

AGENDA

**REGULAR MEETING AGENDA
CASTAIC LAKE WATER AGENCY
Rio Vista Water Treatment Plant
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
Wednesday, May 24, 2017 at 6:15 P.M.**



5:30 P.M. Board Room and Training Room Open to Public
(Gathering of Directors for quorum in the Board Room and Training Room; dinner for Directors and staff – No discussion of Agency business will take place prior to the Call to Order at 6:15 P.M.)

OPEN SESSION BEGINS AT 6:15 P.M.

1. REGULAR PROCEDURES

- 1.1. Call to Order
- 1.2. Pledge of Allegiance
- 1.3. Public Comments – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this agenda may do so now or prior to each item as they arise. Please complete and return a comment request form to the Agency Board Secretary. (Comments may, at the discretion of the Board's presiding officer, be limited to three minutes for each speaker.) Members of the public wishing to comment on items covered in Closed Session before they are considered by the Board must request to make comment at the commencement of the meeting at 6:15 P.M.
- 1.4. Acceptance of Agenda

2. SPECIALPROCEDURES

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2.1.	Public Hearing on Adopting a Resolution to Establish the Santa Clarita Valley Groundwater Sustainability Agency Through a Memorandum of Understanding	
2.2.*	Approve Resolutions Authorizing the General Manager to Enter Into an Agreement to Form a Groundwater Sustainability Agency	5

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3.1.*	Approve Minutes of April 26, 2017 Regular Board Meeting of the Board of Directors	41
3.2.*	Approve a Resolution Awarding a Contract to CP Systems for Video Surveillance System Upgrades	45
3.3.*	Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2016/17	49

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3. CONSENT CALENDAR (CONT.)

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3.4.*	Approve a Resolution Adopting the Appropriation Limit for FY 2017/18	53
3.5.*	Approve Receiving and Filing of the SCWD FY 2016/17 Third Quarterly Investment Report	59
3.6.*	Approve Receiving and Filing of the Wholesale FY 2016/17 Third Quarterly Investment Report	65
3.7.*	Approve Receiving and Filing of SCWD March 2017 Finance and Expenditure Report	73
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4. PRESIDENT'S AND DIRECTORS' REPORTS

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4.1.	President's Report	
*	4.1.1. Approve a Resolution Approving No Increase in Director Compensation for FY 2017/18	155
4.2.	AB 1234 Reports	
4.3.	Directors' Reports	

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5.3.*	May 15, 2017 Special Budget and Rates Committee Meeting	175
*	5.3.1. Approve (1) a Resolution Adopting the Castaic Lake Water Agency Wholesale System FY 2017/18 Budget and Amending the FY 2016/17 Budget and (2) a Resolution Adopting the Santa Clarita Water Division Fiscal Year 2017/18 Budget	185
5.4.*	May 16, 2017 Special Financial and Operations Committee Meeting	501
5.5.♠	May 22, 2017 Transition Committee Meeting	
5.6.	Consider Legislation and Any Amendments Regarding Creation of New Water District	
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6. WRITTEN REPORTS FOR INFORMATION PURPOSES ONLY

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7. CONSIDERATION OF POSSIBLE FUTURE AGENDA ITEMS

8. CLOSED SESSION

- 8.1. Conference with Legal Counsel – Anticipated Litigation, Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) Section 54956.9 (1 case)
- 8.2. Conference with Real Property Negotiators (Section 54956.8):
 - Property: The Castaic Lake Water Agency Owned Property within the Devil's Den Water District, Located in Kings and Kern County
 - Agency Negotiators: Dirk Marks and Matthew Stone
 - Negotiating Parties: Rolling Hills Farms, SunPower, Inc. and Total Recall
 - Under Negotiation: Price and Terms of Payment
- 8.3. Conference with Real Property Negotiators (Section 54956.8):
 - Property: RVWTP Tank Site Cell Lease – T-Mobile (27236 Bouquet Canyon Road, Santa Clarita, CA 91350)
 - Agency Negotiators: Brian Folsom, Gerard Lederer and Matthew G. Stone
 - Negotiating Parties: T-Mobile
 - Negotiation: Price and Terms of Payment for Lease of Property
- 8.4. Conference with Real Property Negotiators (Section 54956.8):
 - Property: RVWTP Tank Site Cell Lease – Verizon (27236 Bouquet Canyon Road, Santa Clarita, CA 91350)
 - Agency Negotiators: Brian Folsom, Gerard Lederer and Matthew G. Stone
 - Negotiating Parties: Verizon
 - Negotiation: Price and Terms of Payment for Lease of Property
- 8.5. Conference with Legal Counsel – Existing Litigation, Paragraph (1) of Subdivision (d) of Section 54956.9 (2 cases):
 - (1) Claims of Dan Del Valle, et al, Against Castaic Lake Water Agency, Claim of Personal Injury and Claim of Property Damage. Date of Claim May 4, 2017. Claim Nos. 17-0665 and 17-0667
 - (2) Santa Clarita Organization for Planning the Environment v. Castaic Lake Water Agency et al., Los Angeles Superior Court, Case No. BS147721 (Challenge to Agency Acquisition of VWC Stock)

9. CLOSED SESSION ANNOUNCEMENTS

10. ADJOURNMENT

- * Indicates attachment
- ◆ To be distributed

Note: The Board reserves the right to discuss or take action or both on all of the above agenda items.

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning (661) 297-1600, or writing to Castaic Lake Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Castaic Lake Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, California 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.clwa.org>.



Castaic Lake Water Agency Memorandum

May 5, 2017

To: CLWA Board of Directors

From: Dirk Marks
Water Resources Manager

Subject: Approve Resolutions Authorizing the General Manager to Enter into an Agreement to form a Groundwater Sustainability Agency

SUMMARY AND DISCUSSION

The Sustainable Groundwater Management Act of 2014 went into effect January 1, 2015. Its intent is to provide for sustainable management of groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible while minimizing state intervention.

The act requires that Groundwater Sustainability Agencies (GSAs) be formed for groundwater basins designated by the state as: a) subject to critical conditions of overdraft, b) high priority and c) medium priority. The state designates the Santa Clara River Valley East Subbasin (SCRVES) underlying the Santa Clarita Valley as a high priority basin. Only public agencies with water supply, water management, or land use responsibilities are authorized by the Act to form a GSA.

In May 2017, we anticipate the State Water Resources Control Board (SWRCB) will adopt Emergency Regulations for State Intervention Fees. We have summarized the key components of the regulations below. Beginning July 1, 2017, if any portion of a basin is not within the service area of a GSA, that portion is considered "unmanaged." Groundwater well operators in unmanaged areas must submit annual reports to the SWRCB. If local agencies fail to form a GSA, fail to develop an adequate groundwater sustainability plan, or fail to implement the plan successfully, the SWRCB may designate the basin probationary and directly manage groundwater extractions. Groundwater extractors in probationary basins must submit annual reports to the SWRCB, although the SWRCB has discretion to exclude certain extractors from reporting.

The SWRCB has limited discretion in fee assessment; however, fees will apply to well operators with wells in unmanaged and probationary basins. The fee structure includes extraction fees that are a function of well metering and whether the well is in an unmanaged area or a probationary basin. Fees range from \$10/acre foot (AF) to \$55/AF. Additional fees may also apply, including a base filing fee of \$300 per well, a de minimis fee of \$100 per well (probationary basin), and a late fee of 25% of the total fee amount per month for extractors that do not file reports by the due date. In addition to fees, the SWRCB has the authority to order extractors in probationary basins to prepare and submit technical or monitoring program reports.

Approximately ten months ago, the Agency began a process to form the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) with other GSA-eligible local public agencies. To help in this complex process, the Agency retained The Center for Collaborative Policy (CCP) as a GSA formation facilitator. CCP is one of a small number of GSA formation facilitation providers selected and funded by the Department of Water Resources.

A GSA Formation Work Group (Work Group) composed of seven entities began working with the facilitator on GSA formation. The seven entities are Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division (SCWD), the City of Santa Clarita, the County of Los Angeles, and Valencia Water Company.

With the goal of forming the state-required GSA, the Work Group members (assisted by the facilitator) participated in six Work Group meetings, two of which were open to the public. The Work Group also conducted extensive public outreach and held two public workshops. With input from the facilitator and understanding the June 2017 deadline, the Work Group made the decision to form the GSA through use of a Memorandum of Understanding (MOU). Forming a GSA with an MOU by mid-June 2017 meets the Act's statutory requirements.

