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ATTACHMENT 1

Motion of Salinas Valley Water Coalition

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MCWRA / USBR LOAN
CONTRACT

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USBR (PL984)
(SEE WATER USE.)

R.O. Draft 02/02-1995
R.O. Draft 02/02-1995
R.O. Draft 03/01-1995
R.O. Draft 03/07-1995
R.O. Draft 03/14-1995
R.O. Draft 03/16-1995

Contract No.
5-07-20-W1283

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

CONTRACT BETWEEN THE UNITED STATES
AND
MONTEREY COUNTY WATER RESOURCES AGENCY
FOR A LOAN FOR CONSTRUCTION OF A SMALL RECLAMATION PROJECT

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UNITED STATES
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CONTRACT BETWEEN THE UNITED STATES
AND THE
MONTEREY COUNTY WATER RESOURCES AGENCY
FOR A LOAN FOR CONSTRUCTION OF A SMALL RECLAMATION PROJECT

THIS CONTRACT, made this 26th day of May, 1995, pursuant to the Small Reclamation Project Act of 1956 (43 U.S.C. §422a et seq.), as amended, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and the MONTEREY COUNTY WATER RESOURCES AGENCY, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in Monterey County, California.

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the Small Reclamation Projects Act of 1956 provides for participation of non-Federal agencies in Federal Reclamation projects and for Federal assistance in similar projects developed by non-federal organizations; and

1 WHEREAS, the Contractor submitted to the Secretary of the Interior a
2 proposal for the construction of a water resources project in acceptable form and
3 containing all information and showings required by the Small Reclamation Projects Act
4 of 1956 accompanied by a payment of \$5,000, setting forth a plan and estimated cost in
5 detail comparable to those included in preauthorization reports required for a Federal
6 Reclamation project; and

7 WHEREAS, said proposal was submitted to the Governor of the State of
8 California for review and was approved by the appropriate State agency as set forth in
9 the State's letter of October 2, 1992, containing the coordinated comments of various
10 other State agencies pursuant to the laws of California; and

11 WHEREAS, the United States is willing to lend money to the Contractor
12 under the terms and conditions of this contract for the construction of the water
13 resources project set forth in the proposal submitted to the Secretary of the Interior by
14 the Contractor; and

15 WHEREAS, the Contractor is willing to repay the loan within 40 years
16 from the date when principal benefits of the project first become available; and

17 WHEREAS, the Contractor plans to repay the loan from the sale of
18 reclaimed wastewater and by levying property assessments on certain of the properties
19 located within the Project Service Area, as hereafter defined, and throughout the Salinas
20 Valley; and

21 WHEREAS, the Secretary of the Interior has found the Contractor's
22 proposal to be financially feasible, has determined that the loan constitutes a reasonable

1 risk under the provisions of the Small Reclamation Projects Act of 1956, and has
2 approved the proposed project.

3 NOW, THEREFORE, in consideration of the covenants herein contained,
4 it is agreed as follows:

5 DEFINITIONS

6 1. When used herein, unless otherwise distinctly expressed or manifestly
7 incompatible with the intent hereof, the term:

8 (a) "Secretary" or "Contracting Officer" shall mean the Secretary of the
9 Interior or his or her duly authorized representative;

10 (b) "Year" shall mean the calendar year;

11 (c) "Quarter" shall mean the 3-month periods of each Year beginning
12 the first day of January, April, July, and October;

13 (d) "Project" shall mean the facilities, and the lands and interests in
14 lands required for the facilities, described in the "Final Environmental Impact
15 Statement-Salinas Valley Seawater Intrusion Program, March 1993" and as
16 updated by final plans and specifications for the Castroville Seawater Irrigation
17 Water Supply Project dated November 1994 and approved by Reclamation in
18 December 1994;

19 (e) "Irrigation Water" shall mean water which is made available and
20 used primarily in the production of agricultural crops, including domestic uses
21 incidental thereto.

1 (f) "M&I Water" shall mean water which is made available and used
2 primarily for purposes other than the production of agricultural crops. M&I
3 Water shall include, but not be limited to, water used for domestic uses,
4 landscaping, golf courses, or pasture for animals (e.g., horses) which are kept for
5 personal enjoyment, or water delivered to landholdings operated in units of less
6 than 5 (five) acres unless the Contractor establishes to the satisfaction of the
7 Contracting Officer that the use of the water delivered to any such landholding is
8 a use described in subdivision (c) of this article;

9 (g) "Individual" shall mean any natural person, including his or her
10 spouse, and including other dependents within the meaning of the Internal
11 Revenue Code of 1954 (26 U.S.C. §152);

12 (h) "Qualified Recipient" shall mean an individual who is a citizen of
13 the United States or a resident alien thereof or any legal entity established under
14 State or Federal law which benefits twenty-five (25) natural persons or less;

15 (i) "Limited Recipient" shall mean any legal entity established under
16 State or Federal law benefiting more than twenty-five (25) natural persons;

17 (j) "Excess Land" shall mean all land in the Project Service Area
18 capable of being furnished irrigation benefits which is held in private ownership
19 by a Limited Recipient or a Qualified Recipient in excess of 320 irrigable acres;

20 (k) "Project Service Area" shall mean the land shown on Exhibit A;

1 (l) "Project Indebtedness" shall mean bonds, notes, leases, contracts or
2 other obligations of the Contractor, other than this contract, issued, incurred or
3 entered into to finance or refinance the construction of the Project;

4 (m) "Reclamation" shall mean the Bureau of Reclamation, U.S.
5 Department of the Interior;

6 (n) "State" shall mean the State of California and any agency thereof;

7 and

8 (o) "O&M" shall mean normal and reasonable care, control, operation,
9 repair, replacement, and maintenance of Project facilities.

10 ESTIMATED PROJECT COST-LOAN-CONTRACTOR'S CONTRIBUTION

11 2. (a) The estimated cost of the Project as shown in the Loan Application
12 Report is \$44,154,900, including costs and expenses incurred or to be incurred by the
13 United States as identified in Article 7.

14 (b) All costs and expenses of the Project, whether incurred prior to or
15 after execution of this contract, shall be limited to such as are reasonably incurred in the
16 exercise of sound engineering, construction, and business practices and are chargeable or
17 allocable to the Project.

18 (c) The contribution of the Contractor toward the construction of the
19 Project shall have the value, at a minimum, of \$10,913,900. In computing the
20 Contractor's contribution, the Contractor shall be given credit for expenditures made by
21 it for engineering and construction of Project facilities, rights-of-way acquisition,
22 obtaining of necessary permits and approvals, development of the loan application

1 report, and \$5,000 remitted by the Contractor to the United States with its application
2 and shall also be given credit for the value of rights-of-way and wells acquired for the
3 Project.

4 (d) The United States will, contingent upon the appropriation of funds
5 by the United States Congress and the necessary allotment of funds, lend to the
6 Contractor an amount of money not to exceed the lesser of \$32,600,000 or the actual
7 cost of the Project less the Contractor's actual contribution toward the construction of
8 the Project.

9 (e) All costs of the Project in excess of the amount loaned to the
10 Contractor by the United States shall be contributed by the Contractor.

11 WORK TO BE PERFORMED BY THE CONTRACTOR--PROJECT COMPLETION

12 3. (a) To the extent that funds may now or hereafter be available from the
13 United States pursuant to the terms of this contract or from other sources available to
14 the Contractor, the Contractor shall, on its own account or by contract or contracts,
15 construct the Project substantially in accordance with the documents identified in
16 subdivision (d) of Article 1 above, subject to such modifications or changes as may be
17 agreed upon by the Contractor and the Contracting Officer pursuant to subdivision (b) of
18 this article. The Contractor shall complete construction of the Project by December 31,
19 1997; Provided, That such construction period may be extended by the Contracting
20 Officer to compensate for delay in completion of the Project resulting from causes
21 beyond the control of the Contractor.

1 (b) The Contractor shall perform or cause to be performed all of said
2 work pursuant to detailed plans, designs, estimates, and specifications, and in accordance
3 with sound engineering and construction practices, all as approved by the Contracting
4 Officer as adequate to protect the interests of the United States in the Project. It is
5 recognized by the Contracting Officer and by the Contractor that changes to the
6 approved Project may be necessary during construction. The Contractor shall only make
7 changes to the approved Project, as defined in Article 1(d), that will not adversely impact
8 the ability of the completed facilities to produce and deliver reclaimed water of the
9 quality and in the quantity intended by the original design of the Project and that will
10 not result in any noncompliance with any required or previously prepared environmental
11 compliance or permitting document. Any changes which will have such adverse impacts
must be preapproved in writing by the Contracting Officer before they are implemented.

