



Council Agenda Report

From: Dick McKinley, Public Works Director

Subject: Public Hearing and Resolution to Form a Groundwater Sustainability Agency (GSA) for the Atascadero Sub-basin with Other Partners, and Approving the MOA Forming the GSA

Date: May 2, 2017

Facts

1. In 2014, the California Legislature and the Governor passed into law the Sustainable Groundwater Management Act (SGMA) for local management of groundwater resources in California through the formation of Groundwater Sustainability Agencies (GSAs) and through preparation and implementation of Groundwater Sustainability Plans (GSPs).
2. The City overlies a portion of the Atascadero Sub-basin of the Salinas Groundwater Basin, which is subject to SGMA. One or more GSAs must be formed for the Sub-basin by June 30, 2017, or the Sub-basin may be subject to regulation by the State Water Resources Control Board.
3. The City is a "local agency" as that term is defined by SGMA, and as such is authorized to form a GSA to manage groundwater resources in the Sub-basin and within its jurisdictional boundaries in accordance with SGMA and other applicable laws and authorities.
4. The City intends to work cooperatively with the other agencies and water providers in the Atascadero Sub-basin to form a GSA to prepare and implement a GSP by January 2022, so that groundwater resources in the Sub-basin will be properly managed and sustainable as required by SGMA.
5. It is essential that the City work with others to form this GSA because SGMA grants GSAs substantial additional powers and authorities to ensure sustainable groundwater management. Acting as part of the GSA within the City's jurisdictional boundaries will, among other things, confirm the City's role as the local groundwater management agency over the City's part of the basin, ensure access to SGMA authorities, and preserve access to grant funding or other opportunities that may be available to GSAs.
6. As each of the parties work to form the GSA for the Atascadero Sub-basin, they plan to work together through a Memorandum of Agreement (MOA) to prepare a GSP. If the DWR determines that the Atascadero Sub-basin is a Low Priority Basin, then no GSP would be required to be prepared. DWR is expected to decide this issue later in 2017.

Options

1. Do nothing.
2. Following the public hearing, form a GSA with the other parties, covering the Atascadero Sub-basin of the Salinas Basin, and particularly including that portion of the City's boundaries that overlie the Atascadero Sub-basin as designated by the Department of Water Resources by approving Resolution 17-XXX, and approve the MOA creating the GSA by motion.
3. Form a separate GSA covering the jurisdictional boundaries of the City in the Atascadero Sub-basin as a stand-alone GSA (not joining the other parties), and prepare a GSP by January 2022.

Analysis and Conclusions

Option 1 may result in another qualifying "local agency" (i.e., the County) forming a GSA that encompasses the City's jurisdictional boundaries within the Atascadero Sub-basin, thus authorizing that GSA to implement SGMA within the City, including the possibility of, among other things, levying assessments and restricting groundwater pumping within the City's limits. If no GSA is formed to cover the City's jurisdictional boundaries in the Atascadero Sub-basin by June 30, 2017, Option 1 would leave the City out of compliance with SGMA, likely resulting in the City's portion of the Sub-basin being subject to regulation by the State Water Resources Control Board (State Board).

Option 2 would ensure that the City complies with the SGMA, and would give the City the opportunity to enter into a Memorandum of Agreement with other parties in the Atascadero Sub-basin to form a combined GSA and to cooperatively share costs and prepare a single GSP for the entire Atascadero Sub-basin. Our proportionate share of the GSP is 22%.

Option 3 would have the City not work with the other parties, and create its own GSA within the City limit portions of the Atascadero Sub-basin. This would require that the City prepare its own GSP, and coordinate that GSP and all implementation efforts with those same other parties in the Atascadero Sub-basin. That also means that the City would bear all of the costs of preparing and implementing the GSP. If the DWR determines that the Atascadero Sub-basin is a Low Priority Basin, then no GSP would be required to be prepared. DWR is expected to decide this issue later in 2017.

Fiscal Impact

The City's portion of costs during FY 2017-8 are projected to be in the range of \$30,000-60,000. These costs would be paid for by the Water Fund and were anticipated during the preparation of the budget.

Forming a GSA for the City boundaries within the Atascadero Sub-basin will provide the City with the opportunity to apply for groundwater program grants, and will help the City comply with the SGMA. Acting as a partner in the GSA but retaining full City authorities through the MOA will also ensure the City's control over fees and assessments within the City. By entering into a Memorandum of Agreement with other parties in the Atascadero Sub-basin, the City will be able to share the costs of preparing a GSP for the Sub-basin and thus reduce the overall costs of SGMA compliance. The City's share per the MOA would be 22% of the total costs, as opposed to 100% if the City formed a separate GSA and GSP.

Recommendation

1. Adopt Resolution #17-xxxx (a) authorizing the City's participation in the formation of a Groundwater Sustainability Agency (GSA) covering the Atascadero Sub-basin of the Salinas Basin, and particularly including that portion of the City's boundaries that overlie the Atascadero Sub-basin as designated by the Department of Water Resources; and (b) authorizing the City Manager to take all other actions necessary to complete the GSA creation; and
2. Approve the MOA creating the GSA by motion.

