

**ATTACHMENT 1: AUTHORIZATION AND ELIGIBILITY
REQUIREMENTS**

2.0 ELIGIBLE APPLICANT DOCUMENTATION

The following section demonstrates PVWMA's eligibility as a local agency.

Is the applicant a local public agency as defined in Appendix B of the 2012 Guidelines? Please explain.

Yes. The applicant for the Pajaro River Watershed IRWM Emergency Drought Program grant application is the PVWMA. The PVWMA is a public agency, as defined in Section III of the Guidelines, which is defined as a city, county, city and county, district, joint powers authority, a state agency or department, or other political subdivision of the State. The PVWMA is a special purpose district formed under State law (California Water Code Appendix, Chapter 24, Sections 124-1 to 124-1108) pursuant to the Pajaro Valley Water Management Agency Act.

What is the statutory or other legal authority under which the applicant was formed and is authorized to operate?

The statutory and legal authority under which the PVWMA operates is outlined in the attached PVWMA Agency Act (Exhibit B).

Does the applicant have legal authority to enter into a grant agreement with the State of California?

Yes. The PVWMA Act (Water Code Appendix, Section 124-508) expressly authorizes the Agency to apply for and administer any grants that will affect the water resources of the agency.

Describe any legal agreements among partner agencies and/or organizations that ensure performance of the proposal and tracking of funds.

The proposal includes the following four emergency drought relief projects consistent with the goals and objectives of the Pajaro River Watershed IRWM Plan:

- Delivered Water Enhancement and Drought Response Irrigation Program (PVWMA)
- South County Recycled Water Improvements (Santa Clara Valley Water District)
- Expanded Recycled Water Use Project (San Benito County Water District)
- Corralitos Creek Water Supply and Fisheries Enhancement (City of Watsonville)

The three project sponsors executed a cost sharing agreement with PVWMA for preparation of the grant proposal. If the grant is awarded, the project sponsors have committed to executing a Funding Agreement with PVWMA, should this Proposal be awarded grant funding. The Funding Agreement will include roles and responsibilities for administration of the grant and distribution of the grant funds, and will be largely based on the terms and conditions of the Grant Agreement with DWR. The cost sharing letters are included in Exhibit C.

EXHIBIT B: PVWMA AGENCY ACT

THE PAJARO VALLEY WATER MANAGEMENT AGENCY ACT



ACT 760. Pajaro Valley Water Management Agency (1984 ch 257)
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WATER -- UNCODIFIED ACTS

ACT 760. Pajaro Valley Water Management Agency (1984 ch 257)

Act 760 Note

AN ACT to create the Pajaro Valley Water Management Agency, prescribing its boundaries, organization, operation, management, financing, and other powers and duties, and declaring the urgency thereof, to take effect immediately.

ARTICLE 1.

LEGISLATIVE FINDINGS

§ 101. Public interest

The Legislature hereby finds and declares that the management of the water resources within the Pajaro Valley Water Management Agency for agricultural, municipal, industrial, and other beneficial uses is in the public interest and that the creation of a water agency pursuant to this act is for the common benefit of all water users within the agency.

§ 102. Water resource management activity objectives

Water resource management activities carried out under this act in the public interest shall recognize the following objectives:

(a) Local groundwater resources should be managed toward the avoidance and eventual prevention of conditions of long-term overdraft, land subsidence, and water quality degradation.

(b) Local economies should be built and sustained on reliable, long-term supplies and not long-term overdraft as a source of water supply.

(c) Water management programs should include reasonable measures to prevent further increases in the amount of long-term overdraft and to accomplish continuing reduction in long-term overdraft, realizing that an immediate reduction in long-term overdraft may cause severe economic loss and hardship.

(d) Conservation and economically efficient management of water resources are necessary to meet the needs of agriculture, industry, and urban communities. Economic efficiency requires that water users pay their full proportionate share of the costs of developing and delivering water. Property taxes shall not be used for payment of these costs. Agricultural uses shall have priority over other uses under this act within the constraints of state law.

(e) Water conservation programs appropriately include the ability of a water management agency to recognize existing beneficial uses, and to acquire, buy, and transfer water and water rights in the furtherance of its purposes.

(f) The purpose of this agency is to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft and to provide and insure sufficient water supplies for present and anticipated needs within the boundaries of the agency.

(g) It is anticipated that long-term overdraft problems may not be solved unless supplemental water supplies are provided. The water management agency should, in an efficient and economically feasible manner, utilize supplemental water and available underground storage and should manage the groundwater supplies to meet the future needs of the basin.

ARTICLE 2.

BOUNDARIES

§ 201. Agency boundaries

For the purposes of this act, the boundaries of the Pajaro Valley Water Management Agency are as follows:

(a) The northern boundary of the agency is as follows:

Commencing at the Pacific Ocean and the most southerly boundary of the Soquel Creek County Water District and beginning at a point at the intersection of the south boundary of county road by deed recorded in Volume 294 of Official Records, Page 211, Santa Cruz County Records; that point being also at the mean high water line as shown and delineated on Record of Survey filed in Book 33 of Maps, Page 81, Santa Cruz County Records; thence from that point of beginning along the south boundary of that county road N. 77 degrees 46' 50" E. 179.76 to Station One as shown on that map; thence S. 29 degrees 29' 44" E. 946.39 feet to the northwest corner of Tract 295, Place De Mer, Unit No. 1, as shown on the map filed for record in Volume 37 of Maps, Page 52, Santa Cruz Records; thence along the north. boundary of that tract North 86 degrees 33' 26" E. 537.60 feet to a station; thence along a curve to the left having a radius of 100.00 feet, through a central angle of 65 degrees 05', an arc distance of 113.59 feet; thence N. 21 degrees 28' 26" E. 247.42 feet to a station; thence along a curve to the left having a radius of 20.00 feet, through a central angle of 84 degrees 54' 06" an arc distance of 29.64 feet to a point on the south boundary of San Andreas Road; thence northeasterly 70.00 feet more or less to the southeast corner of the lands of Bruce McBain by deed recorded in Volume 1787 of Official Records, Page 374, Santa Cruz County Records; thence along the east boundary of those lands of McBain produced N. 21 degrees 30' 40" E. 480 feet (scaled) to a station on the north boundary of the Southern Pacific Railroad; thence along the northerly boundary of the Southern Pacific Railroad in a northwesterly direction to its intersection with a line, from which Station No. 28 on the centerline of San Andreas Road, as shown on the Map of Tract No. 1, La Selva Beach, filed January 26, 1936, in Map Book 26, Page 2, Santa Cruz County Records, bears N. 6 degrees 45'