As part of the MOU development process, the Work Group determined that the eligible GSA-forming entities are Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles. Valencia Water Company is currently not considered an eligible local public agency that can form a GSA, and so is not included in the MOU.

The next steps in the GSA formation process are for each of the above GSA-forming entities to recommend at a noticed public hearing that their respective Board or Council consider and approve a resolution and a MOU forming the GSA. Agency General Counsel recommends separate resolutions for CLWA and SCWD.

The Work Group's schedule allows for resolution and MOU approval in May 2017, followed by uploading the information to DWR by mid-June 2017. The DWR will review the submitted information within two weeks and, if complete, post the Notice of Intent of GSA formation materials on its website for 90 days. Following this 90 day period, if no competing notices of GSA formation are received, the SCV-GSA will be the exclusive GSA for the Santa Clara River Valley East Subbasin.

A GSA can form and then operate with the use of only an MOU, but it is not recommended by DWR for GSAs with organizational or water resource complexity. The GSA Formation Work Group identified creation of a Joint Powers Agency (JPA) to operate the GSA as a possibility. Such an approach will allow for development of additional clarifying and operational details, such as voting, funding, staffing and consideration of advisory committees. A JPA creation effort is expected to take six to nine months. Following the JPA creation, the GSA efforts will transition to development of the required Groundwater Sustainability Plan.

On May, 4, 2017, the Water Resources Committee considered staff's recommendation to approve the proposed resolutions authorizing the General Manager to enter into an Agreement to form a Groundwater Sustainability Agency, and the Committee determined it would recommend the Board of Directors approve the resolutions discussed on May 4, 2017.

The two resolutions discussed on May 4, 2017 would have the Board of Directors of the Castaic Lake Water Agency: (1) elect that Castaic Lake Water Agency, and Castaic Lake Water Agency's Santa Clarita Water Division participate as members of the SCV-GSA via MOU, (2) authorize the General Manager or his designee to execute the MOU to form the SVC-GSA, (3) authorize the General Manager or his designee to coordinate with other members of the SCV-GSA to provide necessary documentation to DWR to comply with Water Code Section 10723.8, and (4) authorize the General Manager or his designee to coordinate with other members of the SCV-GSA to maintain a list of interested parties pursuant to Water Code Section 10723.4.

Following the May 4, 2017 Water Resources Committee meeting, Agency counsel suggested updating the resolutions to include additional language describing in detail why the approval of the MOU and formation of the SCV-GSA is not a project pursuant to CEQA. The additional language also describes that, assuming the approval of the MOU and formation of the SCV-GSA did constitute a project under CEQA, the actions are exempt from CEQA. It also finds that the actions are exempt from further review under CEQA because it can be seen with certainty that there is no possibility these actions may have a significant effect on the environment. Additional administrative details were also added.

The two updated resolutions include the same four key points described above, but now also include that the Board of Directors: make specific CEQA findings and determinations, specify the Chairperson of the Board shall sign the resolution and the Secretary of the Board shall certify the resolution was duly and properly adopted by the Board, and that the documents and materials that constitute the record of proceedings be located at the Agency's office and the custodian of records be identified.

Staff does not believe the updated resolutions constitute a significant shift in the key points discussed at the May 4, 2017 Water Resources Committee to warrant bringing the item back to the Committee for additional discussion and action.

RECOMMENDATIONS

Staff recommends the Board of Directors approve the attached resolutions authorizing the General Manager to enter into an agreement to form a Groundwater Sustainability Agency.

Attachments

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RESOLUTION NO. XXXX

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CASTAIC LAKE WATER AGENCY
TO APPROVE THE MEMORANDUM OF UNDERSTANDING
TO FORM THE SANTA CLARITA VALLEY
GROUNDWATER SUSTAINABILITY AGENCY AND FINDING APPROVAL OF THE
MEMORANDUM OF UNDERSTANDING EXEMPT FROM REVIEW UNDER THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

WHEREAS, the Sustainable Groundwater Management Act of 2014, California Water Code section 10720 et. seq. (SGMA), went into effect on January 1, 2015; and

WHEREAS, the legislative intent of SGMA is to provide for the sustainable management of groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible while minimizing state intervention; and

WHEREAS, SGMA requires that California groundwater basins and subbasins designated by the California Department of Water Resources as high priority or medium priority be managed by one or more Groundwater Sustainability Agencies (GSAs) and that such management be accomplished pursuant to one or more approved Groundwater Sustainability Plans (GSPs) for the basin; and

WHEREAS, California Water Code Section 10721(j) defines a GSA as one or more local agencies that implement the provisions of SGMA; and

WHEREAS, any local public agency that has water supply, water management, or land use responsibilities within a groundwater basin may decide to become a GSA over that basin (California Water Code Sections 10721 and 10723); and

WHEREAS, SGMA provides that a combination of local agencies may form a GSA by a joint powers agreement, a memorandum of agreement, or other legal agreement (Water Code Section 10723.6); and

WHEREAS, Castaic Lake Water Agency's Santa Clarita Water Division overlies a portion of the Santa Clara River Valley East Subbasin, groundwater basin number 4-4.07 per the State of California, Department of Water Resources (DWR) Groundwater Bulletin 118, which has been designated by the State of California as a high priority basin; and

WHEREAS, Castaic Lake Water Agency's Santa Clarita Water Division has water supply and water management responsibilities within the Santa Clara River Valley East Subbasin; and

WHEREAS, it is beneficial to the health, safety, and water supply reliability of the Santa Clarita Valley for Castaic Lake Water Agency's Santa Clarita Water Division to retain local jurisdiction over groundwater resources within the Santa Clara River Valley East Subbasin; and

WHEREAS, Castaic Lake Water Agency's Santa Clarita Water Division has been working cooperatively with other local agencies that also plan to manage groundwater in

compliance with SGMA, including Newhall County Water District, Los Angeles County Waterworks District No. 36, Castaic Lake Water Agency acting as a water wholesaler, the City of Santa Clarita, and the County of Los Angeles; and

WHEREAS, Castaic Lake Water Agency's Santa Clarita Water Division, along with its regional partners Newhall County Water District, Los Angeles County Waterworks District No. 36, the Castaic Lake Water Agency acting as a water wholesaler, the City of Santa Clarita, and the County of Los Angeles intend to jointly form the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) through a Memorandum of Understanding to work collaboratively to manage groundwater resources in the Santa Clara River Valley East Subbasin and to comply with SGMA; and

WHEREAS, Castaic Lake Water Agency's Santa Clarita Water Division staff evaluated the proposed Memorandum of Understanding and formation of the SCV-GSA in light of the proposed standards for environmental review outlined in the California Environmental Quality Act ("CEQA") and the California Code of Regulations (Cal. Code Regs., tit. 14, §§ 15000 et seq.) ("State CEQA Guidelines"); and

WHEREAS, based on that review, staff determined that the proposed Memorandum of Understanding and the formation of the SCV-GSA would not constitute a project within the meaning of CEQA or the State CEQA Guidelines; and

WHEREAS, even assuming the proposed Memorandum of Understanding and formation of the SCV-GSA constitutes a project within the meaning of CEQA, staff has evaluated the proposed actions and determined that each, individually and in the aggregate, would be exempt from CEQA review pursuant to State CEQA Guidelines sections 15307, 15308, and 15061(b)(3); and

WHEREAS, prior to adopting a resolution of intent to establish Castaic Lake Water Agency's Santa Clarita Water Division as a member of the SCV-GSA, Water Code Section 10723 requires Castaic Lake Water Agency to hold a public hearing, after publication of notice pursuant to California Government Code Section 6066, on whether to become a GSA; and

WHEREAS, pursuant to Government Code Section 6066, notices of a public hearing on whether or not to adopt a resolution to establish the SCV-GSA through a Memorandum of Understanding were published on May 10, 2017 and May 17, 2017; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Castaic Lake Water Agency does hereby resolve as follows:

1. The Board hereby finds and determines that the approval of the Memorandum of Understanding and formation of the SCV-GSA is not a project pursuant to CEQA. Specifically, the Board finds that, because these actions do not approve any projects, or authorize any further activities, they do not constitute the approval of any project within the meaning of CEQA that would contain enough meaningful information for environmental assessment. In the alternative, and assuming the approval of the Memorandum of Understanding and formation of the SCV-GSA constitutes a project under CEQA, the Board finds that these actions, individually

and in the aggregate, are exempt from CEQA pursuant to State CEQA Guidelines sections 15307 and 15308, each of which exempts actions, as authorized by state law, taken by regulatory agencies that are designed to assure the maintenance, restoration, enhancement, or protection of the environment or a natural resource where the regulatory process involves procedures for protection of the environment. In addition, the Board finds that these actions are exempt from further review under CEQA because it can be seen with certainty that there is no possibility that these actions may have a significant effect on the environment pursuant to State CEQA Guidelines section 15061(b)(3).