Attachments

1. Resolution 17-XXX Atascadero GSA Formation
2. Notice of Atascadero GSA Formation
3. Atascadero MOA
4. Boundary Map of the Atascadero GSA

RESOLUTION NO. 17-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING THE CITY TO BECOME A GROUNDWATER SUSTAINABILITY AGENCY
FOR THE ATASCADERO SUB-BASIN OF THE SALINAS BASIN FOR THE AREA THAT LIES
BENEATH AND WITHIN THE JURISDICTIONAL BOUNDARIES OF THE CITY OF EL PASO
DE ROBLES IN PARTNERSHIP WITH OTHER AGENCIES AND WATER PROVIDERS IN THE
ATASCADERO SUB-BASIN

WHEREAS, in 2014 the California Legislature and the Governor passed into law the Sustainable Groundwater Management Act (SGMA) for local management of groundwater resources in California through the formation of Groundwater Sustainability Agencies (GSAs) and through preparation and implementation of Groundwater Sustainability Plans (GSPs); and

WHEREAS, the City overlies a portion of the Atascadero Sub-basin of the Salinas Groundwater Basin, which is subject to SGMA, and thus one or more GSAs must be formed for the Sub-basin by June 30, 2017, or the Sub-basin may be subject to regulation by the State Water Resources Control Board; and

WHEREAS, the City is a "local agency" as that term is defined by SGMA, and as such is authorized to form a GSA to manage groundwater resources in the Atascadero Sub-basin and within the City's jurisdictional boundaries in accordance with SGMA and other applicable laws and authorities; and

WHEREAS, the City desires to form a GSA in cooperation with other agencies and water providers in the Atascadero Sub-basin to manage groundwater resources in the Sub-basin and particularly including that portion of the City's boundaries that overlie the Atascadero Sub-basin as designated by the Department of Water Resources; and

WHEREAS, the City intends that this cooperative GSA will work the other parties in the Atascadero Sub-basin to prepare one GSP by January 2022, so that groundwater resources in the Sub-basin will be properly managed and sustainable in accordance with the provisions of SGMA; and

WHEREAS, it is essential that the City join with the other parties to form this GSA because SGMA grants GSAs substantial additional powers and authorities to ensure sustainable groundwater management. Acting as part of the GSA within the City's jurisdictional boundaries will, among other things, maintain all of the City's rights and powers, confirm the City's role as the local groundwater management agency, ensure access to SGMA authorities, and preserve access to grant funding and other opportunities that may be available to GSAs; and

WHEREAS, pursuant to the requirements of SGMA, the City held a public hearing on this date after publishing a notice pursuant to California Government Code section 6066 to consider adoption of this Resolution,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The Mayor is authorized to sign a resolution for the City of El Paso de Robles to become a Groundwater Sustainability Agency in accordance with the Sustainable Groundwater Management Act over the Atascadero Sub-basin and particularly including that portion of the City's boundaries that overlie the Atascadero Sub-basin as designated by the Department of Water Resources, in partnership with other agencies and water providers.

Section 3. The City Manager is authorized and directed to submit a notice of this Resolution along with all other required information to the California Department of Water Resources in accordance with the Sustainable Groundwater Management Act and in cooperation with the other GSA partners.

Section 4. The Atascadero Groundwater Sustainability Agency shall consider the interests of all beneficial uses and users of groundwater within the boundaries of the Atascadero Sub-basin, and particularly within the jurisdictional boundaries of the City and will develop an outreach program for all such stakeholders.

Section 5. The Atascadero Groundwater Sustainability Agency shall establish and maintain a list of persons interested in receiving notices regarding the parties' involvement in the preparation of a Groundwater Sustainability Plans in the Atascadero Sub-basin, where any person may request in writing to be placed on the list of interested persons.

APPROVED this 2nd day of May, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk



NOTICE OF PUBLIC HEARING
CITY OF EL PASO DE ROBLES

DATE OF MEETING: TUESDAY, MAY 2, 2017
 TIME OF MEETING: 6:30 PM
 PLACE OF MEETING: 1000 SPRING STREET, PASO ROBLES, CA 93446
 TITLE: RESOLUTION AUTHORIZING THE CITY OF EL PASO DE ROBLES TO FORM A GROUNDWATER SUSTAINABILITY AGENCY OVER THAT PORTION OF THE CITY LIMITS THAT LIES OVER THE ATASCADERO SUB-BASIN IN PARTNERSHIP WITH THE CITY OF ATASCADERO, ATASCADERO MUTUAL WATER COMPANY, TEMPLETON COMMUNITY SERVICES DISTRICT, AND THE COUNTY OF SAN LUIS OBISPO OVER THE ATASCADERO GROUNDWATER SUBBASIN

FOR ADDITIONAL INFORMATION PLEASE CONTACT PASO ROBLES PUBLIC WORKS DIRECTOR: Dick McKinley at (805) 237-3861 or at: dmckinley@prcity.com

PLEASE ACCEPT THIS AS A NOTICE TO INFORM YOU, as a property owner, tenant or interested citizen, that the City Council of the City of El Paso de Robles, California will conduct a public hearing, as part of a scheduled City Council meeting, on the following:

Notice is hereby given that the City Council of the City of El Paso de Robles will consider authorizing the City to form a Groundwater Sustainability Agency (GSA) for that portion of the City Limits that lies over the Atascadero Sub-basin in partnership with the City of Atascadero, Atascadero Mutual Water Company, Templeton Community Services District and the County of San Luis Obispo through a Memorandum of Agreement for the Atascadero Sub-basin, per California Water Code Sections 10723 to 10727. In 2014 the California Legislature and the Governor passed into law the Sustainable Groundwater Management Act (SGMA), which provides a new framework for best management of resources in California. Implementation of SGMA is achieved through formation of GSAs and through preparation and implementation of Groundwater Sustainability Plans (GSPs). The City is in a groundwater basin that is governed by SGMA legislation, the Atascadero Sub-basin of the Salinas Basin, and must comply with SGMA requirements.