13 (c) The date when the principal benefits of the Project first become
14 available shall be deemed to be the date when water from the Project is first delivered
15 to the Project Service Area. The exact date shall be established by the Contracting
16 Officer and announced by written notice to the Contractor.

17 SCHEDULING OF CONSTRUCTION WORK

18 4. (a) During the construction of the Project, the Contractor shall submit
19 the following schedules to the Contracting Officer:

20 (1) A master work schedule showing the entire work to be
21 performed or caused to be performed under this contract including the amount of
22 Federal and non-Federal funds required annually;

1 (2) A detailed schedule for the initial construction Quarter
2 consistent with the master work schedule specifying the work to be performed
3 during that construction Quarter, including the amount of Federal and non-
4 Federal funds required each month during that Quarter for the work scheduled
5 and including the sums expended by the Contractor for the preparation of designs
6 and specifications, engineers' estimates, and other preconstruction activities
7 required to initiate construction if incurred subsequent to May 18, 1994.

8 (3) Subsequent detailed quarterly work schedules consistent with
9 the master work schedule specifying the work proposed to be performed or
10 initiated during each Quarter of the construction period other than the initial
11 Quarter including the amount of funds required each month during each Quarter.
12 Said schedules shall be submitted to the Contracting Officer 15 days prior to the
13 beginning of the Quarter covered by such schedule.

14 (b) The master work schedule shall be accompanied by a map of the
15 Project Service Area depicting the location of all Project facilities and indicating thereon
16 the sequence of construction of the work by stages and the construction period of each
17 stage.

18 (c) The quarterly work schedules may include as estimated costs the
19 costs of salaries of regular employees and the value of equipment of the Contractor, as
20 approved by the Contracting Officer, used in the performance of the work. To the
21 extent that the Contracting Officer determines that the work description or cost
22 estimates required for any work schedule hereunder are adequately presented in the

1 report identified in subdivision (d) of Article 1 above, such work description or estimates
2 may be incorporated in such work schedule by reference to appropriate items in said
3 report.

4 (d) The requirements of subdivisions (a), (b), and (c) of this article, and
5 of subdivisions (a) and (b) of Article 8, may be satisfied with schedules, estimates, maps,
6 reports, accounting of cost, and other materials prepared for and provided to the
7 Contractor by its construction management consultant if such materials provide
8 substantially the same information as required by the cited subdivisions.

9 (e) Prior to actual construction work during any Quarter, the Contractor
10 shall:

11 (1) Acquire by title satisfactory to the Contracting Officer the
lands and interests therein necessary for such construction work, or

13 (2) Commence appropriate eminent domain proceedings in a
14 court of competent jurisdiction for the acquisition of such lands and interests
15 therein, obtain in such proceedings the right to immediate possession thereof, and
16 diligently prosecute said proceedings to final judgment and obtain title satisfactory
17 to the Contracting Officer to the lands and interests therein to be acquired;

18 Provided, That such title acquisition shall be subject to the terms and conditions
19 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act
20 of 1970 (42 U.S.C. §4601 et seq.) and the regulations and procedures now or
21 hereafter adopted by the United States for implementing that Act.

1 ADVANCES BY THE UNITED STATES DURING CONSTRUCTION
2 OF THE PROJECT

3
4 5. (a) Upon receipt and review by the Contracting Officer of the master
5 work schedule, a detailed work schedule for the initial construction Quarter and
6 subsequent Quarters as required through the construction period, and a properly
7 executed Standard Form 1034 Public Voucher accompanied by a statement of proposed
8 expenditures, the United States will advance to the Contractor for the initial construction
9 Quarter and each month thereafter, to the extent that funds may now or hereafter be
10 available by appropriation and allocation for the purposes set forth herein, the sums of
11 money shown as the monthly requirement on the approved detailed work schedule, less
12 any balance of funds available therefor from prior advances. In the event that funds
13 advanced by the United States are expended prior to the end of the initial construction
14 Quarter or any subsequent month, additional sums may be advanced on the basis of a
15 supplemental detailed work schedule provided in like manner as the first. Each monthly
16 or other advance of funds subsequent to the advance for the initial construction period
17 shall be dependent upon the performance by the Contractor, in a manner satisfactory to
18 the Contracting Officer, of any work scheduled for prior performance, but such advance
19 shall not commit the Contracting Officer to approval of performance of such prior work.
20 The Contracting Officer, at his election, may withhold any advance of funds
21 contemplated thereunder at any time when, in his opinion, the Contractor is in default or
22 delinquent with respect to performance of any of the terms or conditions of this contract.

23 (b) The funds advanced or otherwise disbursed pursuant to this contract
24 by the United States shall be used only for costs and expenses incurred by the Contractor

1 for the performance of work described in Article 4 and shall not be used for any items
2 included in the Contractor's contribution as provided in subdivision (c) of Article 2,
3 excluding cost incurred after May 18, 1994. If the Contracting Officer determines that
4 the Contractor used funds advanced or otherwise disbursed pursuant to this contract for
5 purposes other than those provided for by this contract, the Contractor shall reimburse
6 Reclamation's loan fund account in the amount of funds so misused. In addition, the
7 Contracting Officer may assess a penalty of \$100, or 10 percent of the amount of
8 misused funds, whichever is greater, and the Contractor shall, within 30 days from the
9 date of notice of such penalty, pay the amount thereof.

10 (c) All funds advanced to the Contractor pursuant to this article by the
11 United States shall immediately be deposited by the Contractor in a special account in a
12 bank that is a member of the Federal Reserve System or, if approved by the Contracting
13 Officer, in any special fiduciary account in a manner provided by the laws of the State.
14 Such account shall be maintained until all funds so advanced shall have been expended
15 or returned to the United States. Interest earned on funds advanced to the Contractor
16 shall be considered to be advances by the United States.

17 LOAN FUNDS MADE AVAILABLE BY THE UNITED STATES AFTER
18 CONSTRUCTION OF THE PROJECT

19 6. (a) The parties acknowledge that construction of the Project is likely to
20 be undertaken and completed prior to the United States loaning to the Contractor the
21 amount of money necessary to complete the Project as specified in Article 2(d).
22 Therefore, after construction of the Project is completed, and to the extent that funds
23 become available by appropriation and allocation for the loan evidenced by this contract,

1 the United States shall make appropriate disbursements to the Contractor; Provided,
2 That the Contracting Officer, at his/her election, may withhold any funds made available
3 pursuant to this article if, in his/her opinion, the Contractor is in default or delinquent
4 with respect to performance of any of the terms or conditions of this contract.

5 (b) Within 90 days of the receipt of funds from the United States
6 pursuant to this article, the Contractor shall use such funds exclusively for repaying
7 Project Indebtedness; Provided, That no such funds may be used by the Contractor to
8 repay any debt to the State.

9 (c) While being held by the Contractor, funds made available pursuant
10 to this article shall be deposited by the Contractor in the same manner as provided for
11 by Article 5(c).

COSTS INCURRED BY THE UNITED STATES

12 7. All costs heretofore and hereafter incurred by the United States prior to
13 the date when the principal benefits of the Project first become available for examination
14 of the Contractor's proposal, surveys, investigations, construction documents, contract
15 negotiations, for performance and administration of this contract, and the reasonable
16 cost of any plans, specifications, and unpublished material furnished to the Contractor by
17 the United States shall be charged to the amount of the loan. The term "costs" shall be
18 deemed to include, but not be limited to, the portions of the salaries, travel, per diem,
19 and leave of employees, and the legal, overhead, and general expenses, which are
20 allocable to the inspection and approval of work performed hereunder by the Contractor,
21 the examination of title to lands or interests in lands, or the inspection and auditing of
22

1 accounts and records of the Contractor relating to such work. All costs incurred by the
2 United States shall be held to the minimum amount deemed necessary by the
3 Contracting Officer for protection of the interests of the United States. After the
4 execution of this contract, and until completion of the work hereunder, the United States
5 shall furnish to the Contractor quarterly reports of all such costs.

6 PROGRESS REPORTS, DRAWINGS, INSPECTIONS, AND SERVICES

7 8. (a) While the Project is under construction, the Contractor shall prepare
8 and furnish to the Contracting Officer, by the last calendar day of the subsequent month,
9 a monthly progress report, including monthly cost statements for the preceding month
10 and trial balances for the 30 day period preceding the last day of the subsequent month,
11 fully describing the status, progress, and cost of work performed by the Contractor or for
12 which costs have been incurred or funds obligated by the Contractor pursuant to this
13 contract.

14 (b) At the conclusion of construction of the Project as determined by
15 the Contracting Officer, the Contractor shall also furnish the Contracting Officer an
16 accounting of the final costs of the Project, including an account of each separable
17 portion of the Project facilities.

