

Estrella-El Pomar-Creston Water District (EPCWD)

Special and Organizing Meeting Minutes

Wednesday, December 13, 2017

Windfall Farms Conference Room, 4710 Flying Paster Lane, Paso Robles, CA 93446

ATTENDANCE

Directors Present: Hilary Graves
Dana Merrill
Lee Nesbitt
Jerry Reaugh
Al Webster

Others Present: Ernest Conant, Young Woolridge
Kari Wagner, Wallace Group
Laurie Gage, Full Sail Bookkeeping

Guests: See attached list

ITEM 1: CALL TO ORDER

The meeting was called to order at 2:45PM by Ernest Conant. Self-introductions of directors, others present and guests, not including Mr. Webster, who arrived after the introductions were completed.

ITEM 2: ANNOUNCEMENT OF FORMATION OF THE ESTRELLA-EL POMAR-CRESTON WATER DISTRICT (EPCWD)

Ernest Conant noted for the record that a Certificate of Completion has been filed by LAFCO and that this special and organizing meeting has been noticed and called by a majority of the EPCWD Board of Directors.

ITEM 3: SELF-INTRODUCTIONS

See above, ITEM 1.

ITEM 4: ELECTION OF OFFICERS AND APPOINTMENTS

Ernest Conant called for nominations for President:

MOTION TO NOMINATE DANA MERRILL AS PRESIDENT made by Jerry Reaugh, seconded by Al Webster, passed unanimously.

MOTION TO ELECT DANA MERRILL AS PRESIDENT made by Jerry Reaugh, seconded by Hilary Graves, passed unanimously.

Dana Merrill assumed the Chair and called for nominations for Vice President.

MOTION TO NOMINATE HILARY GRAVES AS VICE PRESIDENT, made by Jerry Reaugh, seconded by Al Webster. Dana Merrill called the question of all in favor of Hilary Graves as Vice President, passed unanimously.

The Secretary/Treasurer position is appointed. Jerry Reaugh offered to fill the position and was duly appointed by Dana Merrill.

Ernest Conant discussed the three positions of Treasurer, Assessor and Tax Collector which are all appointed positions and those appointments can be made at a later date and can be held by non-directors.

MOTION TO DEFER SELECTION OF ASSESSOR AND TAX COLLECTOR POSITIONS TO A LATER DATE made by Jerry Reaugh, seconded by Al Webster, passed unanimously.

ITEM 5: RESOLUTION FIXING TIME AND PLACE OF REGULAR MEETINGS

Dana Merrill led a discussion of the location and timing of future regular meetings. Dana Merrill proposed monthly meetings on the second Wednesday of every month at the current location at 3:30 PM.

MOTION TO ADOPT A RESOLUTION TO CONDUCT REGULAR MONTHLY MEETINGS OF THE EPCWD ON THE SECOND WEDNESDAY OF EVERY MONTH STARTING AT 3:30 PM AT THE WINDFALL FARMS CONFERENCE ROOM, 4710 FLYING PASTER LANE, PASO ROBLES, CALIFORNIA made by Dana Merrill, seconded by Jerry Reaugh, passed unanimously.

ITEM 6: RESOLUTION TO AUTHORIZE EPCWD TO OPEN BANK ACCOUNTS

MOTION TO APPROVE RESOLUTION TO AUTHORIZE EPCWD TO OPEN BANK ACCOUNTS made by Hilary Graves, seconded by Al Webster, passed unanimously.

ITEM 7: FIXING TERMS OF DIRECTORS

Ernest Conant discussed that the Elections Code provides for staggered terms, determined by drawing lots, with three directors having four-year terms and two directors having two-year terms. After the November, 2019 election, all terms will be for four years. The Directors drew lots and the resulting terms are:

Hilary Graves – four years

Dana Merrill – four years

Lee Nesbitt – four years

Jerry Reaugh – two years

Al Webster – two years

Jerry Reaugh then opened a general discussion regarding Brown Act rules regarding a quorum (3 or more) of directors are prohibited from meeting in private to discuss District business.

