT A**

### **MEMBERS**

COUNTY OF MONTEREY  
County Administrative Officer  
168 W. Alisal St., Salinas, CA 93901

WATER RESOURCES AGENCY OF MONTEREY COUNTY  
General Manager

CITY OF SALINAS  
City Manager

CITY OF SOLEDAD  
City Manager

CITY OF GONZALES  
City Manager

CITY OF GREENFIELD  
City Manager

CITY OF KING (KING CITY)  
City Manager

CASTROVILLE COMMUNITY SERVICES DISTRICT  
General Manager

# EXHIBIT 1

## EXHIBIT B

### BOARD OF DIRECTORS

<u>Director</u>	<u>Representing</u>	<u>Specific Qualifications</u>	<u>Appointing Authority</u>
a) City of Salinas.	City of Salinas.	To be determined by the Appointing Authority.	Salinas City Council.
b) South County Cities.	Cities of Gonzales, Soledad, Greenfield, and King City.	To be determined by the Appointing Authority.	Appropriate City Council as recommended by the City Selection sub-Committee.
c) Other GSA Eligible Entity.	GSA Eligible Entities but not including the cities of Salinas, Gonzales, Soledad, Greenfield or King City.	Must be a representative of a GSA Eligible Entity but not including the cities of Salinas, Gonzales, Soledad, Greenfield or King City.	Monterey County Board of Supervisors.
d) Disadvantaged Community, or Public Water System, including Mutual Water Companies serving residential customers.	Unincorporated Disadvantaged Communities, or Public Water Systems, including Mutual Water Companies serving residential customers only.	Must be a resident of a Disadvantaged Community in the unincorporated area, or a representative Public Water System, including Mutual Water Companies serving residential customers only.	Castroville Community Services District.
e) CPUC Regulated Water Company.	CPUC Regulated Water Companies in the Basin.	Must be a representative of a CPUC Regulated Water	Salinas City Council.

## EXHIBIT 1

f)	Agriculture.	Agricultural interests.	<p>Company.</p> <p>Must be an individual that is: 1) engaged in, and derives the majority of his or her gross income or revenue from, commercial agricultural production or operations; or 2) designated by an entity this is engaged in commercial agricultural production or operations, and the individual derives the majority of his or her gross income or revenue from agricultural production or operations, including as an owner, lessor, lessee, manager, officer, or substantial shareholder of a corporate entity.</p>	Monterey County Board of Supervisors.
g)	Agriculture.	Agricultural interests.	Same as (f).	Monterey County Board of Supervisors.
h)	Agriculture.	Agricultural interests.	Same as (f).	Monterey County Board of Supervisors.
i)	Agriculture.	Agricultural interests.	Same as (f).	Monterey County Board of Supervisors.
j)	Environment.	Environmental users and interests.	Must be a representative of an	Monterey County

# EXHIBIT 1

		established environmental organization that has a presence or is otherwise active in the Basin.	Board of Supervisors.
k)	Public Member.	Interests not otherwise represented on the Board.	A rural residential well owner; an industrial processor; a Local Small or State Small Water System; or other mutual water company. Monterey County Board of Supervisors.



# **EXHIBIT 1**

## **EXHIBIT C**

### **OTHER GSA ELIGIBLE ENTITY DIRECTOR POSITION NOMINATING GROUP**

COUNTY OF MONTEREY

WATER RESOURCES AGENCY OF MONTEREY COUNTY

MONTEREY REGIONAL WATER POLLUTION CONTROL AGENCY

# **EXHIBIT 1**

## **EXHIBIT D**

### **DISADVANTAGED COMMUNITY, OR PUBLIC WATER SYSTEM, INCLUDING MUTUAL WATER COMPANIES SERVING RESIDENTIAL CUSTOMERS DIRECTOR POSITION NOMINATING GROUP**

CASTROVILLE COMMUNITY SERVICES DISTRICT (Group Contact)

Eric Tynan, General Manager

11499 Geil St.

Castroville, CA 95012

(831) 633-2560 phone

(831) 633-3102 fax

info@castrovillecsd.org

ENVIRONMENTAL JUSTICE COALITION FOR WATER

SAN JERARDO COOPERATIVE

SAN ARDO WATER DISTRICT

SAN VICENTE MUTUAL WATER COMPANY

# **EXHIBIT 1**

## **EXHIBIT E**

### **CPUC REGULATED WATER COMPANY DIRECTOR POSITION NOMINATING GROUP**

ALISAL WATER CORPORATION DBA ALCO WATER SERVICE (Group Contact)  
Thomas R. Adcock, President  
249 Williams Road  
Salinas, CA 93905  
831-424-0441 phone  
831-424-0611 fax  
tom@alcowater.com

CALIFORNIA WATER SERVICE COMPANY

# **EXHIBIT 1**

## **EXHIBIT F**

### **ENVIRONMENT DIRECTOR POSITION NOMINATING GROUP**

SUSTAINABLE MONTEREY COUNTY

LEAGUE OF WOMEN VOTERS OF MONTEREY COUNTY

LANDWATCH MONTEREY COUNTY

FRIENDS AND NEIGHBORS OF ELKHORN SLOUGH

CALIFORNIA NATIVE PLANT SOCIETY, MONTEREY CHAPTER

TROUT UNLIMITED

SURFRIDERS

THE NATURE CONSERVANCY

CARMEL RIVER STEELHEAD ASSOCIATION