

Southeast Water Coalition Joint Powers Authority Board of Directors

Notice of Special Meeting

NOTICE IS HEREBY GIVEN that a Special Meeting of the Southeast Water Coalition Board of Directors is scheduled for Thursday, May 28, 2020 at 3:30 p.m.

Meeting agenda is attached to this notice.

Dated: May 27, 2020

Veronica Barrios

Administrative Secretary

Department of Public Works

Meeting Agenda Announcement

On March 12, 2020, Governor Newsom issued Executive Order No. N-25-20, which allows SEWC Board Members to attend Policy Board meetings telephonically. Please be advised that some, or all, SEWC Board Members may attend this meeting telephonically.

Consistent with mandates of Executive Order No. N-29-20, a physical location from which members of the public may observe the meeting or offer public comment will not be made available. Whittier Emergency Operations Center will not be open to the public for this meeting; however viewing and public comment options are provided below.

View live open session meeting remotely via Zoom:

Join Zoom Meeting:

https://us02web.zoom.us/j/87425751916?pwd=d1dMWmJhUEhWS1RBc3hjcERnRWh3dz09

Meeting ID: 874 2575 1916 Password: 865983

One tap mobile: +16699006833,,87425751916#,,1#,865983# US (San Jose)

Public Comment/Question options:

• Email: kjservicesenviro@gmail.com

• Voicemail: (562) 567-9500

Please submit email and voicemail public comments by at least 2:30 p.m. on the date of the meeting to ensure SEWC Board Members receive and have time to review them. All email and voicemails received by 2:30 p.m. are forwarded to SEWC Board Members. Email and voicemails received after 2:30 p.m. but before the conclusion of the public comment portion will be entered into the record.

AGENDA

SOUTHEAST WATER COALITION

SPECIAL MEETING OF THE POLICY BOARD

THURSDAY, MAY 28, 2020 3:30 PM

- 1. ROLL CALL
- 2. PUBLIC COMMENTS
- 3. AUTHORIZE SENDING LETTER IN SUPPORT OF SB 625: CENTRAL BASIN MUNICIPAL WATER DISTRICT: RECEIVERSHIP

Ray Cordero, Chair, Administrative Entity
Recommendation: That the Board take the following action:

Authorize sending a letter in support of SB 625: Central Basin Municipal Water District: receivership.

- 4. BOARD OF DIRECTORS COMMENTS
- 5. ADMINISTRATIVE ENTITY CHAIR / LEAD AGENCY COMMENTS
- 6. ADJOURNMENT

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, the City of Whittier is committed to providing reasonable accommodations for a person with a disability. Please call Veronica Barrios with the City of Whittier at (562) 567-9501, if special accommodations are necessary and/or if information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged.

The next meeting of the Southeast Water Coalition Joint Powers Authority Board of Directors is Thursday, June 4, 2020 at 6:30 p.m. Pursuant to mandates of Executive Order No. N-29-20, a physical location from which members of the public may observe the meeting or offer public comment will not be made available.

I, Veronica Barrios, City of Whittier, do hereby certify, under penalty of perjury under the laws of the State of California that the foregoing agenda was posted pursuant to Government Code Section 54950 Et. Seq. and City of Whittier Ordinance at the following locations: Whittier City Hall, Whittier Public Library, and Whittwood Branch Library.

Dated: May 27, 2020

Veronica Barrios

Administrative Secretary

Department of Public Works



SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY AGENDA REPORT

Date: May 28, 2020

To: Southeast Water Coalition Board of Directors **From:** Ray Cordero, Chair, Administrative Entity

Subject: Authorize Sending Letter in Support of SB 625: Central Basin

Municipal Water District: Receivership

Recommendation: That the Board of Directors take the following action:

Authorize sending a letter in support of SB 625: Central Basin Municipal Water District: receivership.