ITEM 8: APPOINTMENT OF COUNSEL

Ernest Conant temporarily left the room for this item.

Dana Merrill proposed that the Board appoint Ernest Conant of Young Woolridge as the District counsel and described Ernest Conant's background in water matters and law.

MOTION TO APPOINT ERNEST CONANT OF YOUNG WOOLRIDGE AS DISTRICT COUNSEL made by Al Webster, seconded by Hilary Graves, discussion follows led by Jerry Reaugh expanding on Ernest Conant's background and qualifications, passed unanimously.

ITEM 9: DISTRICT BUSINESS OPERATIONS

9(a): Discuss operational needs of District including creating a website.

9(b): Discuss the District's need for staff support and authorization to hire support.

9(c): Consider and possibly approve Laurie Gage for administrative services.

Dana Merrill led general discussion of the need for the three outlines services, and Jerry Reaugh introduced Laurie Gage as a potential candidate to provide such services and provided information on her background. Laurie Gage expanded on that background.

MOTION TO ENTER INTO AN AGREEMENT WITH LAURIE GAGE TO PROVIDE SERVICES OUTLINED IN ITEM 9 made by Al Webster, seconded by Jerry Reaugh, passed unanimously.

Dana Merrill opened a general discussion regarding future district needs for other support services and it was decided to discuss that in future closed session.

ITEM 10: BYLAWS ADOPTION

Ernest Conant described that bylaws must be adopted within 60 days of District formation, and then must be approved by the Board of Supervisors. The draft bylaws include all items required by Water Code, and further items that may need Board direction. It requires a 4/5 vote to amend the bylaws and further approval of any amendment by the Board of Supervisors. Ernest Conant then discussed the various points of the draft bylaws including:

Elections and who conducts them

Voting requirements

Board of Directors at-large or by divisions

Qualifications of directors

Brown Act requirements

President and Vice President are elected; all other officers are appointed and need not be a director

Compensation for Board of up to \$100/day for service, discretionary and draft bylaws do not include compensation at this time.

Jerry Reaugh asked if there is any approval that can take place other than by 3 of 5 directors. Ernest Conant indicated there are some other instances where greater than majority is required, but most are a majority of directors present.

Ernest Conant continued discussing the points of the bylaws:

Office location – decided to be Laurie Gage’s place of business, 5715 Linne Road, Paso Robles

Bylaw amendment

Residual powers

Citation of Water Code regarding violation of the bylaws

General discussion followed confirming intended district office address, and a minor typo in the draft bylaws.

MOTION TO ACCEPT THE BYLAWS made by Jerry Reaugh, seconded by Al Webster, passed unanimously.

ITEM 11: GROUNDWATER SUSTAINABILITY AGENCY (GSA) FOR ESTRELLA-EL POMAR-CRESTON WATER DISTRICT

11(a): General discussion of Sustainability Groundwater Management Act (SGMA) and need for GSA, and anticipated structure for preparing a Groundwater Sustainability Plan (GSP)

11(b): Consider forming a GSA and if so setting the time and place of a hearing to consider whether this District should be a GSA for lands within its boundaries, following which the Board may adopt a Resolution to become a GSA.

11(c): Review the Memorandum of Agreement for managing the Paso Robles Groundwater Basin.

Dana Merrill led a discussion regarding the need for GSA and the District’s next step is to propose GSA standing to the Board of Supervisors, and to join the Cooperative Committee under the Memorandum of Agreement (MOA). The Formation Committee for EPCWD has been working with the County and members of the MOA up to this point and have been considered to eventually be part of the MOA. It is anticipated that the EPCWD could be considered for GSA approval and joining MOA by the Board of Supervisors in January, 2018. Jerry Reaugh discussed the development of a GSP by the members of the MOA, required by January 31, 2020. The County will have to agree to relinquish its management of those areas covered by the EPCWD.

Jerry Reaugh proposed a public hearing to consider the EPCWD becoming a GSA for January 4, 2018 at 3:30 PM at Windfall Farms Conference Room, 4710 Flying Paster Lane, Paso Robles, California. The hearing will be appropriately noticed, and by email where an email address has been provided.