2. The Board hereby elects that Castaic Lake Water Agency's Santa Clarita Water Division will participate as a member of the SCV-GSA to manage groundwater within the boundaries of the Santa Clara River Valley East Subbasin pursuant to the Memorandum of Understanding to Form the Santa Clarita Valley Groundwater Sustainability Agency; and

3. The Board hereby authorizes the General Manager or his designee to execute the "Memorandum of Understanding to Form the Santa Clarita Valley Groundwater Sustainability Agency," a copy of which is attached hereto as **Exhibit A**; and

4. The Board hereby authorizes the General Manager or his designee to coordinate with the other members of the SCV-GSA to provide a copy of this resolution, Notice of Intent, and all other necessary documentation to DWR within 30 days of full execution of the Memorandum of Understanding and to otherwise comply with the requirements of Water Code Section 10723.8; and

5. The Board hereby authorizes the General Manager or his designee to coordinate with the other members of the SCV-GSA to maintain a list of interested parties regarding the newly formed SCV-GSA pursuant to Water Code Section 10723.4.

6. The Chairperson of the Board shall sign this Resolution and the Secretary of the Board shall certify this Resolution was duly and properly adopted by the Board.

7. The documents and materials that constitute the record of proceedings on which these findings have been based are located at Castaic Lake Water Agency's office located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. The custodian for these records is the Board Secretary.

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EXHIBIT A

MEMORANDUM OF UNDERSTANDING TO FORM THE SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

Parties

This Memorandum of Understanding (MOU), dated _____, is entered into among Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles, individually and collectively referred to as "Party" and "Parties" to form the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) as created herein.

The Parties to this MOU shall be the members of the SCV-GSA.

The SCV-GSA is formed pursuant to the Sustainable Groundwater Management Act to be the Groundwater Sustainability Agency (GSA) for the Santa Clara River Valley East Subbasin, groundwater basin number 4-4.07 per the State of California, Department of Water Resources (DWR) Groundwater Bulletin 118.

Recitals

WHEREAS, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act (SGMA), codified in Part 2.74 of Division 6 of the California Water Code, commencing with Section 10720;

WHEREAS, SGMA went into effect on January 1, 2015;

WHEREAS, various clarifying amendments to SGMA were signed in 2015 and became effective on January 1, 2016, including Senate Bills 13 and 226 and Assembly Bills 617 and 939;

WHEREAS, the legislative intent of SGMA is to provide sustainable management of California's groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide local agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater;

WHEREAS, the legislative intent of SGMA does not enable local public entities to grant groundwater entitlements to any person, agency or entity, as such entitlements arise from the common law, statutory law, and are determined by judicial findings in groundwater adjudications;

WHEREAS, the Parties are local public agencies, as defined by SGMA, with management authority in the Santa Clara River Valley East Groundwater Subbasin (Basin), as further depicted in Exhibit A to this MOU, each respectively having water supply, water management, and/or land use

responsibilities in at least some portion of the Basin and the statutory authority to become GSAs for the Basin;

WHEREAS, the Basin, identified and designated by the Bulletin 118 as Subbasin No. 4-4.07, is a high priority basin and therefore, is subject to the requirements of SGMA;

WHEREAS, SGMA Section 10735.2 requires the formation of one or more GSAs to manage the Basin by June 30, 2017;

WHEREAS, SGMA Section 10723.6 authorizes multiple local agencies in a basin to form a GSA by way of memorandum of agreement or other legal agreement;

WHEREAS, SGMA Section 10720.7 requires the Basin, which is not designated as subject to critical conditions of overdraft, to be managed by one or more Groundwater Sustainability Plans (GSP) by January 31, 2022;

WHEREAS, SGMA Section 10727 authorizes (1) a single GSP covering an entire basin developed and implemented by one GSA, (2) a single GSP covering an entire basin developed and implemented by multiple GSAs, and (3) multiple GSPs covering an entire basin developed and implemented by multiple GSAs and coordinated pursuant to a single coordination agreement that covers an entire basin;

WHEREAS, the Parties wish to use the authorities granted to them under SGMA and utilize this MOU to memorialize the roles and responsibilities and shared intent, desire, and interests in forming a GSA to cover the entire Basin and to cooperate and coordinate in subsequently preparing and implementing one or more GSPs for sustainable management of the Basin;

WHEREAS, the Parties will consider the interests of all beneficial uses and users of groundwater in the Basin, as set forth in SGMA Section 10723.2, when carrying out the policy, purposes, and requirements of SGMA throughout the Basin; and

WHEREAS the Parties have conducted outreach to beneficial users, including conducting interviews, holding local public meetings, and inviting the public to attend meetings held by the Parties to develop this MOU.

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants contained herein, it is mutually understood and agreed as follows:

Agreement

I. Incorporation of Recitals

The recitals stated above are incorporated herein by reference.

II. Creation of Agency

- A. Creation of the Santa Clarita Valley Groundwater Sustainability Agency. In accordance with Water Code Section 10723.8, it is the intent of the Parties to create a GSA which shall be known as the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) on the date the Parties execute this MOU. The members of the SCV-GSA are Castaic Lake Water Agency, the Santa Clarita Water Division, Newhall County Water District, Los Angeles County Waterworks District No. 36, the City of Santa Clarita, and the County of Los Angeles.
- B. Purpose. The purpose of this MOU is to form the SCV-GSA pursuant to the applicable provisions and requirements of SGMA, including but not limited to SGMA Section 10723.6(a)(2), for the entire Basin and for the Parties to cooperate and coordinate in later preparing and implementing one or more GSPs for the entire Basin and to carry out the policy, purposes, and requirements of SGMA throughout the Basin.
- C. It is each Party's intent, goal, and objective to maintain complete control and autonomy over any and all surface water supplies, groundwater supplies, water facilities, water operations, water management, and water supply matters to which each Party and each Party's constituents are currently producing or are legally entitled to by law, diversion, permit, entitlement, or contract, and to maintain sole authority and discretion over any and all of their individual financial matters.
- D. Additionally, the Parties may prepare a Joint Powers Agreement and create a Joint Powers Authority to take on the role of SCV-GSA. By this MOU, the Parties agree to cooperate and explore the Joint Powers Authority option provided by SGMA Section 10723.6(a)(1).

III. Definitions

The following terms, whether used in the singular or plural, and when used with initial capitalization, shall have the meanings specified herein. The Parties intend that these definitions be consistent with SGMA's definitions, and in the event of a discrepancy, SGMA controls.

- A. **Basin** refers to the Santa Clara River Valley East Groundwater Subbasin, groundwater basin number 4-4.07 per Bulletin 118, as further depicted in **Exhibit A** to this MOU.
- B. **DWR** means the California Department of Water Resources.
- C. **GSA** means Groundwater Sustainability Agency, as defined by SGMA, that implements the provisions of SGMA.
- D. **GSP** means Groundwater Sustainability Plan, as defined by SGMA, proposed or adopted by a GSA pursuant to SGMA.

- E. **Memorandum of Understanding** or **MOU** refers to this Memorandum of Understanding.
- F. **Party** or **Parties** refers to Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles, the signatories to this MOU.
- G. **SGMA** refers to the Sustainable Groundwater Management Act as defined in the Recitals.
- H. **SCV-GSA** refers to the Santa Clarita Valley Groundwater Sustainability Agency and consists of the following members: Castaic Lake Water Agency, Santa Clarita Water Division, Newhall County Water District, Los Angeles County Waterworks District No. 36, the City of Santa Clarita, and the County of Los Angeles.