Background

On May 26, 2020, Senate Bill (SB) 625 was re-referred to the Assembly Committee on Local Government. The bill is set to be heard by this Assembly Committee on Monday, June 1, 2020.

SB 625 (Bradford), as written, would dissolve the Central Basin Municipal Water District (CBMWD) Board of Directors and would allow the Water Replenishment District (WRD) to act as as the receiver of the CBMWD, and vest all CBMWD Board powers with the WRD Board, except as specified.

SB 625 was drafted in response to longstanding mismanagement on the CBWMD Board of Directors, recent illegal actions taken by rogue Board Members, and is concurrent with two ongoing lawsuits levied by purveyors against Central Basin. These items are detailed in the text of the bill (see Attachments). SB 625 would also require the Local Agency Formation Commission for the County of Los Angeles (LAFCO) to conduct a municipal service review of the CBMWD.

Discussion:

Attached is a draft of a letter to the Chair of the Assembly Committee on Local Government, in support of SB 625. The letter as drafted is a joint communication between the Central Basin Water Association, California Association of Mutual Water Companies, the California Water Association, and SEWC.

SEWC BOARD OF DIRECTORS AGENDA REPORT- SPECIAL MTG. OF 5/28/20 SB 625 - Dissolution of CBMWD Page 2 of 2

It is recommended that the SEWC Board of Directors review and authorize adding their support to this letter.

Attachments:

- 1) SB 625 Bill Text
- 2) Letter from Central Basin Water Association, California Association of Mutual Water Companies, and California Water Association

AMENDED IN ASSEMBLY MAY 26, 2020 AMENDED IN ASSEMBLY JULY 1, 2019

SENATE BILL

No. 625

Introduced by Senator Hill-Bradford

(Principal coauthors: Assembly Members Cristina Garcia and Jones-Sawyer)
(Coauthors: Assembly Members Calderon, Carrillo, Chau, Gipson, Kamlager, Rendon, and Santiago)

February 22, 2019

An act to add Section 5384.3 to the Public Utilities Code, and to amend Section 23229 of, and to add Section 23229.2 to, the Vehicle Code, relating to party buses. An act to add and repeal Part 3.5 (commencing with Section 71400) of Division 20 of the Water Code, relating to water.

legislative counsel's digest

SB 625, as amended, Hill-Bradford. Party buses: cannabis. Central Basin Municipal Water District: receivership.

(1) Existing law, the Municipal Water District Law of 1911, provides for the formation of municipal water districts and grants to those districts specified powers. Existing law permits a district to acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water for the beneficial use of the district, its inhabitants, or the owners of rights to water in the district. Existing law requires the board of directors of the Central Basin Municipal Water District (CBMWD) to be composed of 8 directors until the directors elected at the November 8, 2022, election take office, when the board would be composed of 7 directors, as prescribed.

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This bill would dissolve the board of directors of CBMWD and would provide that the November 3, 2020, election for directors of CBMWD shall not occur. The bill would require the Water Replenishment District of Southern California (WRD) to act as the receiver for CBMWD, would vest WRD with all necessary powers under the Municipal Water District Law of 1911 to take control of CBMWD, and would transfer all powers vested in the board of directors of CBMWD to the board of directors of WRD, except as specified. The bill would require CBMWD's board of directors to surrender all control of CBMWD and its resources to WRD.

The bill would require the Local Agency Formation Commission for the County of Los Angeles to conduct a municipal service review of CBMWD and to seek ideas through a public process for governance of CBMWD. The bill would require the commission to report the results of those activities to the Legislature, as provided.

The bill would make its provisions inoperative 18 months after the effective date of the bill and would repeal its provisions as of January 1 of the following year.

By imposing additional duties on the board of directors of the CBMWD, WRD, and the Local Agency Formation Commission for the County of Los Angeles, the bill would impose a state-mandated local program.

