

LAFCO - San Luis Obispo - Local Agency Formation Commission
SLO LAFCO - Serving the Area of San Luis Obispo County

TO: MEMBERS, FORMATION COMMISSION

FROM: DAVID CHURCH, AICP, EXECUTIVE OFFICER (DC)

DATE: APRIL 17, 2014

**SUBJECT: WATER STATUS REPORT – GOVERNANCE OPTIONS
(Informational Only)**

Recommendation. It is respectfully recommended that the Commission receive and file this report.

This Water Status Report focuses on the topic of governance and public agencies that might manage groundwater resources. A report is attached.

Principal Act Districts. Attached is an informational report regarding the various governance options that might be used to manage a groundwater basin. These “Off the Shelf” Districts are formed (by LAFCO) and administered under State Law, or what is called a “Principal Act”. There are approximately 20 types of local agencies that are authorized by statute to provide water for various beneficial uses. The Department of Water Resources lists these Districts in Bulletin 118.

Many of these agencies have statutory authority (to varying degrees) to institute some form of groundwater management. For example, Water Replenishment Districts (Water Code Section 60000 et seq.) are authorized to establish groundwater replenishment programs and collect fees for that service and Water Conservation Districts (Water Code Section 75500 et seq.) can levy groundwater extraction fees. The attached document provides a summary of the formation process and of seven other Districts.

Districts Created by Special Legislation. Another way that Groundwater Management structures have been formed is through Special Legislation by the State. The State Legislature has created (through special legislation) approximately 13 local agencies or districts with greater authority to manage groundwater. Most of these agencies have the authority to limit export and to control some in-basin extraction upon evidence of overdraft or threat of overdraft. These Districts are not addressed in the attached document.

AB 3030. AB 3030 (Water Code Section 10750 et seq.) authorizes “local agencies” (local public agencies that provide water service) and other agencies that provide flood control, groundwater management or groundwater replenishment to adopt a Groundwater Management Plan and rules and regulations to enforce such a plan. Generally, an agency cannot engage in groundwater management planning pursuant to AB 3030 within the service area of another local agency.

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An agency that adopts a Groundwater Management Plan pursuant to AB 3030 has the authority of a water replenishment district and may impose equitable annual fees and assessments for groundwater management based on the amount of groundwater extracted from the groundwater basin within the area included in the plan. The San Luis Obispo County Flood Control and Water Conservation District adopted an AB 3030 plan (for areas outside of other service areas) in 2012 and is in the process of updating this plan.

Summary. The governance options report is an additional piece to the water puzzle. The goal is keep the Commission up-to-speed with regard to water issues around the State and locally. Your feedback about this and future topics is much appreciated. Some other topics that the Commission may want to have more information include:

- Examples of Governance Structures managing groundwater
- Supplemental Water Supplies
- Update on water conservation measures and supplies Countywide
- State efforts on managing groundwater basins
- Other information or topics related to water

2014

San Luis Obispo
Local Agency Formation
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GOVERNANCE OPTIONS FOR MANAGING A GROUNDWATER BASIN

Formation of a Water District

Applicable Laws:

- Principal Acts – Various Sections of law governing specific districts
- Government Code 56000 et al. - Cortese-Knox-Hertzberg Act
- Uniform Election Code
- Proposition 218 – Funding Laws
- California Environmental Quality Act (CEQA)

Agencies Involved:

- *Local Agency Formation Commission (LAFCO)*: Processes the application and approves, modifies, conditions or denies the proposal to form the District.
- *County of San Luis Obispo Clerk-Recorder Office*: Conducts any necessary elections regarding the formation of the District
- *County of San Luis Obispo Assessor’s Office*: Responsible for identifying and verifying landowners and acreage within the proposed boundary.
- *County Public Works*: Provides technical information and background regarding the Paso Robles Groundwater Basin

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Introduction

The formation of a governance structure to manage a Groundwater Basin is a process guided largely by various principal acts found in the State Law and the Cortese-Knox-Hertzberg Act Government Code 56000, et al. This is an informational report in response to the groundwater issues faced in the also Robles Basin. The San Luis Obispo Local Agency Formation Commission (SLOLAFCO) has authority to consider the application for forming the District under the Cortese-Knox-Hertzberg Act. Other agencies involved in the processing of the application are the offices of County Assessor and Clerk-Recorder's. The Assessor's Office provides information and verification regarding the landowners and acreage in the area. The Clerk-Recorder's Office conducts the elections that are required to form the District.