E.; thence N. 6 degrees 45' E. 1100' (scaled) to Station No. 28; thence N. 3 degrees 15' E. 511.50 feet to Station No. 29; thence N. 46 degrees 30' E. 259.38 feet; thence leaving the San Andreas Road S. 80 degrees 30' E. 198.00 feet; thence N. 61 degrees 30' E. 591.36 feet to a station; thence N. 89 degrees E. 353.10 feet to a gate post; thence N. 52 degrees 15' E. 755.04 feet to a stake from which an oak tree bears N. 12 degrees E. 40.92 feet distant; thence N. 18 degrees W. 233.64 feet to a station; thence N. 48 degrees 30' W. 264.00 feet to a station; thence N. 44 degrees E. 2072.40 feet to a station; thence S. 51 degrees E. 842.16 feet to a station in the Watertank Road; thence northeasterly along Watertank Road to and across State Highway Route 56-D (Highway 1) to the northeasterly line of State Highway Route 56-D; thence along the northeasterly line of State Highway Route 56-D to its intersection near Freedom Boulevard with the southerly boundary of the Central Water District (formerly called the Central Santa Cruz County Water District); thence easterly along the southerly boundary of the Central Water District to and across Freedom Boulevard to Pleasant Valley Road; thence along Pleasant Valley Road and the boundary of the Central Water District to the point where the Central Water District boundary leaves Pleasant Valley Road in an easterly direction; thence following the Central Water District boundary easterly, northerly, and westerly to Pleasant Valley Road; thence northerly along the easterly line of Pleasant Valley Road to the southwest corner of land of Billye L. Heath as described in the deed recorded on December 21, 1965, in Volume 1736, Page 155 Official Records of Santa Cruz County; thence easterly along the southerly boundary of the land of Billye L. Heath, which is also a boundary of the Central Water District, and continuing along the easterly boundary of Central Water District to most northeasterly point (Y) of the Central Water District; thence continuing on the extension of the easterly course of the boundary of the Central Water District which passes through point Y to the point of its intersection with the southerly line of Section 2, T. 11 S. R. 1 E., M. D. B. & M.; thence easterly along the south line of Section 2 to the east line of Section 2, then north along the east line of Section 2 and of Section 36, T. 10 S., R. 1 E., M. D. B. & M., to the north line of Section 36; thence east along the north line of Section 36, and 31 and 32, T. 10 S., R. 2 E., M. D. B. & M.; thence southerly along the easterly line of Section 32 to the south line of Section 32; thence east along the projection of the south line of Section 32 to Hazel Dell Road; thence southerly along Hazel Dell Road to Gaffey Road; thence southeasterly along Gaffey Road to Hecker Pass Road (State Route 152); thence northerly along Hecker Pass Road to the Santa Cruz County line; thence southerly along the Santa Cruz County line to the intersection of the Santa Cruz County line with the San Benito County line; thence northwesterly along the Santa Cruz County line to Carpentaria Road.

(b) The southern and eastern boundary of the agency is as follows:

Beginning at a point on the high water line of Monterey Bay, Monterey County, California, that point being also the most southwesterly corner of Lot 1, Block 261, Book 133, Page 26, Assessor's Map, County of Monterey, thence along the southerly line of that Lot 1 easterly to the southeasterly corner of that Lot 1; thence in a direct line easterly to the Lot 3, Block 23 as shown in Book 413, Page 2, Assessors Map, County of Monterey; along the southerly line of that Lot 3 easterly to the southeasterly corner of that Lot 3, that corner being also the westerly right-of-way boundary line of State Highway No. 1; thence crossing that state highway easterly to the most southwesterly corner of Lot 4, Block 23 as shown in Book 413, Page 2, Assessors Map, County of Monterey, that corner being also the easterly right-of-way of that state highway; thence along

the southerly boundary line of that Lot 4, northeasterly to the most southeasterly corner of that Lot 4, that corner being also the most southwesterly corner of Lot 2, Block 41, Book 413, Page 4, Assessors Map, County of Monterey; thence along the southeasterly boundary line of that Lot 2 northeasterly to the most northeasterly corner of that Lot 2, that corner being also a point on the southerly boundary of Lot 13, Block 14, Book 413, Page 1, Assessors Map, County of Monterey; thence northwesterly to the southeast corner of Lot 14, Block 14, Book 413, Page 1, Assessors Map, County of Monterey; thence along the easterly boundary of said Lot 14 northerly to the northeasterly corner of that Lot 14, that corner being also the most southeasterly corner of Lot 4, Block 23, Book 412, Page 2, Assessors Map, County of Monterey, that corner also being the westerly bank of Elkhorn Slough; thence along the westerly bank of Elkhorn Slough northwesterly and northeasterly to the intersection of that westerly bank with the westerly right-of-way line of Elkhorn Road, a county road; thence crossing that county road along a direct line easterly to the easterly right-of-way of that County Road; thence along the easterly line of that county road southeasterly to the intersection of that county road right-of-way line and the southerly boundary of Lot 5, Block 22, Book 412, Page 2, Assessors Map, County of Monterey; thence along the southerly boundary of that Lot 5 easterly to the most southeasterly corner of that Lot 5, that corner being also a point on the southwesterly boundary of Lot 19, Block 11, Book 181, Page 1, Assessors Map, County of Monterey; thence along the southerly boundary line of that Lot 19 easterly to the most southeasterly corner of that Lot 19, that corner being also a point on the westerly line of Lot 4, Block 11, Book 181, Page 1, Assessors Map, County of Monterey; thence along the northerly boundary of Lot 4 and westerly boundary of Lot 5, Book 181, Page 1, Assessors Map, County of Monterey, northerly and southeasterly to the southeasterly corner of that Lot 5; thence along a direct line southeasterly to the most southwesterly corner of Lot 12, Block 11, Book 181, Page 1, Assessors Map, County of Monterey; thence along the southerly boundary of Lots 12 and 13, Block 11, Book 181, Page 1, of that map; southeasterly to the most southeasterly corner of that Lot 13, that corner being also the most westerly corner of Lot 14, Block 151, Book 129, Page 15, Assessors Map, County of Monterey; thence along the southerly boundary of Lots 14 and 15, Block 151, of that map southeasterly to the most southeasterly corner of that Lot 15, that corner being also the most northwesterly corner of Lot 1, Block 161, Book 129, Page 16, Assessors Map, County of Monterey; thence along the northerly boundary line of Lots 1, 2, 31, 37, 38, 5, 22, 23, 34, 35, 36, 28, and 30 southeasterly to the most northeasterly corner of that Lot 30; thence in a direct line southeasterly to a point on the easterly right-of-way line of San Miguel Canyon Road, a county road, that point being also the most southerly corner of Lot 19, Block 252, Book 127, Page 25, Assessors Map, County of Monterey; thence along the easterly boundary line of Lots 19, 82, and 83 of that map northeasterly to the most northeasterly corner of that Lot 83, that corner being also the southerly right-of-way line of Maher Road, a county road; thence in a direct line northeasterly to a point on the northerly right-of-way line of that Maher Road, that point being also the most southwesterly corner of Lot 10, Block 101, Book 181, Page 10, Assessors Map, County of Monterey; thence along the southerly boundary line of Lots 10 and 1 of that map westerly to the most easterly corner of that Lot 1, that corner being also a point on the westerly boundary of Lot 1, Block 22, Book 181, Page 22, Assessors Map, County of Monterey; thence along the westerly boundary of that Lot 1 northerly to the most northerly corner of that Lot 1, that corner being also the southwesterly corner of Lot 6, Block 131, Book 181, Page 13, Assessors Map, County of Monterey; thence along the westerly boundary of Lots 6 and 5 of that map northwesterly to the most northwesterly corner of that Lot 5, that corner being also the most southwesterly corner of Lot 15, Block 121, Book 181,

Page 12, Assessors Map, County of Monterey; thence northerly along the westerly boundary of that Lot 15 to the northwesterly corner of that Lot 15, that corner being the most southwesterly corner of Lot 1 of that map, thence along the southerly boundary of that Lot 1 easterly to the southeasterly corner of that Lot 1; thence along the easterly boundary of that Lot 1 northerly to the intersection of that easterly boundary with the centerline of San Juan Road, a county road; thence along the centerline of that county road northeasterly to the intersection with the centerline Carpenteria Road, a county road; thence along the centerline of that county road northeasterly to the intersection of that centerline with the southerly boundary of the Aromas Water District; thence along the boundary of that district northeasterly and westerly to its intersection with the centerline of Carpenteria Road; thence along the centerline of that road northerly to the intersection of that road with the Santa Cruz County line.