18 (c) Any and all work undertaken by the Contractor pursuant to this
19 contract shall be open and subject to inspection by the Contracting Officer or his
20 designated representative at all times during the progress thereof and on completion.
21 Should the Contracting Officer determine that any such work is not being performed, or
22 has not been completed, in accordance with applicable schedules, approved plans,

1 approved designs and specifications, or any other requirement of this contract, then the
2 Contracting Officer shall give the Contractor written notice thereof within a reasonable
3 time after inspection. This notice shall specify the corrective actions which the
4 Contractor must take and the schedule for their completion, and the Contractor shall
5 proceed accordingly.

6 (d) In connection with the performance of work under this contract, the
7 Contractor may utilize such independent expert consulting services as it may deem
8 necessary, and the reasonable cost of such services shall be considered a part of the cost
9 of the work performed.

10 REPAYMENT BY THE CONTRACTOR

11 9. (a) The Contractor shall return to the United States, as determined by
12 the Contracting Officer, any unexpended, unobligated, or unencumbered balance of
13 funds provided by the United States to the Contractor pursuant to this contract not
14 necessary for the retirement of Project Indebtedness or completion of the construction of
15 the Project.

16 (b) The principal amount owed by the Contractor to the United States
17 shall be the sum of all advances made pursuant to Article 4, all disbursements made
18 pursuant to Article 5, and all costs incurred by the United States as prescribed by Article
19 7. The following portions of the principal shall bear interest computed as simple interest
20 at the rate of 7.625 percent per annum:

21 (1) That portion of the unpaid loan principal attributable to
22 Excess Lands, with the amount of the annual interest payment to be determined

1 as follows: (i) the total acres of Excess Lands in the Project Service Area shall be
2 divided by the total acreage in the Project Service Area capable of being
3 furnished irrigation benefits to determine the applicable annual percentage for
4 Excess Lands, (ii) the applicable annual percentage so determined shall be
5 multiplied by that portion of the unpaid loan principal allocated to irrigation, and
6 (iii) this amount shall then be multiplied by the 7.625 percent annual interest rate
7 to determine the annual interest payment due for Excess Lands; and

8 (2) That portion of the unpaid loan principal attributable to M&I
9 Water, with the amount of the annual interest payment to be determined as
10 follows: (i) the total amount of M&I Water delivered shall be divided by the
11 total amount of water available for delivery for all purposes, to determine the
12 applicable annual percentage for M&I Water, (ii) the applicable annual
13 percentage so determined shall then be multiplied by the unpaid loan principal
14 allocated to M&I Water, and (iii) this amount will then be multiplied by the 7.625
15 percent interest rate to determine the annual interest payment due for M&I
16 Water deliveries.

17 (c) In addition to principal and interest owed by the Contractor to the
18 United States pursuant to subdivision (b) above, the Contractor shall also owe to the
19 United States the reimbursable portion of the Federal Interest during construction (IDC)
20 which accrues between the date that the first advance is made to the Contractor pursuant
21 to Article 5 and December 31 of the Year immediately preceding the April 1 on which
22 the first payment is due and payable to the United States pursuant to subdivision (d) of

1 this article. The annual payment of the reimbursable portion of IDC shall be computed
2 as follows:

3 (1) The total IDC, as determined by the Contracting Officer,
4 shall be multiplied by the factor required to amortize, at 7.625 percent per
5 annum, the IDC amount over the number of Years remaining in the repayment
6 period. The resulting "annual payment" shall then be used as the basis for
7 computing the annual IDC payments for Excess Lands and for M&I Water
8 deliveries.

9 (2) The annual IDC payment for Excess Lands shall be
10 determined as follows: (i) the annual payment determined under subdivision
11 (c)(1) shall be multiplied by the applicable annual percentage computed under
12 subdivision (b)(1) above (total acres of Excess Land divided by the total acres in
13 the Project Service Area), (ii) the resulting amount shall then be multiplied by
14 the annual percentage based on the ratio of Irrigation Water deliveries to total
15 amount of water available for all purposes, and (iii) the resulting amount is the
16 annual IDC payment due for Excess Lands.

17 (3) The annual IDC payment for M&I Water deliveries shall be
18 determined as follows: (i) the annual payment determined under subdivision
19 (c)(1) shall be multiplied by the percentage based on the ratio of total M&I
20 Water deliveries to the total amount of water available for delivery for all
21 purposes, and (ii) the resulting amount is the annual IDC payment due for M&I
22 Water deliveries.

1 (d) The first installment of the monies (principal, interest, and IDC)
2 owed by the Contractor to the United States pursuant to this contract shall become due
3 and payable on April 1, 2003, or on the April 1 next succeeding the end of the Federal
4 fiscal year in which the applicable sum specified in Article 2(d) has been received by the
5 Contractor pursuant to Articles 5 and 6, whichever occurs first. Successive annual
6 installments shall be due and payable on each April 1 thereafter, Provided, That the
7 Contracting Officer may, upon a written request from the Contractor, provide for other
8 dates on which the installments are due. Interest shall not begin to accrue until the Year
9 immediately preceding the April 1 on which the first installment is due and payable.
10 The final payment shall be due 40 years from the date when the principal benefits of the
11 Project first become available as specified in Article 3(c).

12 (e) In order to determine the amount of principal and interest due for
13 the first installment to be paid by the Contractor, it shall be assumed that the principal
14 outstanding on the preceding December 31 is the total principal amount which the
15 Contractor owes and the first installment shall be computed based upon this amount
16 being amortized in equal annual installments over the full repayment period specified in
17 subdivision (d) above. Thereafter, if the Contractor receives additional disbursements
18 from the United States pursuant to Article 6, then the principal outstanding on the
19 December 31 preceding the next April 1 due date shall be assumed to be the total
20 principal amount which the Contractor owes and the installment shall be recomputed
21 based upon this new amount being amortized in equal annual installments over the then
22 remaining Years of the repayment period.

1 (f) Principal payments received by the United States will be applied
2 against the unpaid loan obligation prorated among the allocations for M&I use only,
3 joint use, and irrigation use only in the same ratio as the total loan obligation has been
4 allocated to these uses.

5 (g) The irrigators' payment capacity will be reviewed every 5 years after
6 the first installment becomes due if, in the opinion of the Contracting Officer, there is a
7 reasonable likelihood that the payment capacity has become greater than the annual
8 payments required of the Contractor to retire Project Indebtedness, obligations of this
9 contract, and any other debt incurred to finance the project and to fund annual O&M of
10 the Project. If the updated payment capacity exceeds the annual payments described in
11 this article, then the amount of annual installments shall be increased sufficiently to
12 utilize full payment capacity, with the increased payments being applied as a tail end
13 credit.

14 (h) The Contractor may at any time, without penalty or additional
15 interest charges, prepay all or part of the funds owed to the United States under this
16 contract; Provided, That all accrued interest due hereunder is paid at the same time.
17 Any partial prepayment shall be applied to the balance of the loan obligation as directed
18 by the Contractor.

19 (i) The Contractor hereby pledges to the payment of the principal,
20 interest, and IDC owed to the United States pursuant to this contract the revenues
21 arising from the property assessments and water delivery charges authorized and
22 approved by the Contractor's Ordinance No.s 3535, 3536, and 3789; Provided, That the

1 obligation of the Contractor to pay the United States as provided in this contract shall be
2 payable only from the net revenues of the Contractor remaining after payment therefrom
3 of O&M of Project facilities, operation and maintenance costs payable by the Contractor
4 to the Monterey Regional Water Pollution Control Agency for the purchase of reclaimed
5 wastewater, and Project Indebtedness. The Contractor warrants and guarantees to the
6 United States that it will, if needed to meet its repayment obligations to the United
7 States, increase the aforementioned property assessments to the maximum amounts
8 authorized by the pertinent ordinances and increase the water delivery charges as
9 necessary.

10 (j) The Contractor warrants and represents to the United States that, as
11 of the date of this contract, it has not issued, incurred, or entered into contracts or other
12 obligations with the State to finance or refinance the construction cost of the Project.

13 USE OF PROJECT WATER

14 10. (a) Until the loan obligation evidenced by this contract is fully repaid,
15 the Contractor cannot provide Project water for any use other than as Irrigation Water
16 within the Project Service Area except as provided below in this article.

17 (b) Project water may be delivered, on a temporary or long term basis,
18 for use as M&I Water within or outside of the Project Service Area only after the
19 appropriate environmental reviews and compliance actions have been completed,
20 including, but not limited to, compliance with the National Environmental Policy Act and
21 the Endangered Species Act. The Contractor cannot proceed with deliveries of M&I

1 Water until the Contracting Officer gives written notice that such reviews and actions
2 have been completed to the Contracting Officer's satisfaction.

