

Date of Hearing: May 9, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 1794 (Limón) – As Introduced January 9, 2018

**SUBJECT:** Ojai Basin Groundwater Management Agency: Southern California Water Company.

**SUMMARY:** Changes the composition of the board of directors for the Ojai Basin Groundwater Management Agency (OBGMA) and eliminates references to the Southern California Water Company. Specifically, **this bill:**

- 1) Removes references to the Southern California Water Company within the OBGMA Act of 1991.
- 2) Deletes the requirement that one of the five-member board of directors be a representative of the Southern California Water Company, and instead, requires that one director be chosen by the board as the Community Facilities District Resident Director for a term of three years.
- 3) Lists the requirements and qualifications for the Community Facilities District Resident Director position.

**EXISTING LAW:**

- 1) States that the OBGMA board shall consist of five directors and shall be selected in the following manner:
  - a) One director shall be a member of, and be appointed by, each of the following entities, and shall be chosen by their respective governing boards or bodies from their members whose districts or divisions, if any, overlie, at least in part, the boundaries of the agency:
    - i) The Ojai City Council;
    - ii) The Board of the Casitas Municipal Water District (CMWD); and,
    - iii) The Board of the Ojai Water Conservation District.
- 2) Requires that one director be a representative of the Southern California Water Company.
- 3) Requires one director to be chosen from the members of the governing boards of the following mutual water companies whose territory at least in part overlies the boundaries of the agency:
  - a) The Senior Canyon Mutual Water Company;
  - b) The Siete Robles Mutual Water Company; and,
  - c) The Hermitage Mutual Water Company.

- 4) States that the mutual water company director shall be chosen at a public meeting where each mutual water company is represented by the chairperson of its governing board. If the mutual water companies fail to appoint a director within three months, the remaining four directors shall appoint a director from one of the boards of the mutual water companies identified in this paragraph.
- 5) The board is the governing body of the agency and shall exercise the powers of the agency.
- 6) States that this act does not abrogate or impair the overlying or appropriative rights of landowners or existing appropriators within the agency, including the right to seek an adjudication of those rights, or abrogate or impair the jurisdiction of the California Public Utilities Commission in regulating the activities and assets of the Southern California Water Company.
- 7) Allows the board each year to fix a management charge in accordance with benefit-based criteria to be established by the OBGMA, upon the City of Ojai, the CMWD, the Ojai Water Conservation District, and the Southern California Water Company, for the purpose of paying the costs of initiating, carrying on, and completing any of the powers, purposes, and groundwater management activities for which the agency is organized.

**FISCAL EFFECT:** None

**COMMENTS:**

- 1) **Background.** The Legislature created the OBGMA in 1991 to carry out the groundwater management activities within the boundaries of the agency. SB 534 (Hart), Chapter 750, Statutes of 1991, specified that OBGMA is responsible for the protection and common benefit of agricultural, municipal, and industrial water users of the Ojai Basin. Its main activities include:
  - a) Conducting groundwater management and planning;
  - b) Documenting groundwater extraction from reported pumping;
  - c) Collecting extraction charges from well owners;
  - d) Coordinating with the county and private entities to monitor basin conditions;
  - e) Supporting the operation and maintenance of the San Antonio Spreading Grounds Rehabilitation Project;
  - f) Maintaining a groundwater model of the basin;
  - g) Monitoring water levels in the basin;
  - h) Performing groundwater-related outreach and education activities; and,
  - i) Participating in watershed, county, and state meetings.

The Golden State Water Company (GSWC), previously known as American States Public Service Company of California, was created in 1928. Due to its large presence in the Southern California region, the company changed its name to Southern California Water Company in 1936. As the Southern California Water Company continued to grow in California, two new divisions were created – California Cities, and Arden-Cordova Water Service. In 2005, the three California Divisions – Southern California Water Company, Arden-Cordova Water Service, and California Cities Water Company – were collectively renamed GSWC.

The CMWD Community Facilities District was formed in 2013 to assess properties located within GSWC Ojai Service Area to pay for bond funding to purchase GSWC's Ojai Service Area and Water System. The CFD's boundaries are co-terminus with the boundaries of GSWC's Ojai Service Area.

On April 12, 2017, the board of directors of CMWD approved a settlement agreement with GSWC, and a group of citizens referred to as Ojai Friends of Locally Owned Water (Ojai FLOW), to resolve an eminent domain action and other litigation brought by CMWD and Ojai FLOW against GSWC. Under the terms of the settlement agreement, CMWD acquired by eminent domain the operating assets of GSWC's Ojai Water System for approximately \$34.5 million.

On June 8, 2017, CMWD assumed operational control of GSWC's Ojai Water System. Since that date, the OBGMA Board seat reserved for GSWC has been vacant. This has left OBGMA to operate with a four person instead of a five person board. As a result of the eminent domain, GSWC no longer operates or has a financial stake on the Ojai area.

- 2) **Bill Summary.** AB 1794 removes the requirement that one of the five-member board of directors of the OBGMA be a representative of the Southern California Water Company. Instead, that board position will be filled by a resident from the CMWD Community Facilities District. The remaining four OBGMA directors will select, by majority vote, the person to occupy the Community Facilities District Resident Director position. The bill also lays out candidate qualifications, avoidance of conflicts of interest, a detailed nomination and selection process, terms, and removes references to the Southern California Water Company within the OBGMA Act of 1991. This bill is sponsored by the OBGMA.
- 3) **Author's Statement.** According to the author, "This bill is a district bill that amends the Ojai Basin Groundwater Management Act to fill a Board vacancy created as a result of the Casitas Municipal Water District (CMWD) acquisition of Golden State Water Company's (GSWC) Ojai Service Area and Water System. In its place, this bill requires one Resident Director to be chosen by the Board."
- 4) **Arguments in Support.** The Ojai City Council, supporter of this measure states, "AB 1794 would equitably update the obsolete requirement that one director represent the Southern California Water Company. It would ensure continued impartial representation of the public interest by filling the vacancy with a resident of the Community Facilities District who has a demonstrated interest in the agency's operating goals."
- 5) **Arguments in Opposition.** None on file.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Ojai Basin Groundwater Management Agency [SPONSOR]  
Ojai City Council

**Opposition**

None on file

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