ARTICLE 3.

DEFINITIONS

§ 301. Construction of act

Unless the context otherwise requires, the definitions in this article govern the construction of this act.

§ 302. “Agency”

“Agency” means the Pajaro Valley Water Management Agency.

§ 303. “Available supply”

“Available supply” means the quantity of groundwater which can be withdrawn annually from the groundwater basin without resulting in or materially aggravating conditions of long-term overdraft, subsidence, or groundwater quality degradation. Available supply of the groundwater basin includes the average annual natural water supply, any temporary surplus, imported water or other water which has been spread to the basin or otherwise added to the basin, and return flows to the basin attributable to these sources reaching the groundwater basin in the course of use.

§ 304. “Board of directors”; “Board”

“Board of directors” or “board” means the governing body of the agency as provided in Section 402.

§ 305. “Extraction”

“Extraction” means the act of obtaining groundwater by pumping or other controlled means.

§ 306. “Extraction facility”

“Extraction facility” means any device or method for the extraction of groundwater within the groundwater basin.

§ 307. “Groundwater”

“Groundwater” means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water. “Groundwater” does not include any water which, on the effective date of this act, is subject to appropriation under Part 2 (commencing with *Section 1200*) of *Division 2 of the Water Code*.

§ 308. “Groundwater basin”

“Groundwater basin” means the groundwater basin within the boundaries of the agency and any subbasins located therein.

§ 309. “Groundwater management plan”

“Groundwater management plan” means a plan which identifies groundwater management objectives and recommends measures to implement those objectives toward the efficient, economic, and equitable use of groundwater resources within the basin. The plan shall consider the characteristics of the groundwater basin, groundwater conditions and problems, existing natural and supplemental water supplies, present and anticipated water use within the basin, and the land use policies of applicable city and county general plans.

§ 310. “Groundwater rights adjudication”

“Groundwater rights adjudication” means the determination of substantially all rights in the groundwater basin or the area subject to the adjudication.

§ 311. “Operator”

“Operator” means the person who operates an extraction facility. “Operator” also means the person to whom the extraction facility is assessed by the county assessor or, if not separately assessed, the person who owns the land upon which an extraction facility is located.

§ 312. “Overdraft”

“Overdraft” means the condition of the groundwater basin where the average annual amount of water extracted exceeds the average annual supply of fresh water to the basin, plus any temporary surplus.

§ 313. “Person”

“Person” includes any state or local governmental agency, private corporation, firm, partnership, limited liability company, individual, group of individuals, or, to the extent authorized by law, any federal agency.

§ 314. “Program”

“Program” means a groundwater management program prepared by the agency pursuant to this act.

§ 315. “Replenishment”

“Replenishment” means spreading water over a permeable area for the purpose of allowing it to percolate to the groundwater basin, or otherwise adding water to the groundwater basin, which without that effort would not augment the groundwater supply.

§ 316. “Supplemental water”

“Supplemental water” means surface water or groundwater imported from outside the watershed or watersheds of the groundwater basin, flood waters that are conserved and saved within the watershed or watersheds which would otherwise have been lost or would not have reached the groundwater basin, and recycled water.

§ 317. “Temporary surplus”

“Temporary surplus” means the amount of water than can be extracted from the groundwater basin, without adversely affecting the available supply of the groundwater basin, to provide storage space for natural recharge that would be lost during wet years if it could not be stored in the groundwater basin.

§ 318. “Water year”

“Water year” means the period from October 1 of one calendar year to September 30 of the following calendar year.

§ 319. “Well interference”

“Well interference” means a substantial reduction in the production of an existing facility due to a substantial nonseasonal water level decline in a localized area caused by pumping from extraction facilities in close proximity to one another.

ARTICLE 4.

GENERAL PROVISION

§ 401. Submission of ballot proposition to voters

(a) There shall be submitted to the registered voters within the agency at the general election, to be held throughout the state on the sixth day of November 1984, the question of whether the agency shall be organized and shall exercise its power in accordance with the provisions of this act.

(b) There shall be printed on the ballot at the election the following question:

“Shall the Pajaro Valley Water Management Agency be organized and exercise its powers in accordance with the provisions of the Pajaro Valley Water Management Agency Law?”

Following the question shall be the words “Yes” and “No” on separate lines with a voting square at the right of each, in which the voter shall indicate by stamping a cross (+) his or her vote for or against the proposition.

(c) If a majority of the voters voting on the proposition vote in its favor, the agency shall begin to function and to exercise its powers upon the organization of the board of directors as provided in Section 402.

(d) If a majority of the voters voting on the proposition do not vote in its favor, another election on the proposition shall be held within the agency upon the petition of 10 percent of the voters within the proposed agency boundaries. Petitions may be circulated for that purpose not earlier than six months after the previous election.

§ 402. Membership of board of directors; Eligibility

The agency shall be governed by the board of directors. The board shall consist of seven members selected in accordance with this act. Each member of the board shall be a voter of and a resident within the agency. Four members of the board shall be elected as provided in Section 403. Three members of the board shall be appointed. The appointed members of the board shall reside within the jurisdiction of the appointing power, shall derive at least 51 percent of their net income from the production of agricultural products, as certified by affidavit, and shall be appointed by the following agencies: one member each by the Board of Supervisors of Monterey County, the Board of Supervisors of Santa Cruz County, and the City of Watsonville. The appointments may be made from lists of not less than three nor more than five persons submitted to the appointing power for each vacancy by the Santa Cruz County Farm Bureau and the Monterey County Farm Bureau.

§ 403. Initial elected board members

The initial elected members of the board shall be elected at large by the voters of the agency at the November 6, 1984, formation elections. The elected members shall thereafter be elected by division as provided in this act.

§ 404. Term of office; Vacancies; Election procedure

The term of office of each elected member of the board shall be four years, except that after the initial election, the two directors receiving the highest number of votes shall serve for four years, and the other two directors shall serve two years. Thereafter, all elected directors shall serve for four years. The term of office for an appointed member of the board shall be two years. A vacancy in the office of a member of the board shall be filled pursuant to *Section 1780 of the Government Code*, and a vacancy in the term of office of an appointed member shall be filled by the appointing power. The qualification of voters and the election of the members of the board shall be in accordance with the provisions of the Uniform District Elections Law (Part 3 (commencing with *Section 23500*) of *Division 14 of the Elections Code*) except as otherwise provided in this act.