IV. Coordination and Cooperation

- A. **Continued Cooperation.** The Parties to this MOU will continue to meet, confer, coordinate, and collaborate to carry out the purpose of this MOU as set forth in section II.B and to discuss and develop technical, managerial, financial, and other criteria and procedures for the preparation, governance, and implementation of one or more GSPs and to carry out the policy, purposes, and requirements of SGMA in the Basin.
- B. **Points of Contact.** Each Party shall designate a principal contact person for that Party, who may be changed from time to time at the sole discretion of the designating Party. The principal contact person for each Party shall be responsible for coordinating with the principal contact persons for the other Parties in scheduling meetings and other activities under this MOU.
- C. **Management Areas.** The Parties acknowledge that SGMA and provisions of the SGMA GSP regulations promulgated by DWR authorize the establishment of management areas for the development and implementation of sustainable groundwater management within the boundaries of the Basin, including but not limited to Section 354.20 of the SGMA GSP Regulations (23 C.C.R. § 354.20); and accordingly, the Parties acknowledge that the establishment of management areas within the Basin is a governance alternative that the Parties may explore.

V. Roles and Responsibilities

- A. The Parties will jointly establish their roles and responsibilities for developing and implementing a GSP or coordinated GSPs for the Basin in accordance with SGMA.

- B. The Parties will work in good faith and coordinate all activities to carry out the purpose of this MOU. The Parties shall cooperate with one another and work together in the pursuit of all activities and decisions described in the MOU.
- C. Each of the Parties will provide expertise, guidance, and data on those matters for which it has specific expertise or statutory authority, as needed to carry out the purpose of this MOU.
- D. The Parties shall cause all applicable noticing and submission of required information to DWR regarding formation of the SCV-GSA.
- E. As provided in Section IV, *supra*, the Parties to this MOU will continue to meet, confer, coordinate, and collaborate to discuss and develop governance, management, technical, and other issues, including respective roles and responsibilities for issues such as, but not limited to:
 - i. Modeling;
 - ii. Metering program;
 - iii. Monitoring;
 - iv. Hiring consultants;
 - v. Developing and maintaining list of interested persons under SGMA Section 10723.4;
 - vi. Budgeting (see also Section VI, *infra*); and
 - vii. Other initial tasks as determined by the Parties.
- F. The Parties will consider the interests of groundwater beneficial users located in the Basin pursuant to SGMA Section 10723.2.
- G. The Parties will appoint a governing board for SCV-GSA. The duties of the governing board, the appointment of its representatives, meetings, and voting procedures shall be determined by the Parties. Details and procedures shall be determined by the Parties and adopted by resolution. The governing board will include all local agencies, as defined by SGMA, willing to serve. The governing board may include voting and non-voting members. The governing board may from time to time appoint one or more advisory committees or establish *ad hoc* committees representing beneficial uses to assist in carrying out the purpose of the SCV-GSA.

VI. Funding

Each Party's participation in this MOU is at that Party's sole cost and expense. The Parties agree to cooperate and coordinate in pursuing State grant and loan funding opportunities that may apply to carrying out SGMA in the Basin. The Parties shall mutually develop a budget and cost sharing agreement for the work to be undertaken by the SCV-GSA pursuant to this MOU. Such agreement will be as an amendment to this MOU or be incorporated herewith. Both the budget and cost sharing agreement shall be developed and executed prior to any financial expenditures or

incurrence of any financial obligations or liabilities by the SCV-GSA, and no Party can incur, or cause to incur, any financial obligation upon any other Party, without the express consent of the Party whom is undertaking the financial obligation. In the absence of such express consent, any such purported financial obligation is void.

VII. Consideration of Interests of All Beneficial Uses and Users of Groundwater

- A. The Parties will participate in outreach to and engagement of the public, including beneficial users of groundwater, including, without limitation, those identified in SGMA Section 10723.2.
- B. The Parties expressly acknowledge and agree that the preparation, adoption, and implementation of one or more GSPs for the Basin may involve cooperation with one or more federal agencies.

VIII. Term, Termination, and Withdrawal

- A. Term. This MOU shall continue and remain in effect unless and until terminated by the unanimous mutual written consent of the Parties or as otherwise authorized by law.
- B. Withdrawal. Any Party may decide, in its sole discretion, to withdraw from this MOU by providing thirty (30) days' written notice to the other Parties. A Party that withdraws from this MOU shall remain obligated to pay its share of expenses incurred under this MOU as outlined in the budget and any other cost sharing arrangements or agreements incurred or accrued up to the date the Party provided notice of withdrawal. Withdrawal by a Party shall not cause or require the termination of this MOU or the existence of the SCV-GSA with respect to the non-withdrawing Parties.

IX. Notice Provisions

All notices required by this MOU will be deemed to have been given when made in writing and delivered, mailed, or faxed to the respective representatives of the Parties at their respective addresses as follows:

Castaic Lake Water Agency
Matt Stone, General Manager
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Phone: 661-297-1600
Fax: 661-297-1611

Santa Clarita Water Division
Keith Abercrombie, Retail Manager
26521 Summit Circle
Santa Clarita, CA 91350-3049
Phone: 661-259-2737
Fax: 661-286-4333

Newhall County Water District
Stephen L. Cole, General Manager
23780 North Pine Street
Newhall, CA 91321
Phone: 661-702-4439
Fax: 661-259-9673

Los Angeles County Waterworks District No. 36
Adam Ariki, Assistant Deputy Director
900 South Fremont Avenue
Alhambra, CA 91803
Phone: 626-300-3300
Fax: 626-300-3385

City of Santa Clarita
Kenneth Striplin, City Manager
23920 Valencia Boulevard, Suite 300
Valencia, CA 91335
Phone: 661-255-4907
Fax: 661-259-8125

County of Los Angeles
Mitch Glaser, Assistant Administrator
320 West Temple Street
Los Angeles, CA 90012
Phone: 213-974-4971
Fax: 213-626-0434

Any Party may change the address to which such communications are to be given by providing the other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

All notices will be effective upon receipt and will be deemed received through delivery if personally served or served by fax, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

X. Amendments

Amendments to this MOU require unanimous written consent of all Parties and a written instrument duly signed and executed by all Parties.

XI. Hold Harmless

No Party, nor any officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this MOU. The Parties further agree, pursuant to California Government Code Section 895.4, that each Party shall fully indemnify and hold harmless each other Party and its agents, officers, employees, and contractors from and against all claims, damages, losses, judgments, liabilities, expenses, and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such Party under this MOU. This provision shall survive termination of MOU or withdrawal by any Party.

XII. General Terms

- A. Successors and Assigns. The terms of this MOU shall be binding on all successors in interest and assigns of each Party.
- B. Compliance with Law. In performing their respective obligations under this MOU, the Parties shall comply with and conform to all applicable laws, rules, regulations, and ordinances.
- C. Waiver. The waiver by any Party or any of its officers, agents, or employees, or the failure of any Party or its officers, agents, or employees to take action with respect to any right conferred by, or any breach of any obligation or responsibility of this MOU, will not be deemed to be a waiver of such obligation or responsibility, or subsequent breach of same, or of any terms, covenants, or conditions of this MOU, unless such waiver is expressly set forth in writing in a document signed and executed by the appropriate authority of the Parties.
- D. Authorized Representatives. The persons executing this MOU on behalf of the Parties hereto affirmatively represent that each has the requisite legal authority to enter into this MOU on behalf of their respective Party and to bind their respective Party to the terms and conditions of this MOU. The persons executing this MOU on behalf of their respective Party understand that the Parties are relying on these representations in entering into this MOU.
- E. Exemption from CEQA. Neither this MOU nor the preparation of a GSP constitute a "project" or approval of a project under the California Environmental Quality Act (CEQA) and State CEQA guidelines and both are expressly exempt from CEQA review pursuant to SGMA Section 10728.6.

- F. Jurisdiction and Venue. This MOU shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this MOU shall be brought and maintained to the extent allowed by law in the County of Los Angeles, California.
- G. Attorney's Fees, Costs, and Expenses. In the event of a dispute among the Parties arising under this MOU, each Party shall assume and be responsible for its own attorney's fees, costs, and expenses.
- H. Entire Agreement/Integration. This MOU constitutes the sole, entire, integrated, and exclusive agreement among the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises, or representations not expressly set forth or referenced in this writing are null and void and of no force and effect.
- I. Construction and Interpretation. The Parties agree and acknowledge that this MOU has been developed through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this MOU. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this MOU.
- J. Severability. The provisions of this MOU are severable, and the adjudicated invalidity of any provision or portion of this MOU shall not in and of itself affect the validity of any other provision or portion of this MOU, and the remaining provisions of the MOU shall remain in full force and effect, except to the extent that the invalidity of the severed provisions would result in a failure of consideration or would materially adversely affect any Party's benefit of its bargain. If a court of competent jurisdiction were to determine that a provision of this MOU is invalid or unenforceable and results in a failure of consideration or materially adversely affects any Party's benefit of its bargain, the Parties agree to promptly use good faith efforts to amend this MOU to reflect the original intent of the Parties in the changed circumstances.
- K. Force Majeure. No Party shall be liable for the consequences of any unforeseeable force majeure event that (1) is beyond its reasonable control, (2) is not caused by the fault or negligence of such Party, (3) causes such Party to be unable to perform its obligations under this MOU, and (4) cannot be overcome by the exercise of due diligence. In the event of the occurrence of a force majeure event, the Party unable to perform shall promptly notify the other Parties. It shall further pursue its best efforts to resume as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.
- L. Execution in Counterparts. The Parties intend to execute this MOU in counterparts. It is the intent of the Parties to hold one (1) counterpart with single original signatures to evidence the MOU and to thereafter forward other original counterparts

on a rotating basis for all signatures. Thereafter, each Party shall be delivered an originally executed counterpart with all Party signatures.