3 (c) If the Contractor, subject to subdivision (b) above, delivers Project
4 water to any party for use as M&I Water, either within or outside of the Project Service
5 Area, on a one-time, temporary basis not exceeding one year, then there will be no
6 reallocation of the then outstanding, unamortized balance of the loan from the function
7 of providing Irrigation Water to the function of providing M&I Water. However, if the
8 Contractor, subject to subdivision (b) above, commits to deliver Project water for more
9 than one year to any party for use as M&I Water, even if such deliveries will be
10 interruptable and/or seasonal in nature, then the Contracting Officer will reallocate the
11 then outstanding, unamortized balance of the loan from the function of providing
12 Irrigation Water to the function of providing M&I Water and the amounts so reallocated
13 will bear interest in accordance with Article 9(b). Said reallocation shall become
14 effective for the Year in which the Contractor agrees to initiate deliveries of M&I
15 Water.

16 CHARGES FOR DELINQUENT PAYMENTS

17 11. (a) The Contractor shall be subject to interest, administrative and
18 penalty charges on delinquent installments or payments. When a payment is not
19 received by the due date, the Contractor shall pay an interest charge for each day the
20 payment is delinquent beyond the due date. When a payment becomes 60 days
21 delinquent, the Contractor shall pay an administrative charge to cover additional costs of
22 billing and processing the delinquent payment. When a payment is delinquent 90 days or
23 more, the Contractor shall pay an additional penalty charge of 6 percent per Year for
24 each day the payment is delinquent beyond the due date. Further, the Contractor shall
25 pay any fees incurred for debt collection services associated with a delinquent payment.

26 (b) The interest charge rate shall be the greater of the rate prescribed
27 quarterly in the Federal Register by the Department of the Treasury for application to

1 overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6
2 of the Reclamation Project Act of 1939 (43 U.S.C. §485e). The interest charge rate shall
3 be determined as of the due date and remain fixed for the duration of the delinquent
4 period.

5 (e) When a partial payment on a delinquent account is received, the
6 amount received shall be applied, first to the penalty, second to the administrative
7 charges, third to the accrued interest, and finally to the overdue payment.

8 EXCESS LANDS

9 12. Each owner of land in the Project Service Area receiving irrigation benefits
10 shall be required by the Contractor to certify to the Contractor the extent of his total
11 ownership of such land and the number of acres of Excess Land. Each owner who, by
12 the acquisition of additional lands after the making of his last certification, becomes an
13 owner of Excess Land shall promptly make similar certification. The Contractor shall
14 maintain records of the ownership of Excess Land and shall submit, by means of the
15 form provided by the Contracting Officer, a report showing, for each such ownership, the
16 total acreage receiving irrigation benefits and the Excess Land held at any time during a
17 Year. The report shall be submitted by the February 1 following the Year in which the
18 principal benefits first become available as determined pursuant to Article 3(c) and by
19 each February 1 thereafter, and shall cover the preceding Year.

20 RULES AND REGULATIONS—SMALL RECLAMATION PROJECTS ACT

21 13. The Secretary may from time to time promulgate proposed and final rules
22 and regulations to implement the Small Reclamation Projects Act of 1956. The
23 Contracting Officer agrees to provide a copy of all proposed and final rules, as hereafter
24 published in the Federal Register, to the Contractor. The Contractor agrees to abide by
25 all final rules and regulations now or hereafter in force. This contract is subject to all

1 rules and regulations in effect as of the date of this contract. This contract is also
2 subject to such final rules and regulations as may hereafter be lawfully adopted when not
3 inconsistent with any express and specific provisions contained herein. All such existing
4 and future rules and regulations are hereby made a part of this contract.

5 CONTRACTS WITH THIRD PARTIES

6 14. (a) The Contractor shall advertise each construction, equipment, or
7 supply contract exceeding \$25,000 for competitive bidding. Upon receipt of bids, any
8 action proposed by the Contractor other than making the award to the lowest responsible
9 bidder shall be subject to review by the Contracting Officer.

10 (b) For all construction contracts exceeding \$25,000, the Contractor
11 shall require construction contractors to furnish performance bonds equal to 100 percent
12 of the contract price and payment bonds equal to or in excess of: (1) 50 percent of the
13 contract price for contracts not exceeding \$1,000,000, (2) 40 percent of the contract price
14 for contracts exceeding \$1,000,000 but not exceeding \$5,000,000 and (3) \$2,500,000 for
15 contracts exceeding \$5,000,000. Supply and equipment contractors may be required to
furnish performance bonds on supply or equipment contracts exceeding \$25,000 when the
contract calls for substantial progress payments before delivery of end items.

18 (c) The United States shall not be a party to or obligated in any
19 manner by contracts entered into between the Contractor and other parties.

20 FAILURE TO COMPLETE WORK

21 15. (a) In the event that the Contractor fails, for any reason other than the
22 failure of the United States to appropriate and allocate funds, to complete the work to
23 be performed pursuant to this contract, the Contractor shall, upon receipt of written
24 notice from the Contracting Officer, return to the United States any unexpended,
25 unobligated and unencumbered balances of funds advanced by or disbursed under this
26 Contract by the United States and contributed by the Contractor. Following delivery of
27 the notice, the Contracting Officer may adopt either of the following alternatives:

28 (1) Perform or cause to be performed all or any part of the work
29 remaining to be performed under and within the limits of the funds provided
30 herein by the United States and by the Contractor for the Project, and operate
31 and maintain the Project facilities concurrently therewith, in which event the
32 Contractor shall transfer to the United States custody and use of all equipment,
33 materials and supplies used or useful in the performance of such work; permit the
34 United States, its contractors and its agents ingress to and egress from the lands,

1 Project facilities and facilities of the Contractor for the performance of such work;
2 and assign to the United States its interest in any contract for the performance of
3 work or the supplying of equipment or material in connection with such work
4 where requested by the United States and agreed to by the other contracting
5 party; or

6 (2) Declare the Project completed within the provisions of this
7 contract by giving written notice to the Contractor, in which event repayment of
8 the loan obligation, including the determination of the amount thereof, shall be
9 carried out in accordance with the provisions of this contract.

10 (b) In the event that the United States shall proceed as provided in
11 (a)(1) of this article, the United States may, at any time and regardless of the progress of
12 work performed thereunder, declare the Project completed by giving written notice
13 thereof to the Contractor, in which event the provisions of (a)(2) of this article shall
14 apply: Provided, That the loan obligation shall not exceed the limitation specified in this
15 contract including all expenditures made pursuant to the provisions of (a)(1) of this
16 article.

17 (c) Upon the giving of the written notice to the Contractor as provided
18 above, the United States shall have the right, without further notice, to take over the
19 care, operation, and maintenance of the Project facilities, pursuant to the applicable
20 provisions of this contract.

21 OPERATION AND MAINTENANCE OF PROJECT FACILITIES

22 16. (a) The Contractor, without expense to the United States, shall care for,
23 operate, and maintain the Project facilities in full compliance with the terms of this
24 contract, and in such manner that the Project facilities remain in good and efficient
25 condition.

26 (b) Necessary repairs of the Project facilities shall be made promptly by
27 the Contractor. In case of unusual conditions or serious deficiencies in the care,
28 operation, and maintenance of the Project facilities threatening or causing interruption of
29 water service, the Contracting Officer may issue to the Contractor a special written
30 notice of the necessary repairs. Within 60 days of receipt of such notice, the Contractor
31 shall either make the repairs or submit a plan acceptable to the Contracting Officer for
32 accomplishing said repairs. If the Contractor fails to do either within 60 days of receipt
33 of said notice, the Contracting Officer may cause the repairs to be made and the cost
34 thereof shall be paid by the Contractor as directed by the Contracting Officer.

35 (c) After construction of the Project is completed, the Contractor shall
36 make no substantial change in the Project facilities without first obtaining the written
37 consent of the Contracting Officer.

1 (d) In the event the Contractor is found to be operating the Project
2 facilities or any part thereof in violation of this contract, then, upon the election of the
3 Contracting Officer, the United States may take over from the Contractor the care,
4 operation, and maintenance of such Project facilities by giving written notice to the
5 Contractor of such election and of the effective date thereof. Thereafter, during the
6 period of operation by the United States, upon notification by the Contracting Officer,
7 the Contractor shall pay to the United States, annually in advance, the cost of operation
8 and maintenance of the works as determined by the Contracting Officer. Following
9 written notification from the Contracting Officer, the responsibility for the care,
10 operation, and maintenance of the works may be transferred to the Contractor.

11 PAYMENT OF MISCELLANEOUS COSTS

12 17. In addition to all other payments to be made by the Contractor under this
13 contract, the Contractor shall reimburse the United States, following the receipt of a
14 statement from the Contracting Officer, for all miscellaneous costs incurred by the
15 United States for unusual work involved in the administration and supervision of this
16 contract.