§ 405. Election of members by division; Residence requirement

The agency shall, by resolution adopted by a majority of the members of the board at least 140 days before the next general district election, be divided into four divisions. All directors thereafter elected by division shall be residents of their division and shall be registered voters at the time of their election and during their term of office.

§ 406. Division boundaries; Modification

(a) After the adoption of the resolution by the board to establish divisions in the agency, the board of directors shall establish the boundaries of the divisions.

(b) The board of directors shall, by resolution, adjust the boundaries of any divisions pursuant to Chapter 8 (commencing with *Section 22000*) of *Division 21 of the Elections Code*.

§ 407. Election of directors following adoption of divisions

At the first election of directors following the adoption of the resolution by the board establishing divisions, the number of directors to be elected shall correspond with the number of directors whose terms expire. The directors whose terms have not expired shall serve their unexpired terms under the qualifications to hold office that existed prior to the adoption of the resolution establishing divisions. The division in which elections shall be held two years after the formation of the district shall be selected from those divisions which are not represented by the directors who were elected to four-year terms. In that first election and in all subsequent elections, the form of the ballot and the conduct of the election shall be governed by the Uniform District Election Law for resident voting districts.

§ 408. First meeting of board; Election of chairman; Time and place of subsequent meetings; Manner of public notice

The board shall hold its first meeting as soon as possible after the election of the first members of the board. The board shall elect one of its members chairman, and shall thereupon provide for the time and place of holding its meetings and the manner in which special meetings may be called upon adequate notice to the public. At the first meeting in the month of January of each year, or at the next meeting following the creation of a vacancy in the office of chairman, the board shall choose one of its members to be chairman and one of its members to be vice chairman.

§ 409. Chairman to preside at meetings; Temporary chairmen

The chairman of the board shall preside at all meetings of the board. In the case of the absence or inability to act of the chairman or vice chairman, the members present shall by a resolution entered in the records of the board, select one of their number to act as temporary chairman.

§ 410. Quorum; Voice vote; Roll call vote; Majority vote requirement

A majority of the members of the board shall constitute a quorum for the transaction of business. On all ordinances, the roll shall be called and the ayes and noes recorded in the records of the board. Resolutions and motions may be adopted by voice vote, but on demand of any member, the roll shall be called. Except as otherwise provided in this act, no ordinance, resolution, or motion shall be passed nor become effective without the affirmative vote of the majority of the members of the board.

§ 411. Compensation; Expenses

Each director may receive compensation in an amount not to exceed one hundred dollars (\$100) per day for each day's attendance at meetings of the board or for each day's service rendered as a director by request of the board, not exceeding a total of two days in any calendar month, together with any expenses incurred in the performance of his or her duties required or authorized by the board.

§ 412. Depository of funds

The board shall designate a depository or depositories to have the custody of funds of the district. All funds of the district deposited with any depository shall be secured as required by law.

§ 413. Status of agency as "district" for annexing or detaching territory

Notwithstanding *Section 56039 of the Government Code*, the agency shall be deemed to be a "district" within the provisions of the District Reorganization Act of 1965 (Division 1 (commencing with *Section 56000*) of *Title 6 of the Government Code*), and all proceedings for

the annexation or detachment of territory to or from the district shall be conducted in the manner therein provided and all the provisions of that act shall apply to the district.

§ 414. Exemption for persons who extract or consume minimum amount of water

The agency may exclude from any of the requirements of this act any class of persons who extract or consume a minimum amount of water. Any such exemption shall be subject to periodic review.

§ 415. County counsels' analysis of pertinent ballot measures

Notwithstanding any other provision of law, whenever any agency measure pertaining exclusively to the Pajaro Valley Water Management Agency qualifies for a place on the ballot, the county counsels of Monterey County, San Benito County, and Santa Cruz County shall jointly prepare an impartial analysis of the measure showing the effect of the measure on existing law and the operation of the measure. The analysis shall be printed preceding the arguments for and against the measure. The analysis shall not exceed 500 words in length.

ARTICLE 5.

POWERS OF THE AGENCY

§ 501. Express and implied powers

The agency shall exercise the powers granted by this act for the purposes of water management within the boundaries of the agency, together with any powers as may be reasonably implied, necessary, and proper to carry out the objectives and purposes of the agency.

§ 502. Adoption of regulations; Finding of public necessity

The agency, before adopting any regulation, shall make a finding that the public necessity requires the action, and the resolution or ordinance enacted shall state the ultimate facts upon which the finding is based.

§ 503. Investigations; Right of access to property

The agency may carry on technical and other necessary investigations of all kinds and collect data necessary to carry out the provisions of this act. The agency shall have the right of access to all properties within the agency to the extent permitted by the United States Constitution and the California Constitution.

§ 504. Cooperation and contracting with other governmental agencies

The agency may cooperate and contract with federal, state, and local governmental agencies in the conduct and performance of all investigations, studies, and data collection.

§ 505. Authorized personnel to conduct investigations and studies; Programs not to be implemented until receipt of recommendations

All investigations and studies carried out by or on behalf of the agency shall be conducted by licensed engineers or experts in groundwater geology or hydrology. The agency shall not implement groundwater management programs until the board of directors has received the recommendations of its engineers, consultants, and staff.

§ 506. Annual report

The agency shall prepare annually a report on groundwater supplies and conditions in the district, including groundwater management objectives and a plan of implementation of those objectives. If restrictions on operators of extraction facilities have been imposed during the previous year, the annual report shall also include specific findings which state all of the following:

- (a) Any changes in static groundwater levels during the prior 12 months.
- (b) The factual reasons why those restrictions should continue into the following year.

§ 507. Power of eminent domain; Exception; Acquisition of property outside boundaries for specified purpose

(a) The agency shall have the power of eminent domain to acquire property within the boundaries of the agency necessary for carrying out the powers and purposes of the agency, except that the agency shall not have power to acquire by eminent domain publicly owned property held or used for the development, storage, or distribution of water for public use.

(b) (1) Notwithstanding subdivision (a), the agency shall have the power to acquire by eminent domain property outside the boundaries of the agency, other than property of another public agency, for the purposes of constructing a pipeline and related appurtenant facilities to deliver supplemental water to the agency by way of the San Felipe Division of the Central Valley Project.

(2) The agency shall not exercise the authority granted by paragraph (1) without the approval, by resolution, of the board of supervisors of the county in which the affected property is situated. A board of supervisors that grants approval under this paragraph may require, as a condition of approval, that the agency defend, indemnify, and hold harmless the county from any claim, action, or proceeding against the county or its agents, officers, or employees arising out of the board's decision to grant approval or the agency's exercise of eminent domain power pursuant to this subdivision.

§ 508. Right to apply for and administer grants and programs

The agency shall be an appropriate body to apply for and administer any public or private grants and programs which affect the water resources of the agency.

§ 509. Right to sue and be sued

The agency may sue and be sued.