In bulletin 118, the Department of Water Resources lists 20 different governing structures that may be able to manage a groundwater basin. The full list can be found on the next page. Many of these structures are not discussed in this document because their function is for the purpose of serving an urban area or other limited purpose that may apply in certain circumstances. This is a preliminary look at the structures that might be applied to the Paso Robles Groundwater Basin situation. The following governing structures will be summarized in this document:

- County Flood Control and Water Conservation District
- County Service Area
- County Water District
- Irrigation District
- Water Conservation District
- California Water District
- Water Replenishment District

The formation process is discussed in more detail later in this document. In general, to start the process of forming a District a petition by Registered Voters or Landowners needs to be completed and verified by the County Assessor's or Clerk's Office before LAFCO can evaluate the application. In some cases, a government body can submit a Resolution of Application to get the formation process started. The procedures for formation are found in the Principal Act that guides the process and the administration of a new District. Principal Acts are part of California State law that provide the legal structure for a special district. LAFCO would consider all written and oral testimony at a public hearing. Also, a Staff Report evaluating any proposal would be prepared for the Commission's consideration.

The Commission may approve, modify, or deny the proposal. If LAFCO approves the formation of the District, the Protest Process is then conducted, if necessary. Sometimes the Protest process is not called for in the Principal Act. The formation of a district usually culminates in the vote of the registered voters or land owners, depending on the type of District being formed.

Local agencies with authority to deliver water for beneficial uses, which may have authority to institute groundwater management

Local Agency	Authority	Number-2003
Community Services District	Gov. Code § 61000 et seq.	313
County Sanitation District	Health & Safety Code § 4700 et seq.	91
County Service Area	Gov. Code § 25210.1 et seq.	897
County Water Authority	Water Code App. 45	30
County Water District	Water Code § 30000 et seq.	174
County Waterworks District	Water Code § 55000 et seq.	34
Flood Control & Water Conservation District	Water Code App. 38	39
Irrigation District	Water Code § 20500 et seq.	97
Metropolitan Water District	Water Code App. 109	1
Municipal Utility District	Pub. Util. Code § 11501 et seq.	5
Municipal Water District	Water Code § 71000 et seq.	40
Public Utility District	Pub. Util. Code § 15501 et seq.	54
Reclamation District	Water Code § 50000 et seq.	152
Recreation & Park District	Pub. Resources Code § 5780 et seq.	110
Resort Improvement District	Pub. Resources Code § 13000 et seq.	-
Resource Conservation District	Pub. Resources Code § 9001 et seq.	99
Water Conservation District	Water Code App. 34; Wat. Code § 74000 et seq.	13
California Water District	Water Code § 34000 et seq.	141
Water Replenishment District	Water Code § 60000 et seq.	1
Water Storage District	Water Code § 39000 et seq.	8

Sources: Bulletin 118 Water Resources Agency

State Controller's Office Special Districts Annual Report 49th Edition

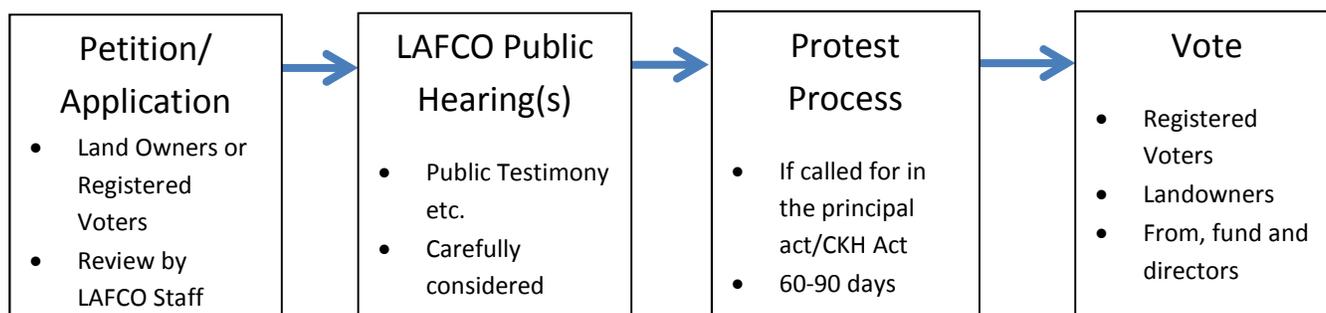
Governing Body: The governing body, which is established by law to administer the operation of a governance structure, is initially composed of a multi-member elected Board of Directors. The number of directors elected is specified in the Principal Act or in some cases can be modified through the LAFCO process. For some Districts the governing body is the Board of Supervisors. For example the Board of Supervisors is the governing body for the Flood Control and Water Conservation District.