17 EXAMINATION AND INSPECTION OF PROJECT FACILITIES FOR 18 DETERMINING ADEQUACY OF OPERATION, MAINTENANCE

19 18. (a) The Contracting Officer may, from time to time, examine and audit
20 the Contractor's books, records and reports, and inspect the Project facilities being
21 operated by the Contractor, in order to determine the condition of the Project facilities
22 and the adequacy of the operation and maintenance program, the reserve fund, and the
23 water conservation program. The Contracting Officer may examine any or all of the
24 Project facilities which were constructed by the United States and transferred to the
25 Contractor, or Project facilities which were constructed by the Contractor with funds
26 advanced or reimbursed by the United States. Except in an emergency, an inspection,
27 examination, or audit shall be made only after written notice thereof has been delivered
28 to the Contractor by the Contracting Officer.

29 (b) The Contractor may request the Contracting Officer to, conduct
30 special inspections of any Project facilities being operated by the Contractor and special
31 audits of the Contractor's books and records to ascertain the extent of any operation and
32 maintenance deficiencies, to determine the remedial measures required for their
33 correction, and to assist the Contractor in solving specific problems. Except in an
34 emergency, any special inspection or audit shall be made only after written notice thereof
35 has been delivered to the Contractor by the Contracting Officer.

36 (c) The Contractor shall provide the Contracting Officer with access to
37 the Project facilities, operate any mechanical or electrical equipment at the request of

1 the Contracting Officer, and be available to assist the Contracting Officer in any
2 examination, inspection or audit.

3 (d) The Contracting Officer shall prepare reports based on the
4 examinations, inspections or audits, and furnish copies of such reports and any
5 recommendations to the Contractor.

6 (e) The Contractor shall reimburse the actual cost incurred by the
7 United States in making operation and maintenance examinations, inspections, and
8 audits, and preparing associated reports and recommendations.

9 (f) The Contracting Officer may provide the State an opportunity to
10 observe and participate, at its own expense, in the examinations and inspections. The
11 State may be provided copies of reports and any recommendations relating to such
12 examinations and inspections.

13 INDEMNIFICATION OF THE UNITED STATES

14 19. The Contractor agrees to indemnify the United States and its officers,
15 employees, and agents for, and to hold the United States and its officers, employees, and
16 agents harmless from liability for all damages and costs, including the United States's
17 costs of defending itself (such costs to include, but not be limited to, attorney's fees,
18 court costs, document and exhibit preparation costs, costs of retaining and preparing
19 expert witnesses, and witness fees), resulting from suits, actions, or claims of any
20 character brought against the United States on account of any injury to any person or
21 property: (i) arising out of any act, omission, neglect, or misconduct of the Contractor in
22 the manner or method of performing any construction, care, operation, maintenance,
23 supervision, examination, inspection, or other duties of the Contractor required under
24 this contract, regardless of who performs those duties, or (ii) arising out of any act or
25 conduct of the United States and its officer, employees and agents, except for negligent

1 acts or conduct or for willful misconduct, in performing any activity or taking any action
2 required or permitted under this contract.

3 EMERGENCY RESERVE FUND

4 20. (a) Commencing with the Year in which this contract is executed, the
5 Contractor shall accumulate and maintain a reserve fund which shall be kept available to
6 meet the costs of caring for, operating, and maintaining the Project as provided in (e)
7 below.

8 (b) The Contractor shall accumulate the reserve fund by making annual
9 deposits or investments of not less than \$25,000 to a Federally insured interest- or
10 dividend-bearing account, or in securities guaranteed by the Federal Government, and by
11 accumulating all interest earnings and dividends on said deposits or investments in the
12 reserve fund; Provided, That money in the reserve fund shall be available within a
13 reasonable time to meet expenses for the purposes identified in paragraph (e) of this
14 article. Such annual deposits or investments, and the accumulation of all interest
15 earnings and dividends thereon, shall continue until the amount of \$250,000 is
16 accumulated. After the amount of \$250,000 is accumulated, the annual deposits or
17 investments may be discontinued, but the interest earnings and dividends shall continue
18 to accumulate and shall be paid to the United States in accordance with paragraph (g) of
19 this article.

20 (c) Following an expenditure from the reserve fund in accordance with
21 paragraph (e) of this article, the annual deposits or investments shall be reinstated in
22 the Year next following the Year in which the reserve fund is drawn below \$250,000 and
23 they shall continue until the balance in the reserve fund is restored to \$250,000.

1 (d) Upon mutual agreement between the Contractor and the
2 Contracting Officer, the amount of the reserve fund may be adjusted to account for risk
3 and uncertainty stemming from the size and complexity of the project, the size of the
4 annual operation and maintenance budget, additions to, deletions from, or changes in
5 Project facilities, and operations and maintenance costs not contemplated when this
6 contract was executed. If the amount of the reserve fund is adjusted downward, the
7 Contractor shall forward the excess increment of the fund to the United States within 60
8 days of the date of adjustment. Such excess increment shall be applied as a tail-end
9 credit to the principal owed by the Contractor, thereby reducing the repayment period
10 but not the annual payments due to the United States.

11 (e) The Contractor may make expenditures from such reserve fund only
12 for meeting: (i) usual operation and maintenance costs incurred during periods of
13 damaging droughts, storms, earthquakes, floods, or other emergencies threatening or
14 causing interruption of water service, (ii) unforeseen extraordinary operation and
15 maintenance costs, (iii) unusual or extraordinary repair or replacement costs, and (iv)
16 betterment costs (in situations where recurrence of severe problems can be eliminated)
17 during periods of damaging droughts, storms, earthquakes, floods, or other emergencies
18 threatening or causing interruption of water service. The Contractor shall promptly
19 notify the Contracting Officer when any expenditure is made from the reserve fund
20 pursuant to this paragraph.

1 (f) During any period in which any of the Project works are operated
2 and maintained by the United States, the reserve fund shall be available for like use by
3 the United States.

4 (g) Whenever the reserve fund exceeds the amount of \$250,000 or such
5 other amount as has been agreed to pursuant to paragraph (d) of this article, the excess
6 in the reserve fund on the last day of the Year shall be paid by the Contractor to the
7 United States on or before the next April 1 and shall be applied by the United States as
8 a tail-end credit to the principal owed by the Contractor, thereby reducing the repayment
9 period but not the annual payments due to the United States.

10 (h) On or before February 1 of each Year, the Contractor shall provide
11 to the Contracting Officer an annual statement of the expenditures from the reserve fund
12 during the preceding Year, the interest and dividends earned during the preceding, and
13 the balance in the reserve fund on the last day of the preceding Year.

14 PROTECTION OF WATER SUPPLY

15 21. With respect to any existing or future disputes as to the character, extent,
16 priority, or validity of the Contractor's rights, including contractual rights, to divert, store,
17 and use the water supply claimed by the Contractor for the Project, the Contractor shall
18 promptly bring and diligently prosecute, or defend itself in, judicial proceedings for the
19 determination of any such dispute, and it shall take all other measures necessary to
20 defend and protect the water supply for the Project and the Contractor's rights thereto,
21 including any contractual rights.

1 RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION

2 22. When acquiring title to lands and interests in land and relocating persons
3 or personal property in connection with the Project, the Contractor shall comply with the
4 provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies
5 Act of 1970 (42 U.S.C. §4601 et seq.), with Department of the Interior regulations (41
6 CFR 114-50), and with relevant State laws and regulations.

7
8 EQUAL OPPORTUNITY

9 23. (a) The Contractor hereby agrees to incorporate, or cause to be
10 incorporated, into any contract for construction work, or modification thereof, as defined
11 in the regulations of the Secretary of Labor at 41 CFR, Chapter 60, which is paid for, in
12 whole or in part, with funds obtained from the Federal Government or borrowed on the
13 credit of the Federal Government pursuant to grant, contract, loan, insurance, or
14 guarantee, or undertaken pursuant to any Federal program involving such grant, contract,
15 loan, insurance, or guarantee, the following Equal Opportunity (Federally Assisted
16 Construction) clause:

17 Equal Opportunity
18 (Federally Assisted Construction)

During the performance of this contract, the Contractor agrees as follows:

20 (1) The Contractor will not discriminate against any employee or
21 applicant for employment because of race, color, religion, sex, or national origin.
22 The Contractor will take affirmative action to ensure that applicants are
23 employed, and that employees are treated during employment without regard to
24 their race, color, religion, sex, or national origin. Such action shall include, but
25 not be limited to, the following: Employment, upgrading, demotion, or transfer;
26 recruitment or recruitment advertising; layoff or termination; rates of pay or other
27 forms of compensation; and selection for training, including apprenticeship. The
28 Contractor agrees to post in conspicuous places, available to employees and
29 applicants for employment, notices to be provided setting forth the provisions of
30 this nondiscrimination (Federally Assisted Construction) clause.