Once the GSA is formed, the City and its partners will then be required to develop and implement a GSP that provides a roadmap for managing the basin on a sustainable basis. The City believes it is essential for the City to participate in the GSA. SGMA provides GSAs with access to various powers and authorities to ensure sustainable management.

The decision of the City Council is final.

COMMUNICATIONS

This item may begin at any time after the time specified. Any interested person may address the City Council to express support or opposition to this issue. Time allotted to each speaker is determined by the Mayor and, in general, is limited to three (3) minutes.

Those unable to attend the hearing may write a letter to the Mayor and/or the City Council, Attention: City Clerk, City of Paso Robles, 1000 Spring Street, Paso Robles, CA 93446, OR, you can reach us by email at dmckinley@prcity.com or at (805) 237-3861. All communications will be forwarded to the Mayor and City Council.

If you wish to challenge the City Council's actions on the above proceedings in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence to the City Council at or prior to the public hearing. All correspondence should be delivered to the City Clerk (at the above address) to be included in the record of the proceedings, at or prior to the time of the public hearing.

This material is available in alternative formats upon request. To order information in an alternative format, or to arrange for a sign language or oral interpreter for the meeting, please call the City Clerk at least 5 working days prior to the meeting at (805)-237-3888.

Dick McKinley

Public Works Director

Please publish on April 18th and April 25th 2017

**MEMORANDUM OF AGREEMENT
FORMING THE
ATASCADERO BASIN GROUNDWATER SUSTAINABILITY AGENCY**

This Memorandum of Agreement (“Agreement”) is made and entered into as of the Effective Date by and between the City of Atascadero, the City of Paso Robles, the County of San Luis Obispo, and the Templeton Community Services District, sometimes each referred to individually as a “Forming Party” and collectively as the “Forming Parties,” along with any other entities eligible to participate in implementation of the Sustainable Groundwater Management Act (Water Code §§ 10720 *et seq.*) (“SGMA”) that are listed under Part 1 of Exhibit A and are signatories to this Agreement, sometimes each referred to individually as a “Participating Party” and collectively as the “Participating Parties,” for purposes of forming the Atascadero Basin Groundwater Sustainability Agency (“Agency”) and setting forth the terms pursuant to which the Agency shall operate. All entities that are signatories to this Agreement are individually referred to as a “Party” and collectively referred to as the “Parties.”

RECITALS

- A. **WHEREAS**, the SGMA requires the establishment of a Groundwater Sustainability Agency (“GSA”) for all basins designated as medium- or high-priority by the California Department of Water Resources (“DWR”) on or before June 30, 2017; and
- B. **WHEREAS**, the SGMA further requires the adoption of a Groundwater Sustainability Plan (“GSP”) for all basins designated as medium- or high-priority by DWR and not subject to critical conditions of overdraft on or before January 31, 2022 and those subject to critical conditions of overdraft on or before January 31, 2020; and
- C. **WHEREAS**, the DWR has identified the Atascadero Area Groundwater Sub-basin of the Salinas Valley Basin as Basin No. 3-004.11 in its Bulletin 118 (“Atascadero Basin”); and
- D. **WHEREAS**, the intent of the Forming Parties is to form a single GSA, as set forth in the SGMA, to encourage the Participating Parties to participate in the implementation of the SGMA, and to proactively manage the Atascadero Basin; and
- E. **WHEREAS**, by signing this Agreement, each of the Parties represents and warrants that it is either eligible to form, or eligible to participate in, a GSA under the SGMA; and
- F. **WHEREAS**, based on the foregoing responsibilities and authorities, the Parties desire to create the Agency for the initial purpose of developing a GSP for the Atascadero Basin pursuant to the SGMA, and for the subsequent purpose of implementing the GSP to ensure the sustainable management of the Atascadero Basin as required by the SGMA; and
- G. **WHEREAS**, the Parties have determined that the formation of the Agency for such purposes may best be achieved through the cooperation of the Parties through this Agreement; and

H. **WHEREAS**, the Parties acknowledge that prior to the Effective Date, the Atascadero Mutual Water Company has expended approximately \$60,000 towards the development of the GSP; and

I. **WHEREAS**, the Parties recognize that, during the development of the GSP, it may be necessary to reconsider and possibly amend this Agreement under which the Agency has been formed in order to effectively take all actions necessary to implement the GSP.

NOW, THEREFORE, in consideration of the promises and covenants contained herein, the Parties agree as follows:

ARTICLE 1 CREATION OF THE AGENCY

1.1 Creation of the Atascadero Basin Groundwater Sustainability Agency. There is hereby created pursuant to the SGMA, a GSA which shall be known as the Atascadero Basin Groundwater Sustainability Agency, on the date that the last Forming Party executes this Agreement (“Effective Date”). The boundaries of the Agency shall be as set forth in Exhibit B attached hereto and incorporated herein by this reference. Within thirty (30) calendar days after the Effective Date of this Agreement, the Templeton Community Services District shall inform the DWR of the formation of the Agency and the Agency’s intent to undertake sustainable groundwater management within the Atascadero Basin in accordance with the provisions of the SGMA.