Functions: The Principal Act identifies the powers and functions of a governing structure. LAFCO can limit or restrict the powers of a District in two ways: 1) identifying the active and latent powers of a newly formed District and/or 2) by conditions of approval that identify the powers a District may or may not perform. If active and latent powers are identified, the District could carry out only those certain functions and would need to request activation of other functions from LAFCO at a later date. The process for activating a power requires LAFCO review pursuant to the Cortese-Knox-Hertzberg Act.

Formation Process

The flow chart below shows in general terms the process for forming a District.

Formation Water District



District Formation General Overview

(Adapted from the LAFCO Procedures Guide, San Diego LAFCO, 2013)

When evaluating the formation of a new district, the Commission is required to determine whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. SLO LAFCO policies indicate that a demonstrated need for the service must be documented and that another agency cannot perform similar services.

The Principal Acts under which Special Districts are formed vary widely both in terms of the nature of the agency that is formed, and the procedures that are followed in the formation. The individual, agency, or community group that is initiating a formation should explore this diversity to find a Special District that fulfills their specific set of needs. A review of the actual statues or enabling acts would help in making the decision about what district is appropriate.

Comparison of Enabling Acts

The following discussion outlines the statutory provisions that may vary from one Principal Act to another:

1. **Initiation Procedure:** Formation may be initiated by a petition of registered voters or landowners, by a resolution of an existing special district board, school district board, a city council, a county board of supervisors, or, in certain cases, LAFCO. The principal act may limit initiation to one of the above or allow a choice among several or all of the above. The number of signatures required on a petition also may vary.
2. **Representation:** The basis of representation is most often voter registration. However, some districts in rural areas may allow representation to be based upon landownership. Votes in landowner districts are cast on the basis of the assessed valuation of land (without regard to improvements) compared to total assessed valuation of the district or in some cases acreage. As landowner districts become urbanized, they should convert to registered voter representation, or face potential legal challenges.
3. **Governing Board:** Wide variation exists in the makeup and means of selection for special districts' governing boards. The first distinction is whether the district board is comprised of or appointed by the board of supervisors (or sometimes, city council) in whose jurisdiction the special district exists. This is the means of selection for a "dependent" district - one that exists as a subsidiary agency of the county or a city. An "independent" district has an elected board or its members are appointed to fixed terms (56044). When boards are elected, the principal act may provide for either elections by district, elections at large, or a choice between the two. Even more complex means for selecting board members are sometimes specified when a district includes two or more cities or counties within its boundaries. The number of board members also varies widely and choices as to the number of board members may be available or may depend upon other factors decided during formation.
4. **Functions:** The powers of special districts to perform specific functions are set forth in the principal or enabling act. Some districts are limited to performing a single function; others are multi-purpose special districts that can perform nearly the same functions as a city. However, only cities and counties can assume the power to make land use planning decisions.
5. **Inclusion of a Territory:** The territory that may be included within a district upon formation and by annexation and by annexation is also set forth in the districts' enabling act. Territory that may be included upon formation may differ from territory that may be annexed. Districts can be empowered to include territory in two or more counties, may be required to include all of a city if it is to include any part, or may be required to include only contiguous territory. Again, the variation is significant.

Initiation of Proceedings

Requirements vary according to the principal act under which the formation would occur. The Commission may initiate by resolution of application proposals for the formation of a new district or districts [56375(a)(2)(e)]. LAFCO may initiate a district formation only if the formation is consistent with a recommendation or conclusion of a study prepared pursuant to Government Code Sections 56378 (Special Studies), 56425 (Sphere of Influence), or 56430 (Municipal Service review). The Commission must also make special determination pertaining to public service costs and the promotion of public access and accountability (56881).