31 (2) The Contractor will, in all solicitations or advertisements for
32 employees placed by or on behalf of the Contractor, state that all qualified
33 applicants will receive consideration for employment without discrimination
34 because of race, color, religion, sex, or national origin.

35 (3) The Contractor will send to each labor union or
36 representative of workers, with which it has a collective bargaining agreement or
37 other contract or understanding, a notice to be provided advising the said labor

1 union or workers' representative of the Contractor's commitments under this
2 section, and shall post copies of the notice in conspicuous places available to
3 employees and applicants for employment.

4 (4) The Contractor will comply with all provisions of Executive
5 Order No. 11246 of September 24, 1965, as amended, and of the rules,
6 regulations, and relevant orders of the Secretary of Labor.

7 (5) The Contractor will furnish all information and reports
8 require by said amended Executive Order and by the rules, regulations, and
9 orders of the Secretary of Labor, or pursuant thereto, and will permit access to its
10 books, records, and accounts by the Contracting Officer and the Secretary of
11 Labor for purposes of investigation to ascertain compliance with such rules,
12 regulations and orders.

13 (6) In the event of the Contractor's noncompliance with the
14 nondiscrimination (Federally Assisted Construction) clauses of this contract or
15 with any of the said rules, regulations, or orders, this contract may be canceled,
16 terminated, or suspended, in whole or in part, and the Contractor may be
17 declared ineligible for further Government contracts or Federally assisted
18 construction contracts in accordance with procedures authorized in said amended
19 Executive Order and such other sanctions may be imposed and remedies invoked
20 as provided in said Executive Order, or by rule, regulation, or order of the
21 Secretary of Labor, or as otherwise provided by law.

22 (7) The Contractor will include the portion of the sentence
23 immediately preceding paragraph (1) and the provisions of paragraphs (1) through
24 (7) in every subcontract or purchase order unless exempted by the rules,
25 regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of
26 said amended Executive Order so that such provisions will be binding upon each
27 subcontractor or vendor. The Contractor will take such action with respect to any
28 subcontract or purchase order as the Contracting Officer may direct as a means of
29 enforcing such provisions, including sanctions for noncompliance: Provided,
30 however, That in the event the Contractor becomes involved in, or is threatened
31 with litigation with a subcontractor or vendor as a result of such direction by the
32 Contracting Officer, the Contractor may request the United States to enter into
33 such litigation to protect the interests of the United States.

34 (b) The Contractor further agrees that it will be bound by the above
35 Equal Opportunity (Federally Assisted Construction) clause with respect to its own
36 employment practices when it participates in Federally assisted construction work:
37 Provided, That if the Contractor so participating is a State or local Government, the
38 above Equal Opportunity clause is not applicable to any agency, instrumentality or

1 subdivision of such government which does not participate in work on or under the
2 contract.

3 (c) The Contractor agrees that it will assist and cooperate actively with
4 the Contracting Officer and the Secretary of Labor in obtaining the compliance of
5 contractors and subcontractors with the Equal Opportunity (Federally Assisted
6 Construction) clause and the rules, regulations, and relevant orders of the Secretary of
7 Labor, that it will furnish the Contracting Officer and the Secretary of Labor such
8 information as they may require for the supervision of such compliance, and that it will
9 otherwise assist the Contracting Officer in the discharge of his primary responsibility for
10 securing compliance.

11 (d) The Contractor further agrees that it will refrain from entering into
12 any contract or contract modification subject to said amended Executive Order with a
13 contractor debarred from, or who has not demonstrated eligibility for, Government
14 contracts and Federally assisted construction contracts pursuant to said amended
15 Executive Order and will carry out such sanctions and penalties for violation of the
16 Equal Opportunity (Federally Assisted Construction) clause as may be imposed upon
17 contractors and subcontractors by the Contracting Officer or the Secretary of Labor
18 pursuant to Part II, Subpart D, of the Executive Order. In addition, the Contractor
19 agrees that if it fails or refuses to comply with these undertakings, the Contracting
20 Officer may take any or all of the following actions: Cancel, terminate, or suspend, in
21 whole or in part, this contract; refrain from extending any further assistance to the
22 Contractor under the program with respect to which its failure or refusal occurred until
23 satisfactory assurance of future compliance has been received from such Contractor; and
24 refer the case to the Department of Justice for appropriate legal proceedings.

25 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

26 24. (a) The Contractor shall comply with Title VI of the Civil Rights Act of
27 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1973 (P.L. 93-112, as
28 amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other
29 applicable civil rights laws, as well as with their respective implementing regulations and
30 guidelines imposed by the U.S. Department of the Interior and/or Bureau of
31 Reclamation.

32 (b) These statutes require that no person in the United States shall, on
33 the grounds of race, color, national origin, handicap, or age, be excluded from
34 participation in, be denied the benefits of, or be otherwise subjected to discrimination
35 under any program or activity receiving financial assistance from the Bureau of
36 Reclamation. By executing this contract, the Contractor agrees to immediately take any
37 measures necessary to implement this obligation, including permitting officials of the
38 United States to inspect premises, programs, and documents.

1 (e) The Contractor makes this agreement in consideration of and for
2 the purpose of obtaining any and all Federal grants, loans, contracts, property discounts
3 or other Federal financial assistance extended after the date hereof to the Contractor by
4 the Bureau of Reclamation, including installment payments after such date on account of
5 arrangements for Federal financial assistance which were approved before such date.
6 The Contractor recognizes and agrees that such Federal assistance will be extended in
7 reliance on the representations and agreements made in this article, and that the United
8 States reserves the right to seek judicial enforcement thereof.

9 CERTIFICATION OF NONSEGREGATED FACILITIES

10 25. The Contractor hereby certifies that it does not maintain or provide for its
11 employees any segregated facilities at any of its establishments, and that it does not
12 permit its employees to perform their services at any location, under its control, where
13 segregated facilities are maintained. It certifies further that it will not maintain or
14 provide for its employees any segregated facilities at any of its establishments, and that it
15 will not permit its employees to perform their services at any location, under its control,
16 where segregated facilities are maintained. The Contractor agrees that a breach of this
17 certification is a violation of the Equal Opportunity clause in this contract. As used in
18 this certification, the term "segregated facilities" means any waiting rooms, work areas,
19 restrooms, and washrooms, restaurants and other eating areas, time clocks, locker rooms
20 and other storage or dressing areas, parking lots, drinking fountains, recreation or
21 entertainment areas, transportation, and housing facilities provided for employees which
22 are segregated by explicit directive or are in fact segregated on the basis of race, creed,
23 color, or national origin, because of habit, local custom, or otherwise. The Contractor
24 further agrees that (except where it has obtained identical certifications from proposed
25 subcontractors for specific time periods) it will obtain identical certifications from
26 proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are
27 not exempt from the provisions of the Equal Opportunity clause; that it will retain such
28 certifications in its files; and that it will forward the following notice to such proposed
29 subcontractors (except where the proposed subcontractors have submitted identical
30 certifications for specific periods):

31 NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT
32 FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

33 A Certification of Nonsegregated Facilities must be submitted prior to the
34 award of a subcontract exceeding \$10,000 which is not exempt from the provisions
35 of the Equal Opportunity clause. The certification may be submitted either for
36 each subcontract or for all subcontracts during a period (i.e., quarterly,
37 semiannually, or annually). Note: The penalty for making false statements in
38 offers is prescribed in 18 U.S.C. 1001.

1 BOOKS, RECORDS, AND REPORTS--LAND AND WATER USE REPORTS

2 26. (a) During the performance of construction under this contract the
3 Contractor shall maintain books of account and keep them and all other books, records,
4 and memoranda which support in any way the entries in such books of account so as to
5 be able to furnish readily full information as to any item included in any account. Each
6 entry shall be supported by such detailed information as will permit a ready
7 identification, analysis, and verification of all of the facts relevant therein. Any such
8 books and records which support entries to the accounts shall be retained until
9 destruction is permitted by the Contracting Officer. The books of account maintained by
10 the Contractor and by the United States relating to matters covered by this contract shall
11 be open to inspection and audit by representatives of either party at all times during its
regular office hours.

13 (b) The Contractor also shall establish and maintain accounts and other
14 books and records pertaining to its financial transactions, land use and crop census,
15 water supply, water use, changes to the Project, and to other matters as the Contracting
16 Officer may require. Reports thereon shall be furnished to the Contracting Officer in
17 such form and on such date or dates as he may require. Subject to applicable Federal
18 Laws and regulations, each party shall have the right during office hours to examine and
19 make copies of each other's books and official records relating to matters covered by this
20 contract.