1.2 Purpose of the Agency. The purpose of the Agency is to serve as the GSA for the entire Atascadero Basin and to develop, adopt, and implement a GSP for the entire Atascadero Basin pursuant to the SGMA and other applicable provisions of law.

ARTICLE 2 TERM

This Agreement shall become effective on the Effective Date and shall remain in effect until terminated pursuant to the provisions of Article 13 of this Agreement.

ARTICLE 3 POWERS

3.1 Agency Powers. The Agency shall possess the authority to exercise any and all powers as are expressly set forth in the SGMA subject to all applicable limitations set forth therein. In addition, if authorized by the GSP, each Party may take independent action under its own jurisdictional authorities, and subject to all applicable limitations set forth in the SGMA, to impose fees or enforce the GSP. The Agency may find it necessary to reconsider and possibly amend this Agreement under which the Agency has been formed in order to effectively take all actions necessary to implement the GSP.

3.2 Water Rights. As provided by the SGMA, including but not limited to Water Code Section 10720.5(b), nothing in this Agreement or any GSP adopted pursuant to this Agreement, determines or alters surface water rights or groundwater rights under common law or

any provision of law, permit, license, order, or decision that determines or grants surface water rights.

3.3 Powers Reserved to the County and Cities. By entering into this Agreement, the Cities of Atascadero and Paso Robles and the County of San Luis Obispo do not relinquish, surrender, limit, or waive any of their rights, powers, or authorities, including but not limited to, their real and personal property rights. The SGMA expressly reserves and preserves certain powers and authorities to cities and counties, including, without limitation: (a) the issuance of permits for the construction, modification or abandonment of groundwater wells; (b) land use planning; and (c) groundwater management pursuant to city and county police powers that is not in conflict with the GSP or with the other Parties' legal rights or obligations to serve water. Neither the Voting Representative representing the County of San Luis Obispo nor the Voting Representative representing the Cities of Atascadero and Paso Robles shall have the ability to authorize the Agency to exercise or infringe upon any reserved powers and authorities (in this case, the Agency must seek and receive authorization by formal action of the County of San Luis Obispo Board of Supervisors or the Councils of the Cities of Atascadero and Paso Robles) and this Agreement shall not be interpreted as limiting or ceding any reserved or preserved powers and authorities held by the County of San Luis Obispo, the City of Atascadero, or the City of Paso Robles.

3.4 Powers Reserved to the Templeton Community Services District. By entering into this Agreement, the Templeton Community Services District does not relinquish, surrender, limit or waive any of its powers or authorities, including but not limited to, its real and personal property rights, and its rights as a community services district, and hereby expressly reserves and preserves any and all such powers and authorities.

3.5 Powers Reserved to Atascadero Mutual Water Company. By entering into this Agreement, the Atascadero Mutual Water Company does not relinquish, surrender, limit or waive any of its rights, powers, or authorities, including, but not limited to, its water rights, its real and personal property rights and its rights as a mutual water company, and hereby expressly reserves and preserves any and all such rights, powers, and authorities.

3.6 Powers Reserved to Participating Parties other than Atascadero Mutual Water Company. By entering into this Agreement, other Participating Parties do not relinquish, surrender, limit or waive any of their powers or authorities, including, but not limited to, their real and personal property rights and their rights as a water system entity , and hereby expressly reserves and preserves any and all such powers and authorities.

ARTICLE 4 EXECUTIVE COMMITTEE

4.1 Formation of the Executive Committee. The Agency shall be governed by an Executive Committee ("EC") as illustrated in Part 2 of Exhibit A. The EC shall have both Voting and Non-Voting Representatives as described in Part 2 of Exhibit A.

4.1.1 Voting Representatives. The term "Voting Representatives" means the representatives on the EC eligible to vote on actionable business and affairs of the Agency. The Voting Representatives on the EC shall include elected official representatives from the

following three large water systems (defined as a water system having more than 2,500 active water service connections): the Atascadero Mutual Water Company, the City of Paso Robles, and the Templeton Community Services District. The Voting Representatives on the EC shall also include a representative from each of the following: the City of Atascadero, the County of San Luis Obispo, and the other small water system entities who are signatories to this Agreement. The Forming Parties and Participating Parties shall nominate or appoint Voting Representatives to the EC in accordance with all legal requirements promptly and without delay. All individual representatives serving on the EC, including alternate representatives, shall annually file a statement of Economic Interests with the office of the County of San Luis Obispo's Clerk-Recorder.

4.1.2 Non-Voting Representatives. The term "Non-Voting Representatives" means the representatives on the EC that are not eligible to vote on business and affairs of the Agency. The Non-Voting Representatives on the EC shall include representatives from the following: rural residential at-large, agricultural at-large and environmental at-large.

4.1.3 Representatives. The term "representatives" (used singular or plural within the Agreement) includes both Voting Representatives and Non-Voting Representatives.

4.2 Duties of the EC. The business and affairs of the Agency, and all of its powers, including without limitation all powers set forth in Article 3, shall be exercised by and through the EC, except as may be provided pursuant to this Agreement, the Agency Bylaws, the GSP, or by specific action of the EC.