Application

In addition to the petition or resolution initiating the formation and all other information required in a San Luis Obispo LAFCO “change of organization application”, an application for formation should include a “plan for providing services” to include the following information (56653):

1. The statutory section under which the formation would occur;
2. An enumeration and description of the services to be extended accompanied by a justification;
3. The level and range of those services;
4. An indication of when those services would be extended;
5. A discussion of any improvements or upgrading of structures, sewer or water facilities or other conditions the new district would impose or require within its boundaries upon formation;
6. Information about how improvements would be financed, an operating budget for the proposed district, and revenues and expenditures; and
7. A discussion of alternative boundaries and rationale for the boundaries proposed.

Commission Proceedings

After receiving a formation proposal by petition or resolution of application, LAFCO staff conducts an analysis of the proposal. The Commission conducts a hearing to review this analysis and to receive oral or written testimony (56666). When the formation of a new governmental entity is proposed, LAFCO must make a determination as to whether existing agencies can feasibly provide the needed service(s) in a more efficient and accountable manner. If a single-purpose agency is deemed necessary, then LAFCO must consider

reorganization with other single-purpose agencies that provide the related service(s) (56880). If the formation is approved, the Commission determines the final boundaries and appropriations limit (56811) if necessary and any terms and conditions of approval (56885 and 56886). If the Commission wholly disapproves a proposal no new proposal involving the same or substantially the same territory shall be initiated for one year after the date of the Commission's resolution, unless this provision is waived by the Commission (56884).

Conducting Authority Protest Proceedings

Generally the Commission serves as the conducting authority for the formation of a district. Please refer to Section 56036 for a list of the exceptions to this procedure. Unless there is a conflict between the procedural requirements of the district principal act and the Cortese-Knox-Hertzberg Act, when forming a district, the procedural requirements of the principal act are followed (56100 and 57007).

The range of actions that may be taken by the conducting authority depends upon the principal act under which formation is proposed. Under some provisions, the conducting authority may determine the formation is infeasible and terminate the proceedings. If processed under the Cortese-Knox-Hertzberg Local Government Reorganization Act, the Commission may take on of the following three actions:

1. Approve the formation without an election, if the formation is part of a reorganization or consolidation where two or more districts are proceeding under the adoption of substantially similar initiating resolutions (56125, 56853& 57007.3);
2. Approve the formation subject to confirmation at an election; or
3. Terminate the formation proceedings if protest are files by (57078):
 - a. In the case of uninhabited territory-landowners owning 50% or more of the assessed value of the land within the territory.
 - b. In the case of inhabited territory-50% or more of the registered voters within the territory.
 - c. In the case of landowner-voter districts-50% or more of the voting power of the voters entitled to vote as a result of owning land within the proposed district.

Election

If an election is held and a majority of the votes is cast for formation of the district, the conducting authority shall pass a resolution confirming the order of formation. The election may also decide the membership of the district's governing body, and any other issues provided for in the principal act under which formation is occurring (57115).

LAFCO Consideration

The proponents are required to file an application and fees for processing with the application. Once the petition is found to be sufficient, LAFCO evaluates the proposal and conducts public hearings with regard to the proposal. The application for formation would be analyzed per factors found in the Cortese-Knox-Hertzberg Act and a staff report prepared for the Commission and the Public to consider in their deliberations. The analysis would include a review of consistency with regard to San Luis Obispo LAFCO's local policies, which are stated below:

2.5 Policies for Formation of Special Districts

1. There is a demonstrated need for services or controls which can be provided by a Special District.
2. There is no alternative which would provide for the required service in a more reasonable manner.
3. There will be sufficient revenue to adequately finance the required services or controls.
4. The proposal does not represent a conflict with the reasonable and logical expansion of adjacent governmental agencies.
5. The boundary configuration will not create or result in areas difficult to serve.
6. The boundaries of the proposed formation must be definite and certain and must conform to lines of assessment whenever possible. The boundaries must not conflict with boundaries of other public agencies possessing the same powers unless properly justified.

The analyses must also address the list of factors found in CKH Act under government code 56668. A Staff Report is prepared that addresses the various issues and information regarding the formation of the District. The analysis may assess other options, map boundaries, and/or conditions of approval that might be appropriate in this situation.