MOTION TO CONDUCT A PUBLIC HEARING ON JANUARY 4, 2018 AT 3:30PM AT WINDFALL FARMS CONFERENCE ROOM, 4710 FLYING PASTER LANE, PASO ROBLES, CALIFORNIA made by Hilary Graves, seconded by Jerry Reaugh, passed unanimously.

Ernest Conant discussed the MOA, section 3, which allows EPCWD to join the Cooperative Committee with approval of GSA status and by the Board of Supervisors. Jerry Reaugh described the voting percentages of the members of the Cooperative Committee. Willy Cunha describe how once the GSP is approved by the State, the MOA will sunset as the GSP will define how the members will manage their respective areas. Dana Merrill indicated that the City of Paso Robles is acting as the administrator of the MOA with all members giving input, include Monterey County, as the Basin extends into Monterey County. Monterey County may write their own GSP or participate in the GSP written by the Cooperative Committee.

ITEM 12: BUDGET

12(a): The Wallace Group will present proposed Draft Budget.

12(b): Review and consider approval of Preliminary Budget.

Kari Wagner of the Wallace Group described the Engineering Report developed by the Wallace Group. The Report includes a five-year average annual budget of \$504,000. A maximum assessment would bring in \$600,000, 95% of which is coming from irrigated acres. It is recommended that the Board consider this a preliminary review only and to approve the final budget at the next meeting, prior to initiating the Prop. 218 assessment ballot proceeding, and that the assessment levied for 2018 can be less than the maximum authorized. Willy Cunha described the Shandon-San Juan Water District initial levy as less than the maximum. The preliminary budget is available at the San Luis Obispo LAFCO site: slolafco.com.

ITEM 13: PROPOSED LEVY OF ASSESSMENT – PROPOSITION 218 PROCESS

13(a): General discussion of need to levy assessment to meet budget requirements and of Proposition 218 process to authorize levy and collection of assessment.

13(b): Review Draft Engineers Report for the EPCWD.

13(c): Review and approve letter to landowners seeking any corrections to acreages subject to proposed assessment and discussion of key dates for process going forward.

13(d): Consider and possibly approve contract with Wallace Group to carry out Proposition 218 proceedings.

Ernest Conant led a discussion of Items 12 and 13 at this time, including the Prop 218 process which provides for approval of assessments by ballot. The District will need to approve the budget then resolve to go to a Prop 218 vote, anticipating this would take place at the January 4, 2018 hearing. The District would send a notice of assessment, ballots customized for each landowner and a return envelope, with a cover letter of explanation. An Engineers Report is required for a Prop 218 vote. Only the two water district members of the Cooperative Committee must have a Prop. 218 vote; the others may use their water funds. There must be 45 days from the mailing to the following hearing, during which time modifications/corrections can be proposed to the preliminary assessment roll.

Kari Wagner led a discussion for Item 13(c). She recommends that the District send out a preliminary notice to all landowners providing them with proposed assessment and acreage calculations in order to allow more time for modifications/changes from landowners. That notice is prepared and ready to send.

Al Webster asked whether the assessment can be changed down the line and Kari Wagner answered yes. Kari Wagner expanded that the Prop. 218 vote sets the maximum that can be assessed without another Prop. 218 vote. Hilary Graves asked about the December 2017 Supreme Court decision regarding water conservation districts and Ernest Conant answered that it would not appear to apply for the EPCWD in the short term. Ernest Conant suggests the Board consider the budget on January 4, 2018 with the provision of a budget and engineering report to be provided at that time by Kari Wagner.

Regarding Item 13(d), MOTION TO APPROVE THE WALLACE GROUP CONTRACT TO CARRY OUT PROPOSITION 218 PROCEEDINGS made by Hilary Graves, seconded by Al Webster, passed unanimously.