4.3 Appointment of Representatives to the EC. The representatives to the EC shall be appointed as follows:

4.3.1 The representative appointed by the Atascadero Mutual Water Company shall be a duly-elected Atascadero Mutual Water Company board member whose appointment shall be confirmed by the City of Atascadero City Council as described in this article. The Atascadero Mutual Water Company shall appoint a representative for consideration by the City of Atascadero. The City of Atascadero may either confirm the appointment or reject the appointment and request that the Atascadero Mutual Water Company submit a different appointee. The City of Atascadero shall not confirm a representative to represent the Atascadero Mutual Water Company that has not been appointed by the Atascadero Mutual Water Company; however, the City of Atascadero retains the absolute discretion to confirm or reject any appointment and to remove any representative at any time. The City shall provide the Atascadero Mutual Water Company with the reason(s) for rejecting the appointment or removing a representative.

4.3.2 The representative appointed by the City of Atascadero City Council shall be a duly-elected member of the city council.

4.3.3 The representative appointed by the City of Paso Robles City Council shall be a duly-elected member of the city council.

4.3.4 The representative appointed by the County of San Luis Obispo Board of Supervisors shall be a duly-elected supervisor from any district that has legislative territory over the Atascadero Basin.

4.3.5 The representative appointed by the Templeton Community Services District Board of Directors shall be a duly-elected board member of the Templeton Community Service District.

4.3.6 The representative appointed by the Participating Parties who constitute small water systems as identified in Part 1 of Exhibit A shall be a duly-elected board member from one of the Participating Parties whose appointment shall be confirmed by the County of San Luis Obispo Board of Supervisors as described in this article. The Participating Parties who constitute small water systems shall appoint a representative for confirmation by the County of San Luis Obispo. The County of San Luis Obispo may either confirm the appointment or reject the appointment and request that the Participating Parties who constitute small water systems submit a different appointee. The County of San Luis Obispo shall not confirm a representative to represent the Participating Parties who constitute small water systems that has not been appointed by the Participating Parties who constitute small water systems; however, the County of San Luis Obispo retains the absolute discretion to confirm or reject any appointment and to remove any representative at any time.

4.3.7 The representative for agriculture at-large shall be appointed by the Voting Representatives of the EC via an application process established by the EC.

4.3.8 The representative for environmental at-large shall be appointed by the Voting Representatives of the EC via an application process established by the EC.

4.3.9 The representative for rural residential at-large shall be appointed by the Voting Representatives of the EC via an application process established by the EC.

4.4 Alternate Representatives to the EC. One (1) alternate representative shall be appointed for each of the Voting Representatives, so that there will be six (6) alternate representatives altogether. All alternate representatives shall be appointed in the same manner as set forth in Article 4.3. Alternate representatives shall have no vote and shall not participate in any discussions or deliberations of the EC unless appearing as a substitute representative due to an absence or a conflict of interest of the relevant Voting Representative. If the Voting Representative is not present, or if the Voting Representative has a conflict of interest which precludes participation by the Voting Representative in any decision-making process of the EC, the alternate representative appointed to act in his/her place shall assume all rights of the Voting Representative, and shall have the authority to act in his/her absence, including casting votes on matters before the EC. Alternate representatives are strongly encouraged to attend all EC meetings and stay informed on current issues before the EC. The EC is not obligated to appoint alternate representatives for Non-Voting Representatives but may decide to do so in the future by simple majority vote of the EC.

4.5 EC Representatives' Terms of Office. Voting Representatives do not have terms and may be removed or reappointed at the discretion of the appointing Party. Each Non-Voting Representative on the EC shall be appointed for a term of four (4) years. A Non-Voting Representative may be removed during his or her term or reappointed for multiple terms at the discretion of the appointing entity. No individual representative may be removed in any other manner, including by the affirmative vote of the EC, unless appointed in such manner (i.e., the at-large representatives for agriculture, rural residential, and environmental).

4.6 Vacancies on the EC. A vacancy on the EC shall occur when a representative resigns or is removed during his or her term or at the end of the representative's term as set forth in Article 4.5. Upon the vacancy of a Voting Representative, his or her alternate representative shall serve as Voting Representative until a new Voting Representative is appointed as set forth in Article 4.3. Each appointing entity shall provide notice in writing to the EC of any changes in their respective Voting Representative or alternate representative positions.

4.7 Adjustment to the EC. Any Party to the Agreement may petition the EC to amend this Agreement to add or delete representatives to the EC.

4.8 Support of EC. Voting Representative Parties will provide "in-kind" support to the EC such as staff resources, information, and facilities as needed to carry out the objectives of the EC, such as technical support.

ARTICLE 5 OFFICERS

5.1 Officers. Officers of the Agency shall be a Chair, Vice Chair, Secretary and Treasurer. The Vice Chair shall exercise all powers of the Chair in the Chair's absence or inability to act.

5.2 Appointment of Officers. Officers shall be elected annually by, and serve at the pleasure of, the EC. Officers shall be elected annually by simple majority vote at the first EC meeting, and thereafter at the first EC meeting following February 1st of each year, or as duly continued by the EC. An officer may serve for multiple consecutive terms, with no term limit. Any officer may resign at any time upon written notice to the EC, and may be removed and replaced by a simple majority vote of the EC.

5.3 Principal Office. The principal office of the Agency shall be within the Agency's boundaries as established by the EC and may thereafter be changed by a simple majority vote of the EC.