§ 510. Contractual powers; Establishment of offices and positions

The agency may do any of the following:

(a) Enter into contracts and employ and retain personal services. The board may cause construction or other work to be performed or carried out by contracts or by the agency under its own supervision.

(b) Contract for and perform contracts with public entities for the performance of administration of the agency and perform or contract for the performance of tests, studies, and investigations as necessary and proper to carry out the objects and purposes of the agency.

(c) All contracts for the construction of any unit of work estimated to cost over ten thousand dollars (\$10,000) shall be let to the lowest responsible bidder in accordance with Chapter 2 (commencing with *Section 22000*) of Part 3 of Division 2 of the Public Contract Code. If the cost of the project will not exceed ten thousand dollars (\$10,000) the agency may have the work done by force account. The agency may purchase in the open market, without advertising for bids, materials, supplies, and professional services for use in any work either under contract or by force account.

(d) Create, establish, and maintain offices and positions that the board determines are necessary and convenient for the transaction of the business of the agency.

§ 511. Issuance of promissory notes; Maximum interest and principal

The agency may, by resolution adopted by the board, issue negotiable promissory notes to acquire funds for any agency purpose or purposes. Any issue of promissory notes shall bear interest at a rate not exceeding 10 percent per year and shall mature over a period not exceeding five years from the date thereof. The aggregate principal amount of such notes outstanding at any one time shall not exceed three hundred thousand dollars (\$300,000).

§ 512. Notification by city or county of proposed water use

Any city or county having land use jurisdiction over a development project which proposes to use water that has been extracted from aquifers underlying the agency or diverted from surface sources within the boundaries of the agency shall notify the agency of the proposed project.

§ 513. Notification to land use agencies of recommended management techniques

After adoption of a groundwater management plan, the agency shall notify appropriate land use agencies of the management techniques recommended by the groundwater management plan.

§ 514. Land use projects; Submission of permit to land use agencies

If a land use project requires a permit from the agency, the agency shall submit the permit and any conditions of the permit to the appropriate land use agencies.

§ 515. Finding that “project” is consistent with local general plans

Prior to approving any project, as defined in *Section 21065 of the Public Resources Code*, the agency directors shall make a finding that the project is consistent with applicable city and county general plans.

§ 516. Agency to have prevailing authority over special districts within its boundaries

The agency shall have prevailing authority over any special district within the boundaries of the agency which exercises any of the powers enumerated in this act.

ARTICLE 6.

REGISTRATION OF GROUNDWATER EXTRACTION FACILITIES

§ 601. Authority to require registration

The agency may, by ordinance, require extraction facilities to be registered with the agency and, if required by the board of directors, measured with a water flow measuring device installed and calibrated by the agency or, at its option, by the extraction facility operator. The agency may also require any new extraction facility which is constructed, existing extraction facility which is deepened, or abandoned extraction facility which is reactivated to be registered with the agency within 30 days of completion of construction, deepening, or reactivation, and, if required by the board of directors, equipped with a water flow measuring device.

§ 602. Information which may be required for registered facilities

In addition to other information which the agency may require, the agency may require for each registered extraction facility information as to the operator of each extraction facility, the owner of the land upon which each extraction facility is located, and a general description of the equipment associated with each extraction facility and the location of each water extraction facility.

§ 603. Annual groundwater extraction statement; Contents

The agency may, by ordinance, require the operator of each extraction facility to file annually with the agency an annual groundwater extraction statement that contains, but is not limited to, the following information:

- (a) Total extraction in acre-feet of water from the extraction facility for the preceding year.

- (b) The static groundwater level for the extraction facility.
- (c) A description of the location of the extraction facility.
- (d) The soil and crop types for agricultural uses. The acreage served by the extraction facility.
- (e) The method of measuring or computing groundwater extraction.

Each groundwater extraction statement shall be verified by a written declaration under penalty of perjury that the information contained in the statement is true and correct. The operator of an extraction facility which has been permanently abandoned after the effective date of this act shall give written notice of the abandonment to the agency.

§ 604. Alternate method of calculating groundwater extraction

The board may, by ordinance, establish reasonable methods to be used in computing the amount of water extracted by extraction facilities other than by a water flow meter. These methods may be based upon any or all or a combination of the following criteria:

- (a) The size of water-producing facility discharge opening.
- (b) The area served by the water-producing facility.
- (c) The number of persons served by the water-producing facility.
- (d) The use of land served by the water-producing facility.
- (e) The crops grown on land served by the water-producing facility.
- (f) Any other criteria which may be used to determine with reasonable accuracy the amount of water produced from a water-producing facility.

ARTICLE 7.

GROUNDWATER MANAGEMENT

§ 701. Groundwater basin study; Notice of public meeting; Necessity of study

Within six months after the formation of the agency, the board of directors shall give notice and hold a public hearing to receive evidence of the need to perform a groundwater basin study. Upon conclusion of the hearing and after consideration of any relevant comments, the board of directors may determine that the performance of a groundwater basin study is necessary to meet the purposes, goals, and objectives of the agency.

§ 702. Need for groundwater management activities; Public hearing; Enactment of plan

If, upon receipt of the recommendations of its engineers, consultants, and staff, the board of directors determines that groundwater management activities may be necessary, the board of directors shall give notice of and hold a hearing to receive evidence on the need for a management plan and on the form and scope of the proposed management activities.

If, upon conclusion of the hearing, and consideration of any relevant investigations, studies, or results, the board of directors determines that management in the form proposed is necessary for the sound management of the groundwater within the groundwater basin, the agency may, by ordinance, exercise any of the powers set forth in this act, subject to subdivisions (d), (f), and (g) of Section 102.

§ 703. Regulation of groundwater replenishment programs; Recapture of supplemental groundwater; Allocation of groundwater basin storage space

The agency may regulate groundwater replenishment programs and recapture supplemental groundwater resulting from these programs within the agency as provided by this act, subject to subdivisions (d), (f), and (g) of Section 102. The agency shall have the power to determine the amount of groundwater basin storage space available and to allocate groundwater basin storage space within the groundwater basin after completion of the groundwater basin study.

§ 704. Right to store, recapture, distribute, and sell supplemental water

The agency or other persons pursuant to an agreement with the agency shall have the sole right to store, recapture, distribute, and sell supplemental water in the groundwater basin, subject to subdivisions (d), (f), and (g) of Section 102.

§ 705. Right to enjoin unreasonable uses of water

The agency may commence and prosecute actions to enjoin unreasonable uses or methods of use of water within the agency or outside of the agency to the extent those uses or methods of use affect the groundwater supply within the agency.

§ 706. New facility spacing requirements

The agency may impose spacing requirements on new extraction facility construction to minimize well interference.

§ 707. Determination of well interference by adjacent operator; Procedure

The agency may, at the request of an operator of an extraction facility, and after notice to all affected persons, convene a hearing to ascertain if the legal rights of a complaining operator have been infringed through well interference by the extractions of an adjacent operator within the agency.