M. No Third Party Beneficiaries. This MOU is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right to bring an action to enforce any of its terms

N. Construction, References, Captions. It being agreed the Parties or their agents have participated in the preparation of this MOU, the language of this MOU shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this MOU.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the day and year first above written.

CASTAIC LAKE WATER AGENCY

NEWHALL COUNTY WATER DISTRICT

By: _____

By: _____

SANTA CLARITA WATER DIVISION

CITY OF SANTA CLARITA

By: _____

By: _____

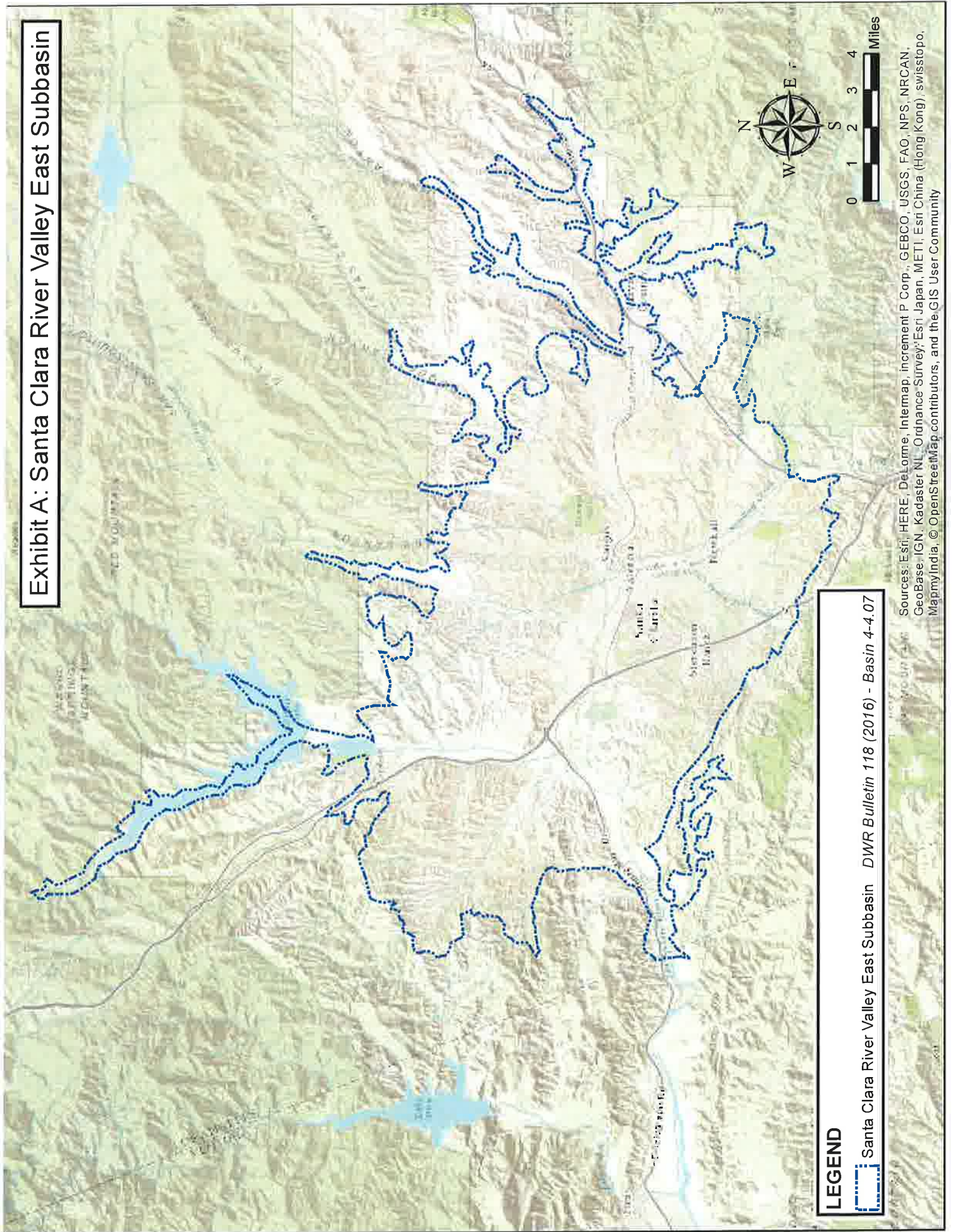
COUNTY OF LOS ANGELES

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36

By: _____

By: _____

Exhibit A: Santa Clara River Valley East Subbasin



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RESOLUTION NO. XXXX

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CASTAIC LAKE WATER AGENCY
TO APPROVE THE MEMORANDUM OF UNDERSTANDING
TO FORM THE SANTA CLARITA VALLEY
GROUNDWATER SUSTAINABILITY AGENCY AND FINDING APPROVAL OF THE
MEMORANDUM OF UNDERSTANDING EXEMPT FROM REVIEW UNDER THE
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

WHEREAS, the Sustainable Groundwater Management Act of 2014, California Water Code section 10720 et. seq. (SGMA), went into effect on January 1, 2015; and

WHEREAS, the legislative intent of SGMA is to provide for the sustainable management of groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to manage groundwater basins through the actions of local governmental agencies to the greatest extent feasible while minimizing state intervention; and

WHEREAS, SGMA requires that California groundwater basins and subbasins designated by the California Department of Water Resources as high priority or medium priority be managed by one or more Groundwater Sustainability Agencies (GSAs) and that such management be accomplished pursuant to one or more approved Groundwater Sustainability Plans (GSPs) for the basin; and

WHEREAS, California Water Code Section 10721(j) defines a GSA as one or more local agencies that implement the provisions of SGMA; and

WHEREAS, any local public agency that has water supply, water management, or land use responsibilities within a groundwater basin may decide to become a GSA over that basin (California Water Code Sections 10721 and 10723); and

WHEREAS, SGMA provides that a combination of local agencies may form a GSA by a joint powers agreement, a memorandum of agreement, or other legal agreement (Water Code Section 10723.6); and

WHEREAS, Castaic Lake Water Agency overlies a portion of the Santa Clara River Valley East Subbasin, groundwater basin number 4-4.07 per the State of California, Department of Water Resources (DWR) Groundwater Bulletin 118, which has been designated by the State of California as a high priority basin; and

WHEREAS, Castaic Lake Water Agency has water supply and water management responsibilities within the Santa Clara River Valley East Subbasin; and

WHEREAS, it is beneficial to the health, safety, and water supply reliability of the Santa Clarita Valley for Castaic Lake Water Agency to retain local jurisdiction over groundwater resources within the Santa Clara River Valley East Subbasin; and

WHEREAS, Castaic Lake Water Agency has been working cooperatively with other local agencies that also plan to manage groundwater in compliance with SGMA, including Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa

Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles; and

WHEREAS, Castaic Lake Water Agency, along with its regional partners Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles intend to jointly form the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) through a Memorandum of Understanding to work collaboratively to manage groundwater resources in the Santa Clara River Valley East Subbasin and to comply with SGMA; and

WHEREAS, Castaic Lake Water Agency staff evaluated the proposed Memorandum of Understanding and formation of the SCV-GSA in light of the proposed standards for environmental review outlined in the California Environmental Quality Act ("CEQA") and the California Code of Regulations (Cal. Code Regs., tit. 14, §§ 15000 et seq.) ("State CEQA Guidelines"); and

WHEREAS, based on that review, staff determined that the proposed Memorandum of Understanding and the formation of the SCV-GSA would not constitute a project within the meaning of CEQA or the State CEQA Guidelines; and