ARTICLE 6 EC MEETINGS

6.1 Initial Meeting. The initial meeting of the EC shall be hosted by the Templeton Community Services District and held in Templeton, California. It is the will of the Parties to arrange for the first meeting of the EC at the earliest time practicable after the Effective Date of this Agreement.

6.2 Time and Place. The EC shall meet at least quarterly, at a date, time and place set by the EC within the jurisdictional boundaries of one of the Forming Parties, and at such other times as determined by the EC.

6.3 Special Meetings. Special meetings of the EC may be called by the Chair or by a simple majority vote of the EC, in accordance with the provisions of Government Code Section 54956.

6.4 Conduct. All meetings of the EC, including special meetings, shall be noticed, held and conducted in accordance with the Ralph M. Brown Act (Government Code §§ 54950 *et seq.*).

6.5 Local Conflict of Interest Code. The EC shall adopt a local conflict of interest code pursuant to the provisions of the Political Reform Act of 1974 (Government Code §§ 81000 *et seq.*)

ARTICLE 7 EC VOTING

7.1 Quorum. Four (4) of the six (6) Voting Representatives shall constitute a quorum for purposes of transacting affairs and business of the Agency, except that less than a quorum may vote to adjourn the EC meeting.

7.2 EC Votes. EC Votes shall be proportioned as described in Part 2 of Exhibit A for each Voting Representative. The voting tally from an actionable vote of the EC shall be the summation of the voting proportion for each eligible Voting Representative in attendance at the meeting for each aye and nay vote. A simple majority, as used throughout this Agreement, is a decision based on the outcome that has more than fifty percent (50%) of the accumulated proportioned votes of Voting Representatives in attendance and that are eligible to participate in the vote. Part 3 of Exhibit A presents the EC Voting Matrix of Possible Outcomes, for the purpose of an example, with all Voting Representatives in attendance and eligible to vote on an actionable matter before the EC. A Voting Representative of the EC may be eligible to vote on all affairs and business of the Agency unless disqualified because of a conflict of interest pursuant to California law or the local conflict of interest code adopted by the EC.

7.3 Affirmative Decisions by the EC. Except as otherwise specified in this Agreement, in the Agency Bylaws, or in the GSP, all affirmative decisions of the EC, including election of EC officers, shall require a simple majority of the accumulated voting percentage of the affirmative votes of the Voting Representatives in attendance at the EC meeting and participating in voting on affairs and business of the Agency. If a Voting Representative and his or her alternate representative are both disqualified from voting on a matter because of a conflict of interest, those Voting Representative shall be excluded from the voting calculation. Notwithstanding the foregoing, an accumulated affirmative voting percentage of at least a two-thirds (2/3, 66.67%) super majority vote of the EC's Voting Representatives shall be required to approve any of the following: (a) the Agency Bylaws; (b) the annual budget; (c) the GSP for the Atascadero Basin or any amendment thereto; and (d) termination of the Agency. Time is of the essence in filling the EC seats and all seats shall be filled promptly and without undue delay.

ARTICLE 8 AGENCY ADMINISTRATION, MANAGEMENT AND OPERATIONS

The EC may select and implement an approach to Agency administration and management that is appropriate to the circumstances and adapted to the Agency's needs as they may evolve over time. The EC, or one or more of the Parties as may be decided by the EC, may procure services on behalf of the Agency in accordance with California law. Details of the EC's decision on Agency administration, management and operation shall be incorporated into the

Agency Bylaws and reviewed and revised using the established process for revising the Agency Bylaws.

ARTICLE 9 BYLAWS

The EC shall cause to be drafted, approve and amend Bylaws of the Agency to govern the day-to-day operations of the Agency. The Agency Bylaws shall be adopted at or before the first year anniversary of the EC's first meeting.

ARTICLE 10 ADVISORY COMMITTEES

The EC may from time to time appoint one or more advisory committees or establish standing or *ad hoc* committees to assist in carrying out the purposes and objectives of the Agency. The EC shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them.

ARTICLE 11 ACCOUNTING PRACTICES

11.1 General. The Agency shall maintain strict accountability of all funds and a report of all receipts and disbursements of the Agency.

11.2 Fiscal Year. Unless the EC decides otherwise, the fiscal year of the Agency shall run concurrent with the calendar year.

11.3 Basis of Operating Costs. The Parties intend to operate the Agency on a cash-basis through funding provided by the Parties. The Agency shall not incur any debt nor borrow money through any commercial financial product without amending this Agreement.

11.4 Bookkeeping Party. The Party that manages the Agency's budget ("Bookkeeping Party") shall receive and distribute monies and shall manage the budget for the costs and expenses incurred by the Agency. The Bookkeeping Party shall be a Party to this Agreement. The Atascadero Mutual Water Company shall be the initial Bookkeeping Party of the Agency until such time as the EC adopts a change in the Party assigned to serve as the Bookkeeping Party. Procurement for professional services for the development of the GSP that are subject to reimbursement by the Parties pursuant to Article 12 shall follow the policies adopted by the governing body of the Bookkeeping Party. Upon written request, Bookkeeping Party shall provide to any Party, promptly and without undue delay, documents and other information needed for an audit or any other accounting purpose.