Terms and Conditions GC 56885-56886. This section of the Cortese-Knox-Hertzberg Act authorizes LAFCO to establish conditions of approval regarding a variety of issues that apply to the formation of the District. These conditions may range from the funding for the District to the right of use of water. The Commission may consider conditions of approval that are supported in light of the record presented. A common condition is one that requires that the approval of funding for the District to be formed. LAFCO has broad discretion in establishing conditions of approval for its actions, including the formation of a District.

Requests for Exclusion. The Commission would consider any requests for exclusion from the District. Property owners within the proposed area may request that they not be included in the District Boundary. The Commission has discretion in granting or denying a request for exclusion. The evaluation of each exclusion request shall be based on its location, impact on

the proposed District's operations, forming a logical and orderly boundary, and any other factors evaluated by the Commission,

Hearing and Notice. A hearing is scheduled and noticing is completed pursuant to GC 56150-56160. The area is likely to include over 1,000 landowners, in which case the code allows for a 1/8 page advertisement in the paper of General Distribution rather than direct mailed notice of the landowners. In addition to the required noticing, LAFCO will maintain an email list of interested parties. The email list would be used to notify the interested parties of LAFCO activities and provide access to relevant information.

Reconsideration. If LAFCO approves, modifies, or denies the formation of the District a 30-day reconsideration period follows. This allows for any party to file a written request with the EO that LAFCO reconsider its decision based on new information. The party must request that the resolution approved by LAFCO be amended based on new or different facts that could not have been previously been presented to the Commission. The person or party shall file the written request within 30 days of the adoption of the initial resolution approved by the Commission. The Executive Officer shall place the request on the agenda of the next meeting of the Commission that can be legally noticed pursuant to the CKH Act (in this case at least a 21 day notice). The Executive Officer shall give the same notice as required in the original proposal. At the meeting the Commission shall consider the request and any oral or written testimony. The consideration may be continued, but cannot exceed 35 days from the date specified in the Notice. The person or party that filed the reconsideration may withdraw it at any time.

Governance Options

This section discusses the various Districts that might be proposed for managing a groundwater basin. The Districts listed below are from the Department of Water Resources list of agencies (Bulletin 118) that may have the authority to manage a groundwater basin. The description provides an overview of the Governing Body, Functions and Formation of the structure. This is informational in nature and does not assume that a particular district should be formed .

County Flood Control and Water Conservation District (formed in 1945 in San Luis Obispo County)

Governing Body: The County Board of Supervisors act as the governing body for this District. Advisory committees from each zone of benefit advises the Board regarding issues and decisions.

Functions: Buy and sell water, inject water into the underground, store, transport, recapture, recycle, purify, treat or otherwise manage and control water for beneficial use within the district. The District funds the operations of the Lopez Project which includes Lopez Lake and Dam, Lopez Terminal Reservoir, Lopez Water Treatment Plant, and Distribution System. The Nacimiento pipeline project is owned, managed and operated by the San Luis Obispo County

Flood Control and Water Conservation District (District). The District is involved in update the Groundwater Management Plan for the County which includes the Paso Robles Groundwater basin. The District has the authority to prepare a groundwater management plan within the unincorporated portions of the Paso Robles Groundwater Basin within San Luis Obispo County through California Water Code, Division 6, Part 2.75 (Sections 10750 et seq.).

Formation: The San Luis Obispo Flood Control and Water Conservation District was established in 1945 with the purpose "to provide for control, disposition and distribution of the flood and storm waters of the district and of streams flowing into the district..." The District is Countywide with zones of assessment established to fund projects and programs. LAFCO does not consider the approval of zones of assessment for an existing District.

County Service Area (Sections 25210.1 - 25338, Government Code)

Governing Body: The governing body, which is established by law to administer the operation of a County Service Area (CSA) is the Board of Supervisors. The original intent of the county service area law was to give an alternative method for providing governmental services by counties within unincorporated areas, many of which have had large population growth as well as commercial and industrial development. (25210.1).

Functions: County Service Areas can provide a number of different functions including water service to a specifically designated area. The full range of services is provided in the government code. Other services that might be provided include: water, fire, sewer. As an example CSA 21 is a Countywide District with roads power. Water service is a latent power. An example of a CSA is CSA 23 Santa Margarita-water and drainage,

Formation: The formation process may be initiated by: 1) a resolution of the Board of Supervisors or a City Council, 2) petition of 10% of the registered voters within an area. If the Commission approves the formation, the protest process is completed. If more than 50% of the Registered Voters or Land Owners who own over 50% of the land value in the area protest the action it shall be terminated. The Commission can approve, deny, or approve with an election the formation of the CSA.