- (2) This bill would make legislative findings and declarations as to the necessity of a special statute for the Central Basin Municipal Water District.
- (3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Existing law prohibits a passenger in a motor vehicle being driven upon a highway from drinking any alcoholic beverage or smoking or ingesting any cannabis product. Existing law exempts passengers in any bus, taxicab, or limousine, as specified, from this prohibition.

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This bill would instead prohibit the smoking or vaping of cannabis products by a passenger in a bus, taxicab, or limousine, but would create a limited exemption for limousines, modified limousines, and charter buses only if there are no passengers under 21 years of age present and the driver is sealed off from the passenger compartment, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no-yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature hereby finds and declares all of 2 the following:

(a) In a 2015 audit of the Central Basin Municipal Water District (district), the California State Auditor concluded that the district's board of directors' poor leadership, decisionmaking, and oversight hinder the district's ability to meet its responsibilities. In other findings, the audit states that the board violated state law in creating a \$2,750,000 trust fund. In addition, the audit observed that the board gave its members benefits that were too generous. The California State Auditor recommended that the Legislature preserve the district as an independent entity but modify its governance structure to ensure it remains accountable to those it serves—it could change the district's board from one elected by the public at large to one appointed by the district's customers.

(b) In 2016, the Legislature reformed the district's board by enacting Chapter 401 of the Statutes of 2016 to add three water or management professionals appointed by the district's customers, which are public water systems, increasing the total number of directors to eight. The district does not serve water directly to residents or voters. A majority of the board of a municipal water district constitutes a quorum for the transaction of business, thereby requiring five of the eight total district board members to form a quorum or take any action.

(c) In late 2019, four members of the district's board (the Four Directors) started asserting that a majority of the board only required four board members, because one of the appointed members had resigned in October 2019. Despite the parties responsible for the appointment completing the required process

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1 for appointment, the board has resisted swearing in an eighth 2 member.

- (d) On January 30, 2020, the Four Directors rejected the advice from the district's counsel at a public meeting that, with only four members remaining, they no longer had a quorum and could not legally transact district business. The Four Directors then purported to appoint Leticia Vasquez as president of the board. On February 6, 2020, the Four Directors purported to fire the district's counsel and hire another attorney, who then advised the board publicly that four members of the board constituted a quorum.
- (e) On March 6, 2020, the Los Angeles District Attorney's Office (DA) sent the district's board members a letter demanding that they cure the February 6, 2020, violations of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code). Specifically, the DA demanded the cure of deficient notice of the February 6, 2020, "special meeting" and the insufficient votes to appoint a new attorney. The board's purported attorney responded in a letter, rejecting the DA's demand and arguing that four members constituted a majority.
- (f) On March 25, 2020, district customers filed City of Commerce et al v. Central Basin Municipal Water District to void the district's alleged illegal actions and stop the board of directors of the district from further illegal action. In response, the board's purported attorney filed an ex parte application for the superior court to order that four board members constituted a majority. The court denied the ex parte application, and set the trial for July 23, 2020, despite the board's purported attorney arguing that the district needed an immediate answer because the district could not obtain insurance.
- (g) The district operates at a deficit, using its reserve funds to make up the difference. It has failed to enact cost-cutting measures in light of a substantial loss of water sales revenue. The district has not adopted a budget for the 2020–21 fiscal year and has not started the process required to impose the standby charge it has imposed since 1991. Failure to approve the standby charge would reduce the district's annual revenues by more than \$3,000,000.
- (h) The district has failed to legally appoint a general manager or general counsel with the necessary five directors to approve

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those appointments. The district has failed to contract for information technology support services, resulting in risk to its supervisory control and data acquisition (SCADA) system, billing system, payroll system, and computer network.