ARTICLE 12 BUDGET AND EXPENSES

12.1 Budget Management by the Bookkeeping Party and Agreement to Reimburse. The Bookkeeping Party agrees to manage the budget for the costs and expenses incurred by the Agency pursuant to this Agreement in association with, such as, contracting for professional services required for the development of the GSP; provided, however, that such management

functions and activities shall in no way imply or provide any authority to the Bookkeeping Party to make any unilateral decision(s) related to the contracting for professional services or any other matter under this Agreement. The Parties intend to reimburse the Bookkeeping Party for their fair-share of Agency costs as determined and adopted by the EC. All Parties shall develop their own independent policies, procedures, and funds necessary to fulfill the payment of their fair-share obligation of repayment to the Bookkeeping Party for the affairs and business of the Agency. The Bookkeeping Party shall issue an invoice to a Party for its fair-share obligation, and the Party shall make payment within 45 calendar days of the invoice date. Notwithstanding the foregoing, no Party shall have any mandatory obligation to reimburse the Atascadero Mutual Water Company (the Party funding GSP development prior to the forming of the Agency) for costs incurred prior to the Effective Date and no Party shall have any obligation to reimburse the Bookkeeping Party for any costs incurred after the Effective Date unless and until such reimbursement is approved by the governing body of the Party in its sole and absolute discretion. The Bookkeeping Party thusly is not obligated to expend monetary resources and perform any duties of the Agency until the other Parties have appropriated the funds from their governing authorities to fulfill their fair-share obligation to fund the Agency. All Parties shall notify the EC and the Bookkeeping Party, at or around the start of the Party's fiscal year, that they have obtained appropriations through their governing authority to fund their fair-share obligation of the Agency throughout the Agency's fiscal year.

12.2 Cost Allocation to the Parties. The EC will annually approve the Agency's fiscal year budget of costs that the governing authority for each Party will consider appropriating and funding as described within this Agreement. The fair-share cost allocation of costs shall be proportioned to the Parties as presented in Table 1. The EC shall review the cost allocation upon approval of the GSP by DWR.

TABLE 1. Agency's Cost Allocation to the Parties

Party	Variable Cost Allocation
Atascadero Mutual Water Company	43-percent
City of Atascadero	1-percent
City of Paso Robles	22-percent
County of San Luis Obispo	16-percent
Participating Parties who Constitute Small Water Systems (in aggregate)	1-percent
Templeton Community Services District	17-percent
TOTAL	100-percent

ARTICLE 13 LIABILITY AND INDEMNITY

13.1 Liability and Indemnity. Except to the extent that a Party takes an action as the Agency's representative as expressly approved by the EC, no Party, nor any of its officers, its employees, or its employees and contractors (collectively "Affiliates") 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 Agreement. 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 Affiliates from and against all claims, damages, losses, judgments, liabilities, expenses, arising from any action taken or omitted to be taken by such indemnifying Party under this Agreement, except to the extent that a Party takes an action as the Agency's representative as expressly approved by the EC. As to those actions for which a Party takes an action as the Agency's representative as expressly approved by the EC, the Parties may determine appropriate allocations of risk and indemnifications prior to the EC's approval of the action. The EC may not require a Party to take an action as the Agency's representative that may result in the Party having liability under this Article 13.1 without the Party's consent.

13.2 Withdrawal. Any Party may unilaterally withdraw from this Agreement effective upon sixty (60) calendar days written notice to the remaining Parties and the EC.

13.3 Effect of Withdrawal. When a Forming Party or the Atascadero Mutual Water Company unilaterally withdraws from this Agreement without a concurrently executed agreement with one of the other Forming Parties authorizing such other Forming Party to participate in the Agency over the withdrawing Party's jurisdiction that overlies the Basin, or a GSA coordination agreement as defined by the SGMA, this Agreement will terminate. When a Participating Party other than the Atascadero Mutual Water Company unilaterally withdraws from this Agreement, it will not terminate this Agreement and may only affect the information presented in Exhibit A, said exhibit may be changed and distributed to the remaining Parties by simple administrative correspondence approved by the EC. Any Party who withdraws shall remain obligated to pay its share of all properly authorized liabilities and obligations incurred or accrued by or on behalf of the Agency in accordance with this Agreement prior to the notice date of such withdrawal in accordance with Articles 12 and 13.

13.4 Termination of Agency. This Agreement and the Agency can be terminated by super majority of the EC, provided that each Party shall remain obligated to pay its share of all properly authorized liabilities and obligations incurred or accrued by or on behalf of the Agency in accordance with this Agreement prior to the notice date of such withdrawal in accordance with Articles 12 and 13.

13.5 Return of Contribution. Upon termination of this Agreement, any surplus money on-hand shall be returned to the Parties in proportion to their contributions made.

ARTICLE 14 MISCELLANEOUS PROVISIONS

14.1 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination by the Agency or any Parties hereto that any action shall be undertaken, or that any unconditional or irretrievable commitment of resources shall be made, until such time as the required compliance with all local, state or federal laws, including without limitation, the California Environmental Quality Act (Public Resources Code §§ 21000 *et seq.*), or permit requirements, as applicable, has been completed and funding has been approved by the relevant governing body.

14.2 Notices. Notices to a Party shall be sufficient if delivered to the respective representative or clerk of the Party. Delivery may be accomplished by U.S. Postal Service, private mail service or electronic mail.

14.3 Amendment. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by all of the Forming Parties, and said amendment shall become effective on the date it is executed by the last Forming Party. An Participating Party may execute the amendment at any reasonable time offered the amendment.