County Water District (Sections 30000 - 33901, Water Code)

Governing Body: The governing body, which is established by law to administer the operation of a County Water District, is composed of a five-member board of directors. These directors whether appointed or elected shall be voters within the district (30500).

Functions: The specific powers that the board of directors may exercise are the following:

Formation: The formation process is initiated by petition to LAFCO by holders of title to a majority of land (based on acreage) that is capable of using water beneficially for irrigation, domestic, industrial, or municipal purposes, and that can be serviced from common sources of supply and by the same system of works. LAFCO would consider the petition and application for formation. If approved the protest process would be applied as required. If it makes through these processes, an election would be conducted. The formation of the District would be based on the acreage own by land owners because there is no equalized tax roll for the area. The Board of Directors would be elected at this time, and the funding mechanism voted on as well.

Water Conservation District (Sections 74000, Water Code)

Governing Body: The Board of Directors consists of three, five, or seven members, depending on the number of divisions in the district. Each director is elected by the registered voters of the division for which he is elected. The Directors shall reside within the division of the District.

Functions: A district may levy and collect a ground water charge for the production of water from the ground water supplies within the district or within a zone or zones thereof in the manner prescribed in Part 9 (commencing with Section 75500) of this division. A district may construct, operate, and maintain one or more plants, which plants are constructed after the effective date of this section, for the generation of hydroelectric power and transmission lines for the conveyance thereof. Construction of the plants or plants and transmission lines may be financed by the issuance of revenue bonds pursuant to the Revenue Bond Law of 1941 or any other method of financing.

A district may make surveys and investigations of the water supply and resources of the district. A district may appropriate, acquire, and conserve water and water rights for any useful purpose. A district may conserve, store, spread, and sink water and for such purposes may acquire or construct dams, damsites, reservoirs and reservoir sites, canals, ditches and conduits, spreading basins, sinking wells, and sinking basins. A district may maintain, operate, and repair any of the works described in Section 74522. A district may provide for the construction, operation, and maintenance of such works, facilities, or operations within or without the district boundaries as the board deems necessary to protect the land or property in the district from damage by flood or overflow. A district may drill, construct, install, and operate wells, pumps, pipelines, conduits, valves, gates, meters, and other appurtenances to such wells, pipelines and conduits, and may pump water therefrom and thereby for sale, delivery, distribution, or other disposition. A district may sell, deliver, distribute, or otherwise dispose of any water that may be stored or appropriated, owned, or controlled by the district.

At the conducting authority stage, the Commission may terminate further formation proceedings or, if the Commission determines that the proposed district is in the public interest, it shall call an election on the next established election date on the issue of formation of the district. If at the election a majority favorable vote is cast by the registered electors, the district shall be formed (30264.1, 30291, and 30297). Pertaining to the proposed boundaries of a county water district, the following territory may be included (30200):

1. Incorporated and/or unincorporated territory; and
2. Two or more contiguous counties.

Irrigation District (Sections 20500 - 29978, Water Code)

Governing Body: The governing body, which is established by law to administer the operation of an Irrigation District is composed of a three or five-member board of directors elected at large or by division of the district (20721 and 21550).

Functions: The specific powers that the Board of Directors may exercise are to supply water for beneficial purposes; provide for any and all drainage made necessary by the irrigation provided for by the district; purchase or lease electric power and provide for the acquisition, operation, and control of plants for the generation, transmission, etc. of electric power; acquire and an airport or aviation school; provide, maintain, and operate flood control works in districts having 200,000 acres or more; reclaim waste water for beneficial use; sewage disposal if approved by majority at election (see 22171); construct, maintain, and operate recreational facilities in connection with dams, reservoirs, or other work owned and constructed by the district (22075 - 22825).

Note: Irrigation Districts that offered electric services to retail customers as of January 1, 2000, may not construct, lease, acquire, install, or operate facilities for the distribution or transmission of electricity to retail customers located in the service territory of an electrical corporation providing electric distribution services, unless the district has first applied for and received approval of the Public Utilities Commission (Public Utilities Code Section 9607).