Regarding Item 13(c): MOTION TO APPROVE LETTER TO LANDOWNERS SEEKING ANY CORRECTION TO ACREAGES SUBJECT TO PROPOSED ASSESSMENT made by Jerry Reaugh, seconded by Lee Nesbitt, passed unanimously. The letter will go out by Friday, December 14, 2017 with a return requested by January 2, 2018. Changes/modifications received by Kari Wagner by January 2, 2018 may be included in the budget presented at the January 4, 2018 hearing. Changes coming in after the January 4, 2018 hearing and during the 45-day period can be brought before the Board for approval/disapproval.

There followed a general discussion led by Ernest Conant and Kari Wallace regarding lands in the EPCWD which lie outside the Bulletin 118 boundary, including the difference between general benefit and special benefit, both determined in the Engineers Report. Ernest Conant recommended that lands outside the Bulletin 118 boundary be excluded from assessment. If the Department of Water Resources chooses at some point to modify the boundaries, if those lands then lie within the District and Bulletin 118 boundaries, they may be included in the assessment.

ITEM 14: ASSOCIATIONS, COMMITTEES AND OTHER BUSINESS MATTERS

14(a): Consider joining a district Association to have access to training, insurance and representation in Sacramento

- **California Association of Water Agencies**
- **California Special District Associations**

14(b): Discuss director requirements, including filing Form 700 and ethics training.

14(c): Consider purchasing Directors and Officers insurance.

Dana Merrill led a discussion of Form 700 requirements of completion within 30 days of taking office, and to be kept on file in the District files, and forwarded to the County. Regarding Directors and Officers insurance, ACWA may or may not insure member organizations' directors. Willy Cunha indicated that the SSJWD chose to obtain general liability and Error and Omissions coverage from a private insurance agency, and chose not to join ACWA. It appears that the Cuyama Water District chose private insurance also. Ernest Conant indicated that Ethics classes are required of directors initially within one year of assuming office, and then within two years.

ITEM 15: DISCUSS ENGINEERING FIRMS TO REPRESENT DISTRICT

Jerry Reaugh asked for a proposal from the Wallace Group for ongoing services. Kari Wagner disclosed that the Wallace Group is part of the team participating in the preparation of the GSP for the Basin. The item was tabled for a future meeting.

ITEM 16: PUBLIC COMMENT

Willy Cunha offered his congratulations, and encouraged everyone to send letters to the Board of Supervisors regarding allowing the EPCWD to be the GSA for its area. Randy Diffenbaugh also encouraged letters to the Supervisors. The GSA consideration by the Board of Supervisors is scheduled for either January 9 or January 23, 2018.

ITEM 17: DISCUSSION OF FOLLOW-UP ITEMS FOR FUTURE MEETING

Item 17(a): Adoption of Bylaws – if not adopted at this meeting – consider appointing an ad-hoc committee prepare draft in consultation with Counsel.

Item 17(b): Management of District – if not adopted at this meeting, consider whether proposals be solicited from individuals or firms to manage the District, at least as an interim measure.

Item 17(c): Adoption of a Conflict of Interest Code – (format is set by Fair Political Practices Commission; needs to be initiated within 6 months; meanwhile Directors must file Form 700s for Assuming Office which will replace existing Candidate 700s)

It was determined that Item 17(a) and Item 17(b) were already addressed. Regarding Item 17(c), Ernest Conant will provide the suggested Conflict of Interest Code at a later date.

ITEM 18: NEW BUSINESS

For consideration at a future meeting, Willy Cunha suggested that the EPCWD resolve to join the IRWM (Integrated Regional Water Management commission) for grant purposes, and request to join the WRAC (Water Resources Advisory Committee).

ITEM 19: ANNOUNCEMENTS

Dana Merrill determined that all announcements have been made during the course of the meeting.

ITEM 20: ADJOURNMENT

Dana Merrill requested a motion to adjourn.


MOTION TO ADJOURN made by Al Webster, seconded by Lee Nesbitt, passed unanimously. Meeting adjourned at 4:25 PM.

Respectfully submitted,



Jerry Reaugh, Secretary/Treasurer

Accepted:



Dana Merrill, President

1-4-18

Date