WHEREAS, even assuming the proposed Memorandum of Understanding and formation of the SCV-GSA constitutes a project within the meaning of CEQA, staff has evaluated the proposed actions and determined that each, individually and in the aggregate, would be exempt from CEQA review pursuant to State CEQA Guidelines sections 15307, 15308, and 15061(b)(3); and

WHEREAS, prior to adopting a resolution of intent to establish Castaic Lake Water Agency as a member of the SCV-GSA, Water Code Section 10723 requires Castaic Lake Water Agency to hold a public hearing, after publication of notice pursuant to California Government Code Section 6066, on whether to become a GSA; and

WHEREAS, pursuant to Government Code Section 6066, notices of a public hearing on whether or not to adopt a resolution to establish the SCV-GSA through a Memorandum of Understanding were published on May 10, 2017 and May 17, 2017; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Castaic Lake Water Agency does hereby resolve as follows:

1. The Board hereby finds and determines that the approval of the Memorandum of Understanding and formation of the SCV-GSA is not a project pursuant to CEQA. Specifically, the Board finds that, because these actions do not approve any projects, or authorize any further activities, they do not constitute the approval of any project within the meaning of CEQA that would contain enough meaningful information for environmental assessment. In the alternative, and assuming the approval of the Memorandum of Understanding and formation of the SCV-GSA constitutes a project under CEQA, the Board finds that these actions, individually and in the aggregate, are exempt from CEQA pursuant to State CEQA Guidelines sections 15307 and 15308, each of which exempts actions, as authorized by state law, taken by regulatory agencies that are designed to assure the maintenance, restoration, enhancement, or

protection of the environment or a natural resource where the regulatory process involves procedures for protection of the environment. In addition, the Board finds that these actions are exempt from further review under CEQA because it can be seen with certainty that there is no possibility that these actions may have a significant effect on the environment pursuant to State CEQA Guidelines section 15061(b)(3).

2. The Board hereby elects that Castaic Lake Water Agency will participate as a member of the SCV-GSA to manage groundwater within the boundaries of the Santa Clara River Valley East Subbasin pursuant to the Memorandum of Understanding to Form the Santa Clarita Valley Groundwater Sustainability Agency; and

3. The Board hereby authorizes the General Manager to execute the "Memorandum of Understanding to Form the Santa Clarita Valley Groundwater Sustainability Agency," a copy of which is attached hereto as **Exhibit A**; and

4. The Board hereby authorizes the General Manager or his designee to coordinate with the other members of the SCV-GSA to provide a copy of this resolution, Notice of Intent, and all other necessary documentation to DWR within 30 days of full execution of the Memorandum of Understanding and to otherwise comply with the requirements of Water Code Section 10723.8; and

5. The Board hereby authorizes the General Manager or his designee to coordinate with the other members of the SCV-GSA to maintain a list of interested parties regarding the newly formed SCV-GSA pursuant to Water Code Section 10723.4.

6. The Chairperson of the Board shall sign this Resolution and the Secretary of the Board shall certify this Resolution was duly and properly adopted by the Board.

7. The documents and materials that constitute the record of proceedings on which these findings have been based are located at Castaic Lake Water Agency's office located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. The custodian for these records is the Board Secretary.

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EXHIBIT A

MEMORANDUM OF UNDERSTANDING TO FORM THE SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

Parties

This Memorandum of Understanding (MOU), dated _____, is entered into among Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles, individually and collectively referred to as “Party” and “Parties” to form the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) as created herein.

The Parties to this MOU shall be the members of the SCV-GSA.

The SCV-GSA is formed pursuant to the Sustainable Groundwater Management Act to be the Groundwater Sustainability Agency (GSA) for the Santa Clara River Valley East Subbasin, groundwater basin number 4-4.07 per the State of California, Department of Water Resources (DWR) Groundwater Bulletin 118.

Recitals

WHEREAS, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319, and Assembly Bill 1739, collectively known as the Sustainable Groundwater Management Act (SGMA), codified in Part 2.74 of Division 6 of the California Water Code, commencing with Section 10720;

WHEREAS, SGMA went into effect on January 1, 2015;

WHEREAS, various clarifying amendments to SGMA were signed in 2015 and became effective on January 1, 2016, including Senate Bills 13 and 226 and Assembly Bills 617 and 939;

WHEREAS, the legislative intent of SGMA is to provide sustainable management of California’s groundwater basins, to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide local agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater;

WHEREAS, the legislative intent of SGMA does not enable local public entities to grant groundwater entitlements to any person, agency or entity, as such entitlements arise from the common law, statutory law, and are determined by judicial findings in groundwater adjudications;

WHEREAS, the Parties are local public agencies, as defined by SGMA, with management authority in the Santa Clara River Valley East Groundwater Subbasin (Basin), as further depicted in **Exhibit A** to this MOU, each respectively having water supply, water management, and/or land use

responsibilities in at least some portion of the Basin and the statutory authority to become GSAs for the Basin;

WHEREAS, the Basin, identified and designated by the Bulletin 118 as Subbasin No. 4-4.07, is a high priority basin and therefore, is subject to the requirements of SGMA;

WHEREAS, SGMA Section 10735.2 requires the formation of one or more GSAs to manage the Basin by June 30, 2017;

WHEREAS, SGMA Section 10723.6 authorizes multiple local agencies in a basin to form a GSA by way of memorandum of agreement or other legal agreement;

WHEREAS, SGMA Section 10720.7 requires the Basin, which is not designated as subject to critical conditions of overdraft, to be managed by one or more Groundwater Sustainability Plans (GSP) by January 31, 2022;

WHEREAS, SGMA Section 10727 authorizes (1) a single GSP covering an entire basin developed and implemented by one GSA, (2) a single GSP covering an entire basin developed and implemented by multiple GSAs, and (3) multiple GSPs covering an entire basin developed and implemented by multiple GSAs and coordinated pursuant to a single coordination agreement that covers an entire basin;

WHEREAS, the Parties wish to use the authorities granted to them under SGMA and utilize this MOU to memorialize the roles and responsibilities and shared intent, desire, and interests in forming a GSA to cover the entire Basin and to cooperate and coordinate in subsequently preparing and implementing one or more GSPs for sustainable management of the Basin;

WHEREAS, the Parties will consider the interests of all beneficial uses and users of groundwater in the Basin, as set forth in SGMA Section 10723.2, when carrying out the policy, purposes, and requirements of SGMA throughout the Basin; and

WHEREAS the Parties have conducted outreach to beneficial users, including conducting interviews, holding local public meetings, and inviting the public to attend meetings held by the Parties to develop this MOU.

NOW, THEREFORE, in consideration of the promises, terms, conditions, and covenants contained herein, it is mutually understood and agreed as follows:

Agreement

I. Incorporation of Recitals

The recitals stated above are incorporated herein by reference.

II. Creation of Agency

- A. Creation of the Santa Clarita Valley Groundwater Sustainability Agency. In accordance with Water Code Section 10723.8, it is the intent of the Parties to create a GSA which shall be known as the Santa Clarita Valley Groundwater Sustainability Agency (SCV-GSA) on the date the Parties execute this MOU. The members of the SCV-GSA are Castaic Lake Water Agency, the Santa Clarita Water Division, Newhall County Water District, Los Angeles County Waterworks District No. 36, the City of Santa Clarita, and the County of Los Angeles.
- B. Purpose. The purpose of this MOU is to form the SCV-GSA pursuant to the applicable provisions and requirements of SGMA, including but not limited to SGMA Section 10723.6(a)(2), for the entire Basin and for the Parties to cooperate and coordinate in later preparing and implementing one or more GSPs for the entire Basin and to carry out the policy, purposes, and requirements of SGMA throughout the Basin.
- C. It is each Party's intent, goal, and objective to maintain complete control and autonomy over any and all surface water supplies, groundwater supplies, water facilities, water operations, water management, and water supply matters to which each Party and each Party's constituents are currently producing or are legally entitled to by law, diversion, permit, entitlement, or contract, and to maintain sole authority and discretion over any and all of their individual financial matters.
- D. Additionally, the Parties may prepare a Joint Powers Agreement and create a Joint Powers Authority to take on the role of SCV-GSA. By this MOU, the Parties agree to cooperate and explore the Joint Powers Authority option provided by SGMA Section 10723.6(a)(1).