Formation: The formation process is initiated by a petition to LAFCO by a majority of the property owners whom also own a majority of value of the land in the proposed district; or by 500 petitioners, each of whom is a registered voter residing in the proposed district or a holder of title, which petition is signed by holders of title to not less than 10% in value of land therein. A copy of the petition is sent to the State Department of Public Works for a report on feasibility. There is no provision for initiation by resolution (20700 and 20800 - 208722).

Prior to circulating petition, the proponent shall file with the LAFCO Executive Officer a Notice of Intention that includes the name and mailing address of the proponent and a written statement, not to exceed 500 words in length, setting forth the reasons for the proposal. After filing the notice, the petition may be circulated for signatures (Government Code 56700.4).

After the formation proceedings have been initiated, LAFCO must conduct a noticed public hearing. After hearing public testimony, the Commission may approve, modify, or deny the proposed formation. If it is approved, the Commission will also adopt terms and conditions for the formation, and establish a Sphere of Influence for the new district. Then the proposed formation is scheduled for a conducting authority hearing where no further modifications may be made. At the conducting authority (Protest) proceedings, the Commission must call an election. If a majority of the qualified voters of the proposed district vote in its favor, the district shall be formed (20960). Contiguous or noncontiguous territory may be included within the proposed boundaries of an Irrigation District.

California Water District **(Sections 34000 - 38501, Water Code)**

Governing Body: The governing body, which is established by law to administer the operation of a California Water District, is composed of a five-member elected Board of Directors, each of whom must be a landowner within the district. At any time after four years from the date of the district's formation, the board may, by resolution, increase the number of directors from 5 to 7, 9 or 11, and may designate the first additional members to serve on the enlarged board (34700, et seq.). This Board make-up was proposed for modification by the PRAAGs and PROs compromise through Special Legislation that would need to be approved by the California State Legislature. The Special Legislation proposed a nine member hybrid Board made up of three registered voters, two landowners owning less than 40 acres, two landowners owning between 40 and less than 400 acres, and two property owners owning 400 acres or more. The first Board of Directors may be elected on the same ballot as the formation question. The District Board of Directors may choose to transition to a registered voter district in the future as allowed by the California Water District Law.

Functions: The specific powers that the board of directors may exercise are:

- the acquisition and operation of works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial and municipal purposes, and
- any drainage or reclamation works connected with such undertakings.
- The Board of Directors may also acquire and operate facilities and services for the collection, treatment, and disposal of sewage, waste, and storm waters.

In addition to these specific powers, the Board of Directors of the district has the power to perform all acts necessary or proper to carry out fully the provisions of this division. There are general powers granted to the Board of Directors of all special districts. However, for a listing of these general powers it is advisable to review Sections 35400-35409 of the Water Code. LAFCO has the authority to activate only certain powers.

Formation: The formation process is initiated by petition to LAFCO by holders of title to a majority of land (based on acreage) that is capable of using water beneficially for irrigation, domestic, industrial, or municipal purposes, and that can be serviced from common sources of supply and by the same system of works. LAFCO would consider the petition and application for formation. If approved the protest process would be applied. If it makes through these processes, an election would be conducted. The formation of the District would be based on the acreage own by land owners. The directors would be elected at this time as well, and the funding mechanism voted on as well.

Water Conservation District (Sections 74000, Water Code)

Governing Body: The Board of Directors consists of three, five, or seven members, depending on the number of divisions in the district. Each director is elected by the registered voters of the division for which he is elected. The Directors shall reside within the division of the District.

Functions: A district may levy and collect a ground water charge for the production of water from the ground water supplies within the district or within a zone or zones thereof in the manner prescribed in Part 9 (commencing with Section 75500) of this division. A district may construct, operate, and maintain one or more plants, which plants are constructed after the effective date of this section, for the generation of hydroelectric power and transmission lines for the conveyance thereof. Construction of the plants or plants and transmission lines may be financed by the issuance of revenue bonds pursuant to the Revenue Bond Law of 1941 or any other method of financing.