§ 708. Imposition of operating regulations after finding interference exists

If the board finds at the hearing that well interference exists, the board may impose reasonable operating regulations on extraction facilities to minimize well interference. The regulations may, where feasible, require pumpers to operate on a rotation basis. Rotations shall not be deemed feasible if they would require an overlying owner to construct a new well to irrigate the acreage being irrigated by a single existing well.

§ 709. Agency use of surface reservoirs or groundwater basins

The agency may store water in and recapture water from surface reservoirs or groundwater basins within the agency.

§ 710. Purchase and importation of water; Limitations

The agency may purchase and import water into the agency subject to subdivisions (d), (f), and (g) of Section 102, except that no water shall be imported into the agency for other than agricultural purposes. This limitation to agricultural use of imported water shall not apply to lands within the Aromas County Water District.

§ 711. Improvement and protection of water quality; Right to control extractions

The agency, in order to improve and protect the quality of water supplies may treat, inject, extract, or otherwise control water, including, but not limited to, control of extractions, and construction of wells and drainage facilities. These powers shall include the right to regulate, limit, or suspend extractions from extraction facilities, the construction of new extraction facilities, the enlarging of existing facilities, or the reactivation of abandoned extraction facilities.

Limitation, control, or prohibition related to extraction shall be instituted only after the board has made factual findings that the limitation, control, or prohibition is necessary.

§ 712. Allocation of groundwater following limitation or suspension of extractions; Factors; Necessity for groundwater management plan

(a) If the agency limits or suspends extractions within the basin or within a subbasin by operators of extraction facilities, rights to the use of the available supply of groundwater shall be allocated primarily on the basis of the amount of water used by the operator as a percentage of the total amount of water being used within the agency. The agency may adjust any figure so arrived at up or down for any of the following factors:

(1) The number of acres actually irrigated compared to the number of acres owned or leased, for a period of three years.

(2) Water used in relation to best management practices for the use being made of the water.

(3) Wasteful or inefficient use.

(4) Reasonable need.

(5) Any other factor that the agency reasonably feels it should consider in order to reach an equitable distribution.

(b) Notwithstanding any other provision of this act, the agency shall not regulate existing extraction or physically import water into the basin until the agency has adopted a groundwater management plan. However, the board may reserve water to be imported from a state or federal water development project, or express an intent to import water, prior to the preparation of a groundwater management plan. The board may also restrict existing extractors prior to the adoption of a management plan, anytime after the end of the first full water year after the formation of the agency, if it has determined at a noticed public hearing that a substantial reduction in the water quantity or quality has taken place within the preceding water year which creates a substantial threat to the water supply of the entire basin.

§ 713. Permit required to extract increased amounts following limitation or suspension of extraction; Criteria for issuance

(a) If the agency limits or suspends extraction by operators of extraction facilities, no operator may extract increased amounts of groundwater from an existing, new, enlarged, or reactivated extraction facility, until the operator has applied for and received a permit from the agency.

(b) The agency shall grant, at the earliest date possible, the permit upon a showing by the applicant that the applicant has acquired from existing permitted extractors, water entitlement equivalent to the amount of water the applicant seeks to extract in the permit application.

(c) This section shall not be construed as preventing an operator of an extraction facility from replacing an extraction facility with another extraction facility so long as the amount of water used is not increased.

§ 714. Power to replenish and augment water supply

The agency shall have the power to take all affirmative steps necessary to replenish and augment the water supply within its territory. In the event the agency imposes restrictions on the operation of extraction facilities, the agency shall purchase, or capture, and distribute supplemental water at the earliest date possible, subject to subdivisions (d), (f), and (g) of Section 102.

ARTICLE 8.

BONDS AND ZONES OF BENEFIT

§ 801. Authority to issue bonds

The agency may use, and may issue bonds in accordance with, the Improvement Act of 1911 (Division 7 (commencing with *Section 5000*) of the *Streets and Highways Code*), the Municipal Improvement Act of 1913 (Division 12 (commencing with *Section 10000*) of the *Streets and Highways Code*), the Improvement Bond Act of 1915 (Division 10 (commencing with *Section 8500*) of the *Streets and Highways Code*), or the Revenue Bond Law of 1941 (Chapter 6 (commencing with *Section 54300*) of *Part 1 of Division 2 of Title 5 of the Government Code*) for the construction of any facilities authorized to be constructed by the agency under the provisions of this act.

§ 802. “Zones of benefit”; Establishment; Notice and hearing; Amendment of boundaries

(a) “Zone of benefit” means an area, including, but not limited to, subbasins, within the agency which will benefit from planning, studies, or any management program undertaken by the agency in a manner different from other areas or subbasins within the district.

(b) The board may establish zones of benefit within the agency for purposes of Section 801 and to institute works or projects for any purpose authorized by this act. The zones shall be established by a resolution of the board which shall fix a time and place for a public hearing on the resolution and shall prescribe the boundaries of the zones. Notice of the hearing shall be given by publication pursuant to *Section 6066 of the Government Code* in a newspaper of general circulation published or circulated within the agency.

(c) The board of directors may amend zone of benefit boundaries by annexing property to or by withdrawing property from a zone, or may divide a zone into two or more zones. Resolutions of the board of directors shall describe the boundaries of the amended or divided zones.

§ 803. Objections to project, financing, or boundaries of zone; Changes in project; Exclusion of property not benefited

(a) At the time and place fixed for the hearing, or at any time to which the hearing may be continued, the board shall consider all written and oral objections to the proposed work or project, to the proposed methods and amounts of financing the work or project, and to the inclusion or exclusion of property within the proposed zone or participating zones.

(b) If, in the judgment of the board, evidence given at the public hearing indicates that changes in the proposed work or project or the methods and amounts of financing the work or project are necessary or desirable, the board may, at the conclusion of the hearing, adopt a resolution making changes in the proposed work or project and the methods and amounts of financing the work or project.

(c) At the conclusion of the hearing, unless the board abandons the proposed work or project, it shall exclude from the zone or participating zones all property which, in the judgment of the board, will not be benefited by the proposed work or project.

§ 804. Written protests; Termination of project and holding of new hearing

If, prior to the conclusion of the hearing, a written protest is filed with the board against the proposed work or project which is signed by a majority in number of the holders of title to real property, or assessable rights therein, or evidence of title thereto, within the zone or within any of the participating zones for which the work or project was initiated, or by the holders of title to a majority of the assessed valuation of the real property within the zone or any of the participating zones, the proceedings relating to the work or project shall be terminated and a new hearing shall be conducted before the board may proceed with the work or project. The new hearing may not be held until at least six months following the termination.

ARTICLE 9.

FINANCIAL PROVISIONS

§ 901. Fees; Determination of amount; Collection; Use

Any person who seeks to install, activate, or expand the production of a water extraction facility within the agency shall pay to the agency a fee set by the board of directors, by ordinance, representing the person's share of the agency's contribution to the maintenance of a basin supply sufficient to meet the new or expanded demand. This impact fee shall be collected only after the agency has implemented its management plan and is in addition to any other agency's service, connection, or extraction permit fee. The fees collected under this section may be used for any valid purpose as determined by the board of directors.

§ 902. Charges upon land within agency

The agency may, by ordinance, fix charges upon land within the agency for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, projects, and purposes for which the agency is organized. The charge may be imposed on landowners within the district for benefits received by landowners from improved water management and planning.

