

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

Parties

This Memorandum of Understanding (MOU), dated 5/29/17, 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

By: Matthew D S

NEWHALL COUNTY WATER DISTRICT

By: [Signature]

SANTA CLARITA WATER DIVISION

By: Keith A Seronnie

CITY OF SANTA CLARITA

By: [Signature]

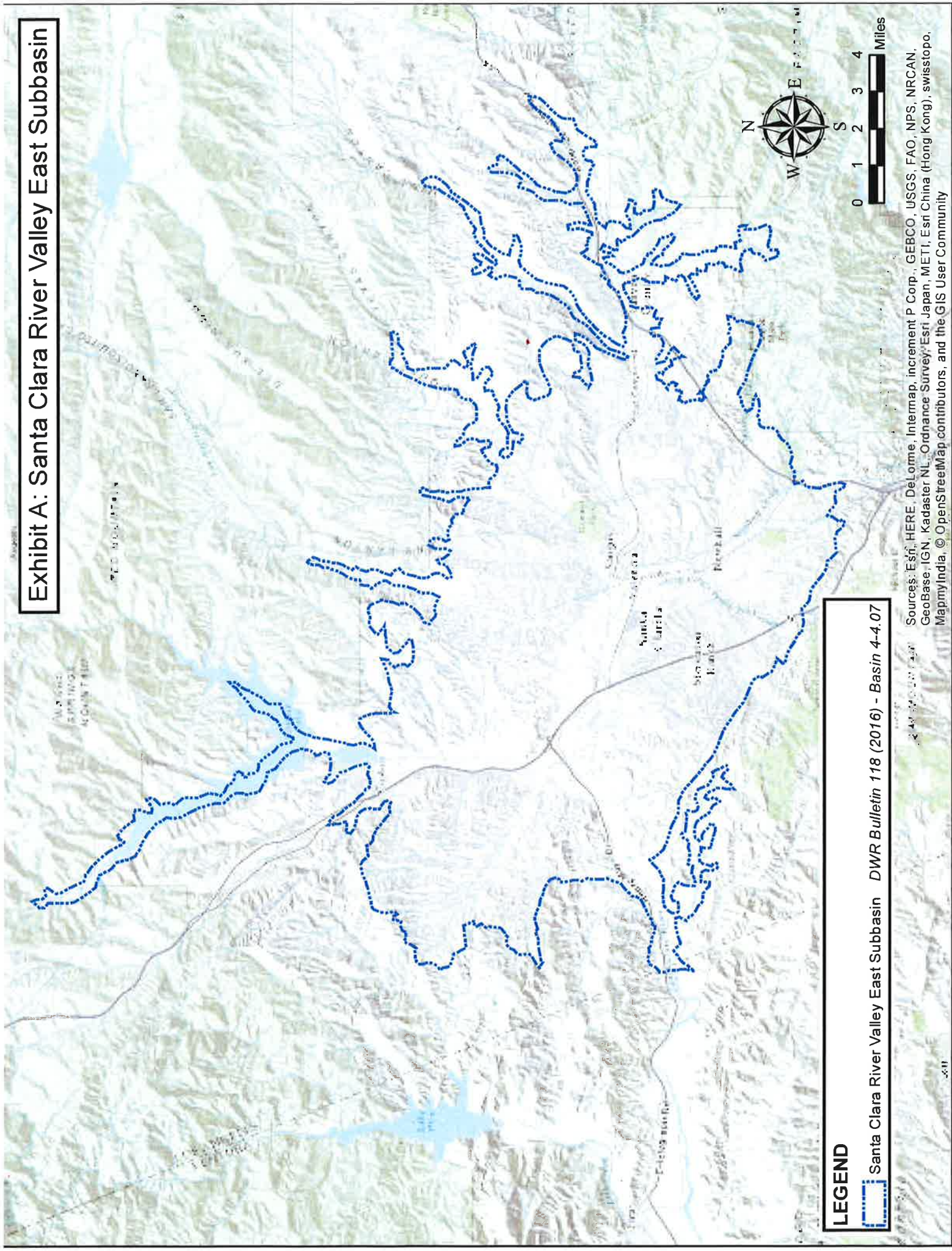
COUNTY OF LOS ANGELES

By: M. Glaser

LOS ANGELES COUNTY WATERWORKS
DISTRICT NO. 36

By: [Signature]

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