1 CHANGES IN CONTRACTOR'S ORGANIZATION

2 27. While this contract is in effect, no change may be made in the Contractor's
3 organization by inclusion or exclusion of lands, dissolution, consolidation, merger or
4 other action that would impair the Contractor's ability to repay the obligation evidenced
5 by this contract, except upon the Contracting Officer's written consent.

6 ASSIGNMENT LIMITED-SUCCESSORS AND ASSIGNS OBLIGATED

7 28. The provisions of this contract shall apply to and bind the successors and
8 assigns of the parties hereto, but no assignment or transfer of this contract or any right
9 or interest therein shall be valid until approved in writing by the Contracting Officer.

10 OFFICIALS NOT TO BENEFIT

11 29. No Member of, or Delegate to Congress, Resident Commissioner, or
12 official of the Contractor shall benefit from this contract other than as a water user or
13 landowner in the same manner as other water users or landowners.

14 WATER CONSERVATION

15 30. (a) The United States acknowledges that, as of the effective date of this
16 contract, the Contractor has developed a water conservation plan which is acceptable to
17 the Contracting Officer.

18 (b) The Contractor shall annually submit to the Contracting Officer a
19 report on the status of implementation of its water conservation plan. The Contracting
20 Officer will provide the Contractor information to be included in this report and the date
21 the report must be received by the Contracting Officer.

1 (c) During the term of this contract, the Contractor may be required to
2 revise the water conservation plan described in (a) above. The revised plan shall be
3 evaluated in accordance with applicable rules and regulations or guidelines and criteria
4 then in effect for the evaluation of water conservation plans. In the event that a revised
5 plan is required, the Contracting Officer shall notify the Contractor of the criteria to
6 include in the revised plan and the date the revised plan is to be received by the
7 Contracting Officer.

8 CLEAN AIR AND WATER

9 31. (a) The Contractor agrees as follows:

10 (1) To comply with all the requirements of Section 114 of the
11 Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Public Law
12 91-604) and Section 308 of the Federal Water Pollution Control Act (33 U.S.C.
13 1251 et seq., as amended by Public Law 92-500), respectively, relating to
14 inspection, monitoring, entry, reports, and information, as well as other
15 requirements specified in Section 114 and Section 308 of the Air Act and the
16 Water Act, respectively, and all regulations and guidelines issued thereunder
17 before the execution of this contract.

18 (2) That no portion of the work required by this contract will be
19 performed in a facility listed on the Environmental Protection Agency List of
20 Violating Facilities on the date when this contract was executed unless and until
21 the EPA eliminates the name of such facility or facilities from such listing.

22 (3) To use its best efforts to comply with clean air standards and
23 clean water standards at the facility where the contract work is being performed.

24 (4) To insert the substance of the provisions of this article into
25 any nonexempt subcontract, including this paragraph (a)(4).

26 (b) The terms used in this article have the following meanings:

27 (1) The term "Air Act" means the Clean Air Act, as amended (42
28 U.S.C. 1857 et seq., as amended by Public Law 91-604).

1 (2) The term "Water Act" means Federal Water Pollution
2 Control Act, as amended (33 U.S.C. 1251 et seq., as amended by Public Law
3 92-500).

4 (3) The term "clean air standards" means any enforceable rules,
5 regulations, guidelines, standards, limitations, orders, controls, prohibitions, or
6 other requirements which are contained in, issued under, or otherwise adopted
7 pursuant to the Air Act or Executive Order 11738, an applicable implementation
8 plan as described in Section 110(d) of the Clean Air Act [42 U.S.C. 1857c-5(d)],
9 an approved implementation procedure or plan under Section 111(c) or Section
10 111(d), respectively, of the Air Act [42 U.S.C. 1857c-6(c) or (d)], or an approved
11 implementation procedure under Section 112(d) of the Air Act [42 U.S.C.
12 1857c-7(d)].

13 (4) The term "clean water standards" means any enforceable
14 limitation, control, condition, prohibition, standard, or other requirement which is
15 promulgated pursuant to the Water Act or contained in a permit issued to a
16 discharger by the Environmental Protection Agency or by a State under an
17 approved program, as authorized by Section 402 of the Water Act (33 U.S.C.
18 1342), or by local government to ensure compliance with pretreatment regulations
19 as required by Section 307 of the Water Act (33 U.S.C. 1317).

20 (5) The term "comply" means compliance with clean air or water
21 standards. Comply shall also mean compliance with a schedule or plan ordered
22 or approved by a court of competent jurisdiction, the Environmental Protection
23 Agency or an air or water pollution control agency in accordance with the
24 requirements of the Air Act or Water Act and regulations issued pursuant thereto.

25 (6) The term "facility" means any building, plant, installation,
26 structure, mine, vessel or other floating craft, location or site of operations,
27 owned, leased, or supervised by a contractor or subcontractor, to be utilized in the
28 performance of a contract or subcontract. Where a location or site of operations
29 contains or includes more than one building, plant, installation, or structure, the
30 entire location or site shall be deemed to be a facility except where the Director,
31 Office of Federal Activities, Environmental Protection Agency, determines that
32 independent facilities are collocated in one geographical area.

33 CONTINGENT ON APPROPRIATIONS OR ALLOTMENT OF FUNDS

34 32. The expenditure or advance of any money or the performance of any
35 obligation of the United States under this contract shall be contingent upon
36 appropriation or allotment of funds. Absence of appropriation or allotment of funds
37 shall not relieve the Contractor from any obligations under this contract. No liability
38 shall accrue to the United States in case funds are not appropriated or allotted.

1 PRIVACY ACT COMPLIANCE

2 33. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C.
3 552a) (the Act) and the Department of the Interior rules and regulations under the Act
4 (43 CFR 2.45 *et seq.*) in maintaining landholder acreage certification and reporting
5 records, required to be submitted to the Contractor for compliance with sections 206 and
6 228 of the Reclamation Reform Act of 1982 (43 U.S.C. §390aa *et seq.*) and its
7 implementing regulations.

8 (b) With respect to the application and administration of the criminal
9 penalty provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's
10 employees responsible for maintaining the certification and reporting records referenced
11 in (a) above are considered to be employees of the Department of the Interior. See 5
12 U.S.C. 552a(m).

13 (c) The Contracting Officer or a designated representative shall provide
14 the Contractor with current copies of the Interior Department Privacy Act regulations
15 and the Bureau of Reclamation Federal Register Privacy Act System of Records Notice
16 (Acreage Limitation-Interior, Reclamation-31) which govern the maintenance,
17 safeguarding, and disclosure of information contained in the landholders' certification
18 and reporting records.

19 (d) The Contracting Officer shall designate a full-time employee of the
20 Bureau of Reclamation to be the System Manager who shall be responsible for making
21 decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to
22 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to
23 their own records.

24 (e) The Contractor shall forward promptly to the System Manager each
25 proposed denial of access under 43 CFR 2.64, and each request for amendment of
26 records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and
27 provide the System Manager with information and records necessary to prepare an
28 appropriate response to the requester. These requirements do not apply to certification
29 and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
30 requester elects to cite the Privacy Act as authority for the request.

31 NOTICES

32 34. Any notice, demand, or request authorized or required by this contract
33 shall be deemed to have been given, on behalf of the Contractor, when mailed, postage
34 prepaid, or delivered to the Regional Director, Mid-Pacific Region, Bureau of
35 Reclamation, 2800 Cottage Way, Sacramento, California 95825 1898, and on behalf of
36 the United States, when mailed, postage prepaid, or delivered to the General Manager
37 of the Monterey County Water Resources Agency, P.O. Box 930, Salinas, CA 93902.

1 The designation of the addressee or the address may be changed by notice given in the
2 same manner as provided in this article for other notices.