§ 903. Determination of need for charges upon land; Notice and hearing; Maximum charge

(a) Before fixing the charges, the board shall, after notice and hearing, find and determine the need for the charges for the purpose of paying the costs of these activities, and the amount of the charges for the purpose of paying the costs of these activities, and the amount of the charges to be imposed. The charges shall not exceed twenty dollars (\$20) per acre per year for each acre of land, or twenty dollars (\$20) per year for each parcel of land less than one acre. In addition, the charge may include an amount not to exceed ten dollars (\$10) per dwelling unit per parcel per year. However, the agency may vary the minimum charges collected on the basis of benefit

accruing to the land as a result of the actions of the agency, but shall distribute the charges on a fair and equitable basis.

(b) Notwithstanding the maximum allowable charge provided for in subdivision (a), the amount collected in the 1988-89 fiscal year by means of the charge shall not exceed three hundred thirty thousand dollars (\$330,000).

(c) For the 1989-90 fiscal year and each fiscal year thereafter, the agency may increase the actual charge imposed in the prior fiscal year to reflect increases in the costs of the service for which the charge is imposed, except that the amount collected in any fiscal year shall not exceed five hundred thousand dollars (\$500,000). Any increase in the charge proposed pursuant to this subdivision shall be subject to the procedural requirements of Section 904.

§ 904. Schedule of charges; Amendment

The board of directors may establish schedules varying the charge according to the likelihood that the land will benefit from improved water management and planning charges. The initial schedule of charges may be amended only after a public hearing by a five-sevenths vote of the board of directors.

§ 905. Commencement of collection of charges

Charges may be collected pursuant to this article commencing with the 1984-85 fiscal year.

§ 906. Penalty on unpaid charges

A penalty of 7 percent of any charge shall accrue where any charge remains unpaid on the first day of the month before the month in which the board of supervisors of the county in which the agency or any part thereof is located is required by law to levy the amount of taxes required for county purposes.

§ 907. Addition of unpaid charges and penalties to land taxes; Lien on land

The amount of the unpaid charge plus the penalty shall be added to the tax levied annually upon the land subject to the charge. The amount of the unpaid charge plus the penalty shall constitute a lien on that land as of the same time and in the same manner as does the tax lien securing annual property taxes.

§ 908. Notification to county officials of unpaid charges and penalties

At least 15 days before the first day of the month in which the board of supervisors of each affected county is required by law to levy the amount of taxes required for county purposes, the board of directors shall furnish in writing to the board of supervisors and the county auditor of each affected county a description of each parcel of land within the agency upon which a charge remains unpaid, together with the amount of the unpaid charge plus penalty.

§ 908.5. Collection of charges through county tax rolls

In lieu of Sections 906, 907, and 908, charges imposed on landowners pursuant to this article may, at the option of the agency, be collected on the tax rolls of the counties in which the agency is situated in the same manner, by the same persons, and at the same time as, together with and not separately from, county ad valorem property taxes.

§ 909. Adoption of preliminary budget

On or before the 15th day of May of each year, the board shall estimate and determine the annual amount of money required for the agency and shall adopt a preliminary budget which shall be detailed in conformity with the Uniform Accounting Procedures for the districts set forth in the California Administrative Code.

§ 910. Final budget; Notice and hearing

On or before the 15th day of May of each year the board shall publish a notice stating the following:

(a) The preliminary budget has been adopted and is available at a time and at a place within the agency, specified in the notice, for inspection by the voters.

(b) On a specified date and at a specified time and place, the board shall meet for the purpose of fixing the final budget, and that any taxpayer may appear and be heard regarding the increase, decrease, or omission of any item of the budget or for the inclusion of additional items.

§ 911. Publication and posting of notice; Governing statute and procedure

The notice required by Section 910 shall be published pursuant to *Section 6066 of the Government Code* in at least one newspaper published in the agency. The first publication shall be at least two weeks prior to the date specified for the meeting of the board. The notice shall be posted in three public places in the territory of the agency not less than two weeks prior to the date specified for the meeting of the board. No other notice of the meeting need be given.

§ 912. Right to appear and be heard

At the time and place designated in the published notice for the meeting, any person may appear and be heard regarding the increase, decrease, or omission of any item of the budget or for the inclusion of any additional items.

§ 913. Expenditure of funds

All moneys collected by the agency pursuant to this act shall be placed in an account and shall be available without regard to fiscal year for expenditure by the agency in carrying out its water management functions pursuant to this act.

ARTICLE 10.

GROUNDWATER AUGMENTATION CHARGES

§ 1001. Authority to levy charges

The agency may, by ordinance, levy groundwater augmentation charges on the extraction of groundwater from all extraction facilities within the agency for the purposes of paying the costs of purchasing, capturing, storing, and distributing supplemental water for use within the boundaries of the agency.

§ 1002. Required finding and determination prior to levy of charges

(a) Before the levy of groundwater augmentation charges, the board of directors shall, after notice and hearings, find and determine the amount of water which is required for the replenishment or enhancement of groundwater supplies in the agency and the sum of money necessary for that purpose, and the activities required to prepare or implement any groundwater management program for the agency. The finding shall include all of the findings enumerated in *Section 75574 of the Water Code*.

(b) That determination shall be made on the basis of the hearing record, any relevant reports, and the agency's engineering investigation. The investigation shall include all of the following:

(1) Information for the consideration of the board in its determination of the annual overdraft.

(2) Information for the consideration of the board in its determination of the accumulated overdraft as of the last day of the preceding water year.

(3) A report as to the total production of water from the groundwater supplies for the preceding water year.

(4) An estimate of the annual overdraft for the current water year and for the ensuing water year.

(5) The amount of water the agency is obligated to purchase during the ensuing water year, and a recommendation as to the quantity of water needed for surface delivery and for replenishment of the groundwater supplies for the ensuing year.

(6) Such other information as the board desires.

§ 1003. Maximum charge

The groundwater augmentation charges shall not exceed 15 percent of the highest charges for water levied by any multiple water supply system with more than 5,000 service connections in the agency.

§ 1004. Interest on unpaid balance; Collection procedures

If any person fails to pay the applicable groundwater augmentation charge when due, the agency shall charge and collect interest at the rate of 1 1/2 percent each month on the delinquent amount of the groundwater augmentation charge. In addition, the agency may exercise any of the provisions of Article 5 (commencing with *Section 75630*) of *Chapter 3 of Part 9 of Division 21 of the Water Code* for the purpose of collecting delinquent groundwater charges.

ARTICLE 11.

ENFORCEMENT POWERS

§ 1101. Injunctive relief

Upon the failure of any person to comply with any of the provisions of this act, including, but not limited to, registration of extraction facilities and installation of measuring devices, filing of statements, payment of augmentation charges, or payment of management charges, or upon failure of any person to comply with any ordinance duly adopted by the board of directors pursuant to this act, the agency may petition the superior court of a county in which the territory of the agency lies for a temporary restraining order or preliminary or permanent injunction prohibiting the person from operating an extraction facility or for such other injunctive relief as may be appropriate.