14.4 Entire Agreement. This Agreement constitutes the full and complete agreement and understanding of the Parties with respect to the subject matter contained herein. This Agreement supersedes all prior agreements and understandings, whether in writing or oral, related to the subject matter of this Agreement that are not set forth in writing herein.

14.5 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions will remain in force and unaffected to the fullest extent permitted by law and regulation.

14.6 Successors and Assignment. A successor to a Party's rights and obligations shall succeed to that Party's rights and obligations under this Agreement. The rights and duties of a Party may not be assigned or delegated except to a successor to that Party's general rights and obligations created or designated under the laws governing that Party. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

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

14.8 Effective Date. The Effective Date is the date that the last Forming Party executed this Agreement.

14.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all which shall constitute one and the same document.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement by authorized officials thereof on the dates indicated below.

FORMING PARTIES

CITY OF ATASCADERO
APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

CITY OF PASO ROBLES
APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

COUNTY OF SAN LUIS OBISPO
APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

TEMPLETON COMMUNITY SERVICES DISTRICT
APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

PARTICIPATING PARTIES

ATASCADERO MUTUAL WATER COMPANY
APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM AND LEGAL EFFECT

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

**PARTIES AND EXECUTIVE COMMITTEE OF THE
ATASCADERO BASIN GROUNDWATER SUSTAINABILITY AGENCY**

EXHIBIT A to the Memorandum of Agreement forming the Atascadero Basin Groundwater Sustainability Agency

PART 1 - Parties of the Atascadero Basin Groundwater Sustainability Agency

FORMING PARTIES

Large Water Systems (systems with more than 2,500 active water service connections)

- City of Paso Robles
- Templeton Community Services District

Land Use/Small Water Systems

- City of Atascadero
- County of San Luis Obispo

PARTICIPATING PARTIES

Large Water Systems (systems with more than 2,500 active water service connections)

- Atascadero Mutual Water Company

Other Small Water Systems (list may be partial, and is subject to change)

- Atascadero State Hospital
- Garden Farms Community Water District
- Santa Margarita Ranch Mutual Water Company
- Santa Ysabel Ranch Mutual Water Company
- Templeton Cemetery District
- Walnut Hills Mutual Water Company

PART 2 - Executive Committee of the Atascadero Basin Groundwater Sustainability Agency

Voting Representatives of the Executive Committee

Large Water System Representatives (20% Vote Each)	Other Representatives (votes vary)		
	(16.67% Vote)	(13.33% Vote)	(10% Vote)
Atascadero Mutual Water Company	County of San Luis Obispo (Land Use/Small Water System)	City of Atascadero (Land Use)	Representative for Other Small Water Systems
Templeton Community Services District	City of Paso Robles		

Non-Voting Representatives of the Executive Committee (No Votes)

Rural Residential At-Large Representative	Agricultural At-Large Representative	Environmental At-Large Representative
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Note: Refer to Article 4, "Executive Committee and Technical Support Group", for discussion on the appointment of the representatives and alternate representatives for the Voting Representatives and the appointment of the representatives for the Non-Voting Representatives.

PART 3 - Executive Committee Voting Matrix of Possible Outcomes (All Representatives in Attendance and Eligible)

Large 1 20.00%	Large 2 20.00%	Large 3 20.00%	County 16.67%	Atascadero 13.33%	Others 10.00%	Vote Sum Yes (Ave) 100.00%	Vote Sum No (Nbr) 0.00%	Simple Majority Pass/Fail
Y	Y	Y	Y	Y	Y	100.00%	0.00%	Pass
Y	Y	Y	Y	Y	N	86.67%	13.33%	Pass
Y	Y	Y	N	Y	Y	83.33%	16.67%	Pass
Y	Y	Y	Y	N	N	76.67%	23.33%	Pass
Y	Y	Y	N	Y	Y	73.33%	26.67%	Pass
Y	Y	Y	N	N	Y	70.00%	30.00%	Pass
Y	Y	Y	N	N	N	60.00%	40.00%	Pass
Y	Y	N	Y	Y	Y	80.00%	20.00%	Pass
Y	Y	N	Y	Y	N	66.67%	33.33%	Pass
Y	Y	N	Y	N	Y	63.33%	36.67%	Pass
Y	Y	N	Y	Y	N	56.67%	43.33%	Pass
Y	Y	N	N	Y	Y	53.33%	46.67%	Pass
Y	Y	N	N	Y	N	50.00%	50.00%	Fail
Y	Y	N	N	N	Y	40.00%	60.00%	Fail
Y	Y	N	Y	Y	N	30.00%	70.00%	Fail
Y	Y	N	Y	N	Y	26.67%	73.33%	Fail
Y	Y	N	Y	Y	N	23.33%	76.67%	Fail
Y	Y	N	Y	N	Y	20.00%	80.00%	Fail
Y	Y	N	N	Y	Y	40.00%	60.00%	Fail
Y	Y	N	N	Y	N	30.00%	70.00%	Fail
Y	Y	N	N	N	Y	20.00%	80.00%	Fail
Y	Y	N	N	N	N	0.00%	100.00%	Fail

EXHIBIT B

**BOUNDARY MAP OF THE
ATASCADERO BASIN GROUNDWATER SUSTAINABILITY AGENCY**

Exhibit B - Boundary Map of the Atascadero Basin Groundwater Sustainability Agency