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- (i) In light of the COVID-19 crisis, a stable and consistent drinking water supply is essential to the people of the southeastern portion of the County of Los Angeles. They cannot afford to have the public water systems that deliver drinking water to their taps focus on conflict with the district. Their public water systems need a water supply from a stable wholesale water agency.
- (j) The problems at the district that the California State Auditor identified in 2015 cannot be resolved by the district board as currently constituted. Protecting the water supply imported by the district requires immediate action to appoint a receiver for the district while the community addresses alternatives for long-term governance.
- SEC. 2. Part 3.5 (commencing with Section 71400) is added to Division 20 of the Water Code, to read:

PART 3.5. CENTRAL BASIN MUNICIPAL WATER DISTRICT RECEIVERSHIP

71400. For purposes of this part, "district" means the Central Basin Municipal Water District.

71401. Notwithstanding Chapter 1.6 (commencing with Section 71265) of Part 3, all of the following shall apply:

- (a) The board of directors of the district is hereby dissolved. A member of the board of directors of the district shall have no claim for benefits other than those the member actually received while a member of the board of directors.
- (b) Upon the effective date of this part, the district's board of directors shall surrender all control of the district and its resources to the Water Replenishment District of Southern California. The members of the district's board of directors shall surrender to district staff all district property, including, but not limited to, keys, mobile telephones, and credit cards, and access to district bank accounts and other resources or information provided to the directors in their capacity as directors.

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(c) The board of directors of the district shall not have any authority, including, but not limited to, the authority to do either of the following:

- (1) Represent the interests of the voters or public water systems within the service territory of the district.
 - (2) *Influence the operation of the district.*
- 7 (d) The November 3, 2020, election for directors of the district 8 shall not occur.
 - 71402. (a) The Water Replenishment District of Southern California shall act as the receiver for the district.
 - (b) The Water Replenishment District of Southern California shall have all necessary powers described in this division to take control of the district, including, but not limited to, powers related to assets, revenues, employees, facilities, and services. Financial institutions holding money or other assets owned by the district shall transfer control of those assets to the Water Replenishment District of Southern California.
 - (c) All powers vested in the board of directors of the district are hereby transferred to the board of directors of the Water Replenishment District of Southern California, except that the Water Replenishment District of Southern California shall not have the authority to do either of the following:
 - (1) Dissolve the district.
 - (2) Revise the transfer of powers from the district to the Water Replenishment District of Southern California as provided in this part.
 - (d) The board of directors of the Water Replenishment District of Southern California shall, on or before 30 days after the effective date of this part, present a financial plan for managing the receivership to its existing budget advisory committee.
 - (e) The Water Replenishment District of Southern California shall, on or before 60 days after the effective date of this part, complete the annual process required by the Uniform Standby Charge Procedures Act (Chapter 12.4 (commencing with Section 54984) of Part 1 of Division 2 of Title 5 of the Government Code) to impose the standby charge that the district has imposed annually since 1991.
 - (f) The Water Replenishment District of Southern California shall use only the district's revenues to pay the costs of the receivership and the reasonable costs of the Local Agency

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1 Formation Commission for the County of Los Angeles to complete 2 the municipal service review required pursuant to Section 71403.

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- (g) To the extent permitted under the Constitution of the United States or the Constitution of the State of California, the Water Replenishment District of Southern California shall not be held liable for claims concerning the operation and supply of water from the district before the commencement of the receivership.
- 71403. (a) The Local Agency Formation Commission for the County of Los Angeles shall, using its existing authority, conduct a municipal service review of the district pursuant to Section 56430 of the Government Code.
- (b) (1) The commission shall report the results of the municipal service review to the Legislature in compliance with Section 9795 of the Government Code on or before six months after the effective date of this part or December 31, 2020, whichever date occurs later.
- (2) The report shall focus on the element of the municipal service review described in paragraph (7) of subdivision (a) of Section 56430 of the Government Code by recommending alternatives for long-term governance of the services of selling Metropolitan Water District of Southern California water to public water systems in the service territory of the district and selling recycled water from the Los Angeles County Sanitation Districts.
- (c) (1) The commission shall, through a public process, seek ideas for governance of the district from all of the following:
- (A) Customers who buy water from the district, represented by the Central Basin Water Association.
- (B) Other public agencies in or near the district's service territory, including, but not limited to, the County of Los Angeles, the Water Replenishment District of Southern California, and the Metropolitan Water District of Southern California.
- (C) The general public in and near the district's service territory.
- (2) The commission shall include the results of the public process in the report.
- 71404. This part shall become inoperative 18 months after the effective date of this part, and, as of January 1 of the following year, is repealed.
- SEC. 3. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable

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within the meaning of Section 16 of Article IV of the California Constitution because of the unique need to protect the water supply imported by the Central Basin Municipal Water District by immediately appointing a receiver for the district while the community addresses alternatives for long-term governance.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SECTION 1. Section 5384.3 is added to the Public Utilities Code, to read:

- 5384.3. (a) Notwithstanding Sections 23221 and 23229.2 of the Vehicle Code, a charter-party carrier of passengers may allow passengers in a bus, limousine, or modified limousine to—smoke or vape cannabis or cannabis products if all of the following conditions are met:
- (1) There are no passengers under 21 years of age present—in the vehicle.
- (2) The driver's compartment of the vehicle is sealed off by a physical barrier that effectively limits the passage of smoke or vapor to the driver's compartment.
- (3) The driver's compartment and passenger compartment are separately ventilated. The vehicle's ventilation system shall ensure that while cannabis consumption is taking place, air from the passenger cabin is not circulated in the driver's compartment.
- (4) If the barrier between the driver's compartment and passenger compartment has a door, window, partition, or other opening, the charter-party carrier shall comply with both of the following:
- (A) The door, window, partition, or other opening shall remain sealed while passengers are present in the vehicle.
- (B) An employee other than the driver shall remain in the passenger compartment while passengers are present in the vehicle.

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(5) Cannabis consumption is not visible from any public place.

(6) The following notice is conspicuously posted in the passenger compartment of the vehicle:

CONSUMER NOTICE: CANNABIS USE IS ALLOWED IN THIS VEHICLE. CANNABIS IS A SCHEDULE I DRUG. ONLY PERSONS 21 YEARS OF AGE OR OLDER ARE ALLOWED IN THIS VEHICLE. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. USE EXTREME CAUTION.

- (b) (1) A determination that the vehicle meets the requirements of paragraphs (2) and (3) of subdivision (a) shall be made and attested to in writing by a third-party state licensed—engineer. A copy of this determination shall be presented to the California Highway Patrol for verification and inspection of the vehicle. A copy of the determination shall be presented, upon request, to the commission. The charter-party carrier shall keep a copy of this determination in the vehicle.
- (2) The design of the vehicle shall not compromise driver—or passenger safety. Vehicles shall comply with all safety laws—and regulations applicable to buses, limousines, or modified limousines as relevant to the specific type of vehicle.
- (c) Before commencing transportation or allowing any cannabis consumption in the vehicle, whichever occurs first, the driver or an employee of the charter-party carrier shall do all of the following:
- (1) Check the identification of all passengers to verify every passenger is 21 years of age or older. If a passenger is picked up at another location, the driver or employee shall immediately check the identification of that passenger.
- (2) Announce to all passengers that cannabis consumption will be taking place in the vehicle.
- (3) Announce to all passengers the location of all emergency exits and fire extinguishers, if the vehicle is required to have these features.
- (d) If the commission, after a hearing, finds that the charter party carrier has violated this section, the commission shall impose the following penalties:
- 39 (1) For a first violation of paragraph (1), (5), or (6) of 40 subdivision (a), or subdivision (c), the commission shall impose

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a civil penalty of not more than two thousand dollars (\$2,000), as determined appropriate by the commission.