A district may make surveys and investigations of the water supply and resources of the district. A district may appropriate, acquire, and conserve water and water rights for any useful purpose. A district may conserve, store, spread, and sink water and for such purposes may acquire or construct dams, damsites, reservoirs and reservoir sites, canals, ditches and conduits, spreading basins, sinking wells, and sinking basins. A district may maintain, operate, and repair any of the works described in Section 74522. A district may provide for the construction, operation, and maintenance of such works, facilities, or operations within or without the district boundaries as the board deems necessary to protect the land or property in the district from damage by flood or overflow. A district may drill, construct, install, and operate wells, pumps, pipelines, conduits, valves, gates, meters, and other appurtenances to such wells, pipelines and conduits, and may pump water therefrom and thereby for sale, delivery, distribution, or other disposition. A district may sell, deliver, distribute, or otherwise dispose of any water that may be stored or appropriated, owned, or controlled by the district.

A district may fix the rates at which water may be sold by the district. The rates shall be uniform for like classes of service throughout the district.

Formation: A district may be organized and established upon review by LAFCO and if approved a vote of the registered voters within the District. A petition shall be submitted by the qualified electors in an area comprising the whole or a part or parts of one or more watersheds of any stream or streams of water or unnavigable river or rivers, or territory adjacent to such watershed or watershed, or deriving such area's water supply, in whole or in part, from such stream or streams, or river or rivers, or the subterranean supply of waters therefrom, for the conservation of the waters of such stream or streams or unnavigable river or rivers.

Water Replenishment District **(Water Code Sections 60000 et seq.)**

Governing Body: The Board of a District shall consist of five members, and one director, who shall be a resident of the division, shall be elected by the voters, for each of the five divisions of such district. If a majority of the votes cast an election are in favor of approving such district, the persons voted for as directors who receive the highest number of votes within the respective divisions shall be elected as directors of the district. The divisions shall be numbered first, second, third, fourth and fifth, and shall be established as provided in Section 60110 of this act. The Board of Directors shall, adjust the boundaries of any divisions pursuant to Chapter 8 (commencing with Section 22000) of Division 21 of the Elections Code.

Functions: A district may do any act necessary to replenish the ground water of said district. Without being limited to the following enumerations, a district may, among other things but only for the purposes of replenishing the groundwater supplies within the district:

- (a) Buy and sell water;
- (b) Exchange water;
- (c) Distribute water to persons in exchange for ceasing or reducing ground water extractions;
- (d) Spread, sink and inject water into the underground;
- (e) Store, transport, recapture, recycle, purify, treat or otherwise manage and control water for the beneficial use of persons or property within the district.
- (f) Build the necessary works to achieve ground water replenishment.

A district may take any action necessary to protect or prevent interference with water, the quality thereof, or water rights of persons or property within the district, subject to the limitations contained in Section 60230. For the purposes of replenishing the ground water supplies within

the district, a district may do any act in order to put to beneficial use any water under its control or management. For the purpose of protecting and preserving the groundwater supplies within the district for beneficial uses, a district may take any action, within the district, including, but not limited to, capital expenditures and legal actions, which in the discretion of the board is necessary or desirable to accomplish any of the following: (a) Prevent contaminants from entering the groundwater supplies of the district, whether or not the threat is immediate. (b) Remove contaminants from the groundwater supplies of the district. (c) Determine the existence, extent, and location of contaminants in, or which may enter, the groundwater supplies of the district. (d) Determine persons, whether natural persons or public entities, responsible for those contaminants. (e) Perform or obtain engineering, hydrologic, and scientific studies for any of the foregoing purposes.

Formation: A district may be organized and established upon review by LAFCO and if approved a vote of the registered voters within the District. A petition, which may consist of any number of separate instruments, shall be filed with the county elections official of the principal county in which the proposed water replenishment district is located, signed by registered voters residing within the boundaries of the proposed district equal in number to at least 10 percent of the number of the voters residing within the proposed district; provided, that where the proposed district is situated partly in different counties, the petition must be signed by at least 10 percent of the voters of each area situated within each county, and each petition shall clearly designate in which affected county it was circulated, and each petition shall contain names only of the voters of the affected county in which the petition was circulated.

Such petition shall describe the proposed boundaries of the district, recite the reasons for the proposed formation. The persons seeking to organize a district shall include in the petition a statement limiting the annual property tax rate, not to exceed twenty cents (\$0.20) for each one hundred dollars (\$100) of assessed valuation, which may be levied by the board for the purpose of purchasing water for replenishment purposes, and the board shall thereafter be limited to the rate so fixed in the petition for formation, unless a majority of the electors voting at an election held for that purpose later change the rate so fixed in the petition.