§ 1102. Right to seek injunction in addition to other available remedies; Undertaking or bond not required

The right to proceed for injunctive relief is an additional right to those which may be provided elsewhere in this act or otherwise allowed by law. The agency shall not be required to provide an undertaking or bond as a condition of a grant of injunctive relief.

§ 1103. Irreparable damage and inadequate remedy at law allegations not required

In any action brought pursuant to this act in which a temporary restraining order, preliminary injunction, or permanent injunction is sought, it shall not be necessary to allege or prove at any stage of proceeding that irreparable damage will occur should the temporary restraining order, preliminary injunction, or permanent injunction not be issued, or that the remedy at law is inadequate, and the temporary restraining order, preliminary injunction, or permanent injunction shall issue without those allegations and without that proof.

§ 1104. Right to petition superior court to recover sums due; Notice and hearing

The agency may petition the superior court of a county in which the territory of the agency lies to recover any sums due to the agency pursuant to any provision of this act. The agency shall make that request only after a hearing with due notice of the hearing given to all affected persons.

§ 1105. Other remedies not limited or superseded

Remedies under this article are in addition to, and do not supersede or limit, any and all other remedies, civil or criminal.

§ 1106. Powers of agency regarding surface and groundwater litigation

In order to preserve and manage the groundwater resources within the agency, the agency may also commence, maintain, intervene in, defend, compromise, and assume the costs and expenses of legal actions and administrative proceedings now or hereafter begun involving surface and groundwater, including, but not limited to, a groundwater rights adjudication.

§ 1107. Adjudication of groundwater basin; Judgment to be determined primarily on amount of water used; Factors to determine equitable distribution

If any court is petitioned to adjudicate the groundwater basin or any part thereof, whether the petition is filed by the agency or by any person, the court shall base judgment, ruling, or findings of fact primarily on the amount of water used by the operator as a percentage of the total amount of water available for use in the basin or subbasin. In order to reach an equitable distribution, the court may adjust any amounts so arrived at for any of the following factors:

- (a) Wasteful or inefficient use.
- (b) Reasonable need.
- (c) Reduction or suspension of extractions required within the boundaries of the agency.
- (d) Any other factor that the court feels it should consider in order to reach an equitable distribution.

§ 1108. Penalty for intentional violation of act

Any person who intentionally violates any provision of this act or any agency ordinance may also be liable civilly to the agency for a sum not to exceed one thousand dollars (\$1,000) per day for each day of that violation, in addition to any other penalties that may be prescribed by law.

EXHIBIT C: COST SHARING LETTERS

June 13, 2014

SCVWD ENACTED COPY
Contract Administration Unit
AGMT: A37365 FILE: B.T. 3622

Mary Bannister, General Manager
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076



RE: Pajaro River Watershed IRWM Drought Grant Application Cost Sharing Agreement

The State of California has issued a State of Emergency over the 2014 drought situation. In an effort to support drought relief, the state has directed the Department of Water Resources (DWR) to expedite \$200 million in grant funding through the Integrated Regional Water Management (IRWM) program to support projects that provide drought relief and improve water supply reliability.

To compete for this grant money, only one grant application per IRWM Region must be submitted to DWR. The Pajaro River Watershed IRWM Regional Water Management Group selected the following four projects for inclusion in the Pajaro River Watershed IRWM Drought Grant application:

- Pajaro Valley Water Management Agency (PVWMA) Delivered Water Enhancement and Drought Response Irrigation Program
- San Benito County Water District (SBCWD) Expanded Recycled Water Use Project
- Santa Clara Valley Water District (SCVWD) South County Recycled Water Improvements
- City of Watsonville Corralitos Creek Water Supply and Fisheries Enhancement

PVWMA will be the lead agency preparing and submitting the grant application on behalf of the IRWM region. On May 21, 2014, the PVWMA Board of Directors approved a contract with Gutierrez Consultants to prepare the grant application (attached). The approved fee estimate was \$80,000, to be shared by each of the project sponsors included in the grant application.

The Gutierrez Consultants contract is with PVWMA and, as such, Gutierrez Consultants will invoice PVWMA for all drought funding work. Gutierrez Consultants will submit the invoices with a clear delineation of work and fees associated with general proposal grant work versus project specific grant work. Each project sponsor will be responsible for paying an equal share of the general proposal grant work and the full cost of the project specific grant work, for a not to exceed cost of \$20,000 per project. PVWMA will invoice the project sponsors no less than two times, first following grant submittal and second following conditional grant award. Reimbursement of the grant preparation costs will be included in the grant request and, if



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awarded, PVWMA will reimburse the project sponsors for their costs after PVWMA receives the reimbursement from DWR.

Additionally, if the Proposal is funded, SCVWD is committed to developing a funding agreement with PVWMA, as the Lead Agency and Fiscal Agent for the IRWM Region. We understand that the funding agreement will define roles and responsibilities for administration of the grant and distribution of the grant funds, and will be largely based on the terms and conditions of the grant agreement between DWR and PVWMA that will be negotiated after grant award.

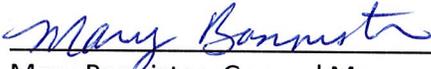
By signing below, SCVWD agrees to cost-share on the grant application preparation according to the attached scope, schedule and fee. SCVWD will be responsible for paying an equal share of the general proposal grant work and the full cost of the project specific grant work, for a not exceed amount of \$20,000. Please sign two copies of the letter and return to PVWMA for final signature. PVWMA will return one signed copy to your agency.

Santa Clara Valley Water District

Pajaro Valley Water Management Agency



Beau Goldie, Chief Executive Officer



Mary Bannister, General Manager

6/12/14

Date

6/24/14

Date



San Benito County Water District

30 Mansfield Road • P.O. Box 899 • Hollister, CA 95024-0899 • (831) 637-8218 • Fax (831) 637-7267

June 30, 2014

Mary Bannister, General Manager
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076

RE: Pajaro River Watershed IRWM Drought Grant Application Cost Sharing Agreement

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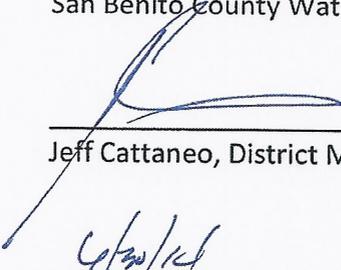
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San Benito County Water District

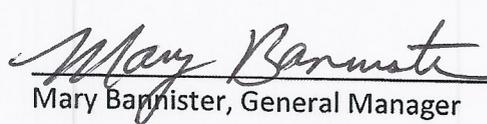


Jeff Cattaneo, District Manager

6/22/14

Date

Pajaro Valley Water Management Agency



Mary Bannister, General Manager

7/1/14

Date

June 3, 2014

Mary Bannister, General Manager
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076

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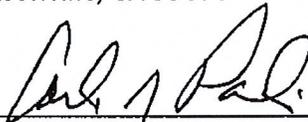
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City of Watsonville
275 Main Street, Suite 400
Watsonville, CA 95076



Carlos J Palacios, City Manager

6-3-14

Date

Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076



Mary Bannister, General Manager

6-23-14

Date