- (2) For a second violation of paragraph (1), (5), or (6) of subdivision (a), or subdivision (c), the commission shall impose a civil penalty of not more than two thousand dollars (\$2,000), a suspension of the carrier's certificate or permit for no more than 30 days, or both such penalty and suspension, as determined appropriate by the commission.
- (3) For a third violation of paragraph (1), (5), or (6) of subdivision (a), or subdivision (c), the commission shall—revoke the carrier's certificate or permit.
- (4) For any violation of paragraph (2), (3), or (4) of subdivision (a), or subdivision (b), where the carrier knowingly permitted the smoking or vaping of cannabis or cannabis products, the commission shall revoke the carrier's certificate or permit.
- (e) The authority granted to the commission pursuant to subdivision (d) is in addition to any authority the commission has to enforce the requirements of this chapter, and the commission may impose any additional penalties available pursuant to this chapter for a violation of this section.
- SEC. 2. Section 23229 of the Vehicle Code is amended to read: 23229. (a) Except as provided in Sections 23229.1 and 23229.2, Sections 23221 and 23223 do not apply to passengers in any bus, taxicab, or limousine for hire licensed to transport passengers pursuant to the Public Utilities Code or proper local authority, the living quarters of a housecar or camper, or of a pedicab operated pursuant to Article 4.5 (commencing with Section 21215) of Chapter 1.
- (b) Except as provided in Section 23229.1, Section 23225 does not apply to the driver or owner of a bus, taxicab, or limousine for hire licensed to transport passengers pursuant to the Public Utilities Code or proper local authority, or of a pedicab operated pursuant to Article 4.5 (commencing with Section 21215) of Chapter 1.
- SEC. 3. Section 23229.2 is added to the Vehicle Code, to read: 23229.2. Subdivision (b) of Section 23222 shall apply to the driver of, and subdivision (b) of Section 23221, as it pertains—to the smoking or vaping of cannabis or any cannabis product, shall apply to any passenger in, any bus, taxicab, or limousine for hire licensed to transport passengers pursuant to the Public—Utilities

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- Code or local authority except as otherwise provided in Section 5384.3 of the Public Utilities Code.

May 27, 2020

The Honorable Cecilia Aguiar-Curry Chair, Assembly Local Government Committee California State Assembly State Capitol, Room Sacramento, CA 95814

Re: Senate Bill 625 (Bradford) Central Basin Municipal Water District: Receivership

Dear Chair Aguiar-Curry:

On behalf of the Southeast Water Coalition, Central Basin Water Association, the California Association of Mutual Water Companies, and the California Water Association, we write in support of SB 625 (Bradford) which would take the Central Basin Municipal Water District into receivership. Collectively, we represent almost all of the drinking water providers in the Central Basin. We are united in our support for SB 625 which will undoubtedly improve the operations and financial management of the drinking water supply in the Central Basin.

For far too many years the Central Basin Municipal Water District has been unable to meet its obligations as a local public agency. Despite multiple efforts by the State Legislature; despite the findings of a statemandated audit; despite 2016 legislation authored by Assemblywoman Cristina Garcia seeking to improve the operations of the District, nothing has changed. Poor leadership, the inability to make decisions and the lack of oversight continue to plague the district.

This dysfunction will result in higher water rates imposed on those with the least ability to pay, and will jeopardize access to safe imported water vital to Southern California. The district's inability to function risks continued high costs for litigation defense, higher insurance rates, higher bond interest rates, lost tax revenue and loss of key personnel.

SB 625 will put the Water Replenishment District in temporary charge of the district's day-to-day operations while asking LAFCO to evaluate alternatives for improved governance in the future.

We support the bill, in print, and have no recommended amendments currently. With regard to the board seats on the Metropolitan Water District of Southern California, we believe the existing MET Act provides sufficient guidance on how to manage the appointments.

Feel free to contact us if you have any questions, suggestions or need additional information.

Sincerely,

XXX XXX XXX

CC: The Honorable Steve Bradford, Author

The Honorable Members, Assembly Local Government Committee
Jimmy MacDonald, Principal Consultant, Assembly Local Government Committee
William Weber, Republican Consultant, Assembly Local Government Committee