III. Definitions

The following terms, whether used in the singular or plural, and when used with initial capitalization, shall have the meanings specified herein. The Parties intend that these definitions be consistent with SGMA's definitions, and in the event of a discrepancy, SGMA controls.

- A. **Basin** refers to the Santa Clara River Valley East Groundwater Subbasin, groundwater basin number 4-4.07 per Bulletin 118, as further depicted in **Exhibit A** to this MOU.
- B. **DWR** means the California Department of Water Resources.
- C. **GSA** means Groundwater Sustainability Agency, as defined by SGMA, that implements the provisions of SGMA.
- D. **GSP** means Groundwater Sustainability Plan, as defined by SGMA, proposed or adopted by a GSA pursuant to SGMA.

- E. **Memorandum of Understanding** or **MOU** refers to this Memorandum of Understanding.
- F. **Party** or **Parties** refers to Castaic Lake Water Agency, Newhall County Water District, Los Angeles County Waterworks District No. 36, the Santa Clarita Water Division, the City of Santa Clarita, and the County of Los Angeles, the signatories to this MOU.
- G. **SGMA** refers to the Sustainable Groundwater Management Act as defined in the Recitals.
- H. **SCV-GSA** refers to the Santa Clarita Valley Groundwater Sustainability Agency and consists of the following members: Castaic Lake Water Agency, Santa Clarita Water Division, Newhall County Water District, Los Angeles County Waterworks District No. 36, the City of Santa Clarita, and the County of Los Angeles.

IV. Coordination and Cooperation

- A. **Continued Cooperation.** The Parties to this MOU will continue to meet, confer, coordinate, and collaborate to carry out the purpose of this MOU as set forth in section II.B and to discuss and develop technical, managerial, financial, and other criteria and procedures for the preparation, governance, and implementation of one or more GSPs and to carry out the policy, purposes, and requirements of SGMA in the Basin.
- B. **Points of Contact.** Each Party shall designate a principal contact person for that Party, who may be changed from time to time at the sole discretion of the designating Party. The principal contact person for each Party shall be responsible for coordinating with the principal contact persons for the other Parties in scheduling meetings and other activities under this MOU.
- C. **Management Areas.** The Parties acknowledge that SGMA and provisions of the SGMA GSP regulations promulgated by DWR authorize the establishment of management areas for the development and implementation of sustainable groundwater management within the boundaries of the Basin, including but not limited to Section 354.20 of the SGMA GSP Regulations (23 C.C.R. § 354.20); and accordingly, the Parties acknowledge that the establishment of management areas within the Basin is a governance alternative that the Parties may explore.

V. Roles and Responsibilities

- A. The Parties will jointly establish their roles and responsibilities for developing and implementing a GSP or coordinated GSPs for the Basin in accordance with SGMA.

- B. The Parties will work in good faith and coordinate all activities to carry out the purpose of this MOU. The Parties shall cooperate with one another and work together in the pursuit of all activities and decisions described in the MOU.
- C. Each of the Parties will provide expertise, guidance, and data on those matters for which it has specific expertise or statutory authority, as needed to carry out the purpose of this MOU.
- D. The Parties shall cause all applicable noticing and submission of required information to DWR regarding formation of the SCV-GSA.
- E. As provided in Section IV, *supra*, the Parties to this MOU will continue to meet, confer, coordinate, and collaborate to discuss and develop governance, management, technical, and other issues, including respective roles and responsibilities for issues such as, but not limited to:
 - i. Modeling;
 - ii. Metering program;
 - iii. Monitoring;
 - iv. Hiring consultants;
 - v. Developing and maintaining list of interested persons under SGMA Section 10723.4;
 - vi. Budgeting (see also Section VI, *infra*); and
 - vii. Other initial tasks as determined by the Parties.
- F. The Parties will consider the interests of groundwater beneficial users located in the Basin pursuant to SGMA Section 10723.2.
- G. The Parties will appoint a governing board for SCV-GSA. The duties of the governing board, the appointment of its representatives, meetings, and voting procedures shall be determined by the Parties. Details and procedures shall be determined by the Parties and adopted by resolution. The governing board will include all local agencies, as defined by SGMA, willing to serve. The governing board may include voting and non-voting members. The governing board may from time to time appoint one or more advisory committees or establish *ad hoc* committees representing beneficial uses to assist in carrying out the purpose of the SCV-GSA.

VI. Funding

Each Party's participation in this MOU is at that Party's sole cost and expense. The Parties agree to cooperate and coordinate in pursuing State grant and loan funding opportunities that may apply to carrying out SGMA in the Basin. The Parties shall mutually develop a budget and cost sharing agreement for the work to be undertaken by the SCV-GSA pursuant to this MOU. Such agreement will be as an amendment to this MOU or be incorporated herewith. Both the budget and cost sharing agreement shall be developed and executed prior to any financial expenditures or

incurrence of any financial obligations or liabilities by the SCV-GSA, and no Party can incur, or cause to incur, any financial obligation upon any other Party, without the express consent of the Party whom is undertaking the financial obligation. In the absence of such express consent, any such purported financial obligation is void.

VII. Consideration of Interests of All Beneficial Uses and Users of Groundwater

- A. The Parties will participate in outreach to and engagement of the public, including beneficial users of groundwater, including, without limitation, those identified in SGMA Section 10723.2.
- B. The Parties expressly acknowledge and agree that the preparation, adoption, and implementation of one or more GSPs for the Basin may involve cooperation with one or more federal agencies.

VIII. Term, Termination, and Withdrawal

- A. Term. This MOU shall continue and remain in effect unless and until terminated by the unanimous mutual written consent of the Parties or as otherwise authorized by law.
- B. Withdrawal. Any Party may decide, in its sole discretion, to withdraw from this MOU by providing thirty (30) days' written notice to the other Parties. A Party that withdraws from this MOU shall remain obligated to pay its share of expenses incurred under this MOU as outlined in the budget and any other cost sharing arrangements or agreements incurred or accrued up to the date the Party provided notice of withdrawal. Withdrawal by a Party shall not cause or require the termination of this MOU or the existence of the SCV-GSA with respect to the non-withdrawing Parties.

IX. Notice Provisions

All notices required by this MOU will be deemed to have been given when made in writing and delivered, mailed, or faxed to the respective representatives of the Parties at their respective addresses as follows:

Castaic Lake Water Agency
Matt Stone, General Manager
27234 Bouquet Canyon Road
Santa Clarita, California 91350
Phone: 661-297-1600
Fax: 661-297-1611

Santa Clarita Water Division
Keith Abercrombie, Retail Manager
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Santa Clarita, CA 91350-3049
Phone: 661-259-2737
Fax: 661-286-4333

Newhall County Water District
Stephen L. Cole, General Manager
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Newhall, CA 91321
Phone: 661-702-4439
Fax: 661-259-9673

Los Angeles County Waterworks District No. 36
Adam Ariki, Assistant Deputy Director
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Alhambra, CA 91803
Phone: 626-300-3300
Fax: 626-300-3385

City of Santa Clarita
Kenneth Striplin, City Manager
23920 Valencia Boulevard, Suite 300
Valencia, CA 91335
Phone: 661-255-4907
Fax: 661-259-8125

County of Los Angeles
Mitch Glaser, Assistant Administrator
320 West Temple Street
Los Angeles, CA 90012
Phone: 213-974-4971
Fax: 213-626-0434

Any Party may change the address to which such communications are to be given by providing the other Parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

All notices will be effective upon receipt and will be deemed received through delivery if personally served or served by fax, or on the fifth (5th) day following deposit in the mail if sent by first class mail.

X. Amendments

Amendments to this MOU require unanimous written consent of all Parties and a written instrument duly signed and executed by all Parties.

XI. Hold Harmless

No Party, nor any officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this MOU. The Parties further agree, pursuant to California Government Code Section 895.4, that each Party shall fully indemnify and hold harmless each other Party and its agents, officers, employees, and contractors from and against all claims, damages, losses, judgments, liabilities, expenses, and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such Party under this MOU. This provision shall survive termination of MOU or withdrawal by any Party.

XII. General Terms

- A. Successors and Assigns. The terms of this MOU shall be binding on all successors in interest and assigns of each Party.
- B. Compliance with Law. In performing their respective obligations under this MOU, the Parties shall comply with and conform to all applicable laws, rules, regulations, and ordinances.
- C. Waiver. The waiver by any Party or any of its officers, agents, or employees, or the failure of any Party or its officers, agents, or employees to take action with respect to any right conferred by, or any breach of any obligation or responsibility of this MOU, will not be deemed to be a waiver of such obligation or responsibility, or subsequent breach of same, or of any terms, covenants, or conditions of this MOU, unless such waiver is expressly set forth in writing in a document signed and executed by the appropriate authority of the Parties.
- D. Authorized Representatives. The persons executing this MOU on behalf of the Parties hereto affirmatively represent that each has the requisite legal authority to enter into this MOU on behalf of their respective Party and to bind their respective Party to the terms and conditions of this MOU. The persons executing this MOU on behalf of their respective Party understand that the Parties are relying on these representations in entering into this MOU.
- E. Exemption from CEQA. Neither this MOU nor the preparation of a GSP constitute a “project” or approval of a project under the California Environmental Quality Act (CEQA) and State CEQA guidelines and both are expressly exempt from CEQA review pursuant to SGMA Section 10728.6.

- F. Jurisdiction and Venue. This MOU shall be governed by and construed in accordance with the laws of the State of California. Any suit, action, or proceeding brought under the scope of this MOU shall be brought and maintained to the extent allowed by law in the County of Los Angeles, California.
- G. Attorney's Fees, Costs, and Expenses. In the event of a dispute among the Parties arising under this MOU, each Party shall assume and be responsible for its own attorney's fees, costs, and expenses.
- H. Entire Agreement/Integration. This MOU constitutes the sole, entire, integrated, and exclusive agreement among the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises, or representations not expressly set forth or referenced in this writing are null and void and of no force and effect.
- I. Construction and Interpretation. The Parties agree and acknowledge that this MOU has been developed through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this MOU. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this MOU.
- J. Severability. The provisions of this MOU are severable, and the adjudicated invalidity of any provision or portion of this MOU shall not in and of itself affect the validity of any other provision or portion of this MOU, and the remaining provisions of the MOU shall remain in full force and effect, except to the extent that the invalidity of the severed provisions would result in a failure of consideration or would materially adversely affect any Party's benefit of its bargain. If a court of competent jurisdiction were to determine that a provision of this MOU is invalid or unenforceable and results in a failure of consideration or materially adversely affects any Party's benefit of its bargain, the Parties agree to promptly use good faith efforts to amend this MOU to reflect the original intent of the Parties in the changed circumstances.
- K. Force Majeure. No Party shall be liable for the consequences of any unforeseeable force majeure event that (1) is beyond its reasonable control, (2) is not caused by the fault or negligence of such Party, (3) causes such Party to be unable to perform its obligations under this MOU, and (4) cannot be overcome by the exercise of due diligence. In the event of the occurrence of a force majeure event, the Party unable to perform shall promptly notify the other Parties. It shall further pursue its best efforts to resume as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.
- L. Execution in Counterparts. The Parties intend to execute this MOU in counterparts. It is the intent of the Parties to hold one (1) counterpart with single original signatures to evidence the MOU and to thereafter forward other original counterparts

on a rotating basis for all signatures. Thereafter, each Party shall be delivered an originally executed counterpart with all Party signatures.

- M. No Third Party Beneficiaries. This MOU is not intended, and will not be construed, to confer a benefit or create any right on a third party or the power or right to bring an action to enforce any of its terms
- N. Construction, References, Captions. It being agreed the Parties or their agents have participated in the preparation of this MOU, the language of this MOU shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days, or period for performance shall be deemed calendar days and not work days. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this MOU.

IN WITNESS WHEREOF, the Parties hereto have executed this MOU as of the day and year first above written.

CASTAIC LAKE WATER AGENCY

NEWHALL COUNTY WATER DISTRICT

By: _____

By: _____

SANTA CLARITA WATER DIVISION

CITY OF SANTA CLARITA

By: _____

By: _____

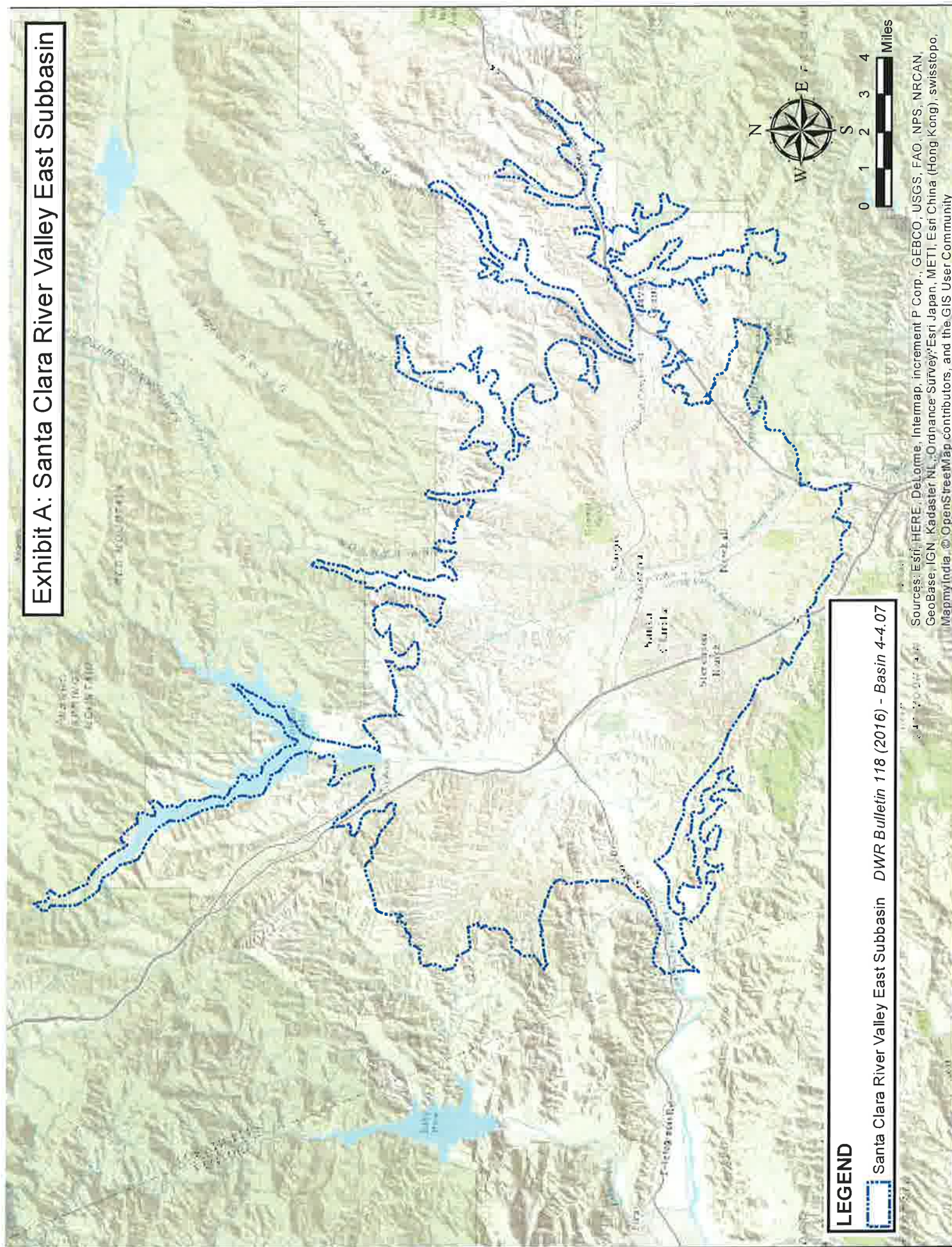
COUNTY OF LOS ANGELES

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36

By: _____

By: _____

Exhibit A: Santa Clara River Valley East Subbasin



LEGEND

 Santa Clara River Valley East Subbasin DWR Bulletin 118 (2016) - Basin 4-4.07

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

CASTAIC LAKE WATER AGENCY

DATE: May 24, 2017

ATTENDANCE ROSTER

BOARD OF DIRECTORS REGULAR BOARD MEETING

DEAN EFSTATHIOU

Dean D. Efsth

JERRY GLADBACH

Jerry Gladbach

TOM CAMPBELL

Tom P. Campbell

JACQUELYN MCMILLAN

WILLIAM COOPER

William T. Cooper

R. J. KELLY

ROBERT DIPRIMIO

Robert Diprimio

GARY R. MARTIN

Gary R. Martin

B. J. ATKINS

B. J. Atkins

ED COLLEY

WILLIAM PECSI

William Pecs