3 IN WITNESS WHEREOF, the parties hereto have executed this contract the day
4 and year first written.

5 APPROVED AS TO LEGAL
FORM AND EFFICIENCY
J. William McDonald
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

THE UNITED STATES OF AMERICA

By *[Signature]*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

9 [SEAL]

MONTEREY COUNTY WATER RESOURCES AGENCY

By *Tom Perkins*
Title Supervisor Tom Perkins, Chair
Monterey County Board of Supervisors

13 Attest:

14 *Nancy Lubowitz*
15 Secretary

16 (IMC950314.RC4)

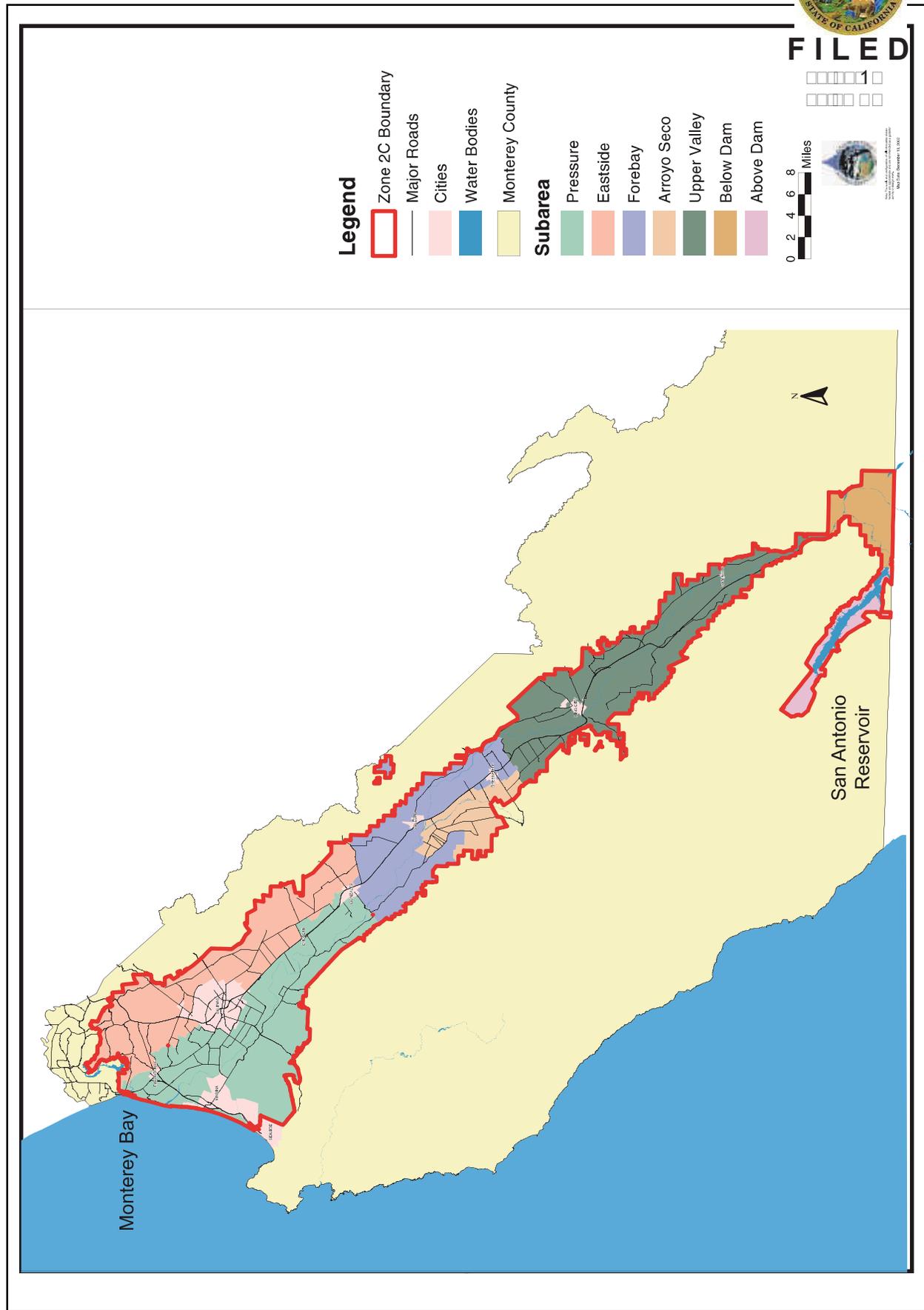
6/11/95
APPROVED AS TO FORM
William K. Reedy
DEPUTY COUNTY COUNSEL
COUNTY OF MONTEREY

ATTACHMENT 2

**MCWRA Map of Zone 2C as shown in
Engineers Report to Support an
Assessment for The Salinas Valley Water
Project of the Monterey County Water
Resources Agency**



Attachment #1
 SVWC Motion for Official Notice of Facts, 2/22/13



Proposed Zone 2 C

Figure 3-1

Source: MCWRA 12-02

ATTACHMENT 3

MCWRA Map of Zone 2C North County Coastal Area



FILED
FEB 22 2013
PUBLIC UTILITIES COMMISSION



ATTACHMENT 4
MCWRA Ordinance No. 3709



FILED

0000010
0000 00

Monterey County
Water Resources Agency

Ordinance No. 3709

AN ORDINANCE OF
THE MONTEREY COUNTY WATER RESOURCES AGENCY
PROHIBITING GROUNDWATER EXTRACTIONS AND
THE DRILLING OF NEW GROUNDWATER EXTRACTION FACILITIES
IN CERTAIN PORTIONS OF THE PRESSURE 180 FOOT AQUIFER
AFTER JANUARY 1, 1995

County Counsel Summary

After January 1, 1995, this ordinance prohibits the extraction of groundwater from groundwater extraction facilities that have perforations between zero feet mean sea level and -250 feet and are located within the territory between the City of Salinas and Castroville, bounded by Highway 183 and the dividing line between the Pressure Area and the East Side Area. After January 1, 1995, it also prohibits the drilling of new wells with perforations between zero feet mean sea level and -250 feet in the portion of the Pressure Area north of Harris Road to the Pacific Ocean. It provides a variance procedure in case of hardship and penalties for violations.

The Board of Supervisors of the Monterey County Water Resources Agency ordains as follows:

SECTION 1. The following provisions are hereby enacted:

PART I -- INTRODUCTION

1.01.00 AUTHORITY

Under the Monterey County Water Resources Agency Act (Stats. 1990, Chap. 1159), the Agency has jurisdiction over matters pertaining to water within the entire area of the County of Monterey, including both incorporated and unincorporated areas. Under the Act, the Agency is authorized to conserve water in any manner, to prevent the waste or diminution of the water supply within the territory of the Agency, to conserve water for the present and future use within the territory of the Agency, and to prevent groundwater extractions which are determined to be harmful to the groundwater basin. The Agency may further adopt, by ordinance, reasonable procedures, rules, and regulations to

(NOMO180.ORD -- 9/14/93)

implement the Act, and may specify in any ordinance that a violation of the ordinance is an infraction. The Board further has power to perform all other acts necessary or proper to accomplish the purposes of the Act.

1.01.01 FINDINGS

A. Groundwater supplies in the Salinas Valley basin are being diminished in both quantity and quality. This inability to maintain a constant, usable water supply is due to historical overdraft, increases in demand, lack of new water supplies, and contamination of the existing supply.

B. Increases in demand have come from all sectors of the Salinas Valley -- agricultural, residential, industrial, commercial, and others. These increases in demand, coupled with the recent six year drought, have exacerbated water quality impacts and significantly accelerated overdraft.

C. Even without drought, overdraft of the groundwater basin is a constant problem; it depletes the existing water supply and contributes to the intrusion of seawater into the basin along the coast.

D. The location of the seawater intrusion front poses an imminent threat to the municipal water supply for the City of Salinas and to farming operations in the lower Salinas Valley. Restrictions on groundwater pumping are necessary in order to reduce the rate of seawater intrusion and allow recharge to raise groundwater levels. Seawater intrusion is most extensive in the Pressure 180 Foot Aquifer and threatens to contaminate lower aquifers which supply drinking water to thousands of Salinas Valley residents. Because of the extent of seawater intrusion in and near these areas, further extraction of groundwater from the water-bearing strata between zero feet mean sea level and -250 feet, within the territory defined in Section 1.01.03.D of this ordinance, would be harmful to the groundwater basin.

1.01.02 PURPOSE

It is the purpose of this ordinance to prohibit groundwater extractions from extraction facilities located in the northern Salinas Valley with perforations between zero feet mean sea level and -250 feet as of January 1, 1995, so as to reduce the rate of seawater intrusion and allow recharge to raise groundwater levels.

1.01.03 DEFINITIONS

A. AGENCY shall mean the Monterey County Water Resources Agency.

(NOMO180.ORD -- 9/14/93)

B. GROUNDWATER EXTRACTION FACILITY ("Facility") shall mean a groundwater well or facility for the extraction of groundwater which employs a motor-driven pump for the extraction of groundwater and which has a discharge pipe with an inside diameter equal to or greater than 3 inches.

C. PERSON shall mean an individual; a sole proprietorship, corporation, partnership, association, trust, or any other form of business or non-profit entity; or a city, county, state, the United States, or any other federal, state, local or foreign government entity.

D. TERRITORY A shall mean that portion of the northern Salinas Valley bounded by Highway 183 (beginning at Blackie Road) to Davis Road to Laurel Drive to Highway 101 to the Pressure-East Side boundary to Blackie Road back to Highway 183, as more particularly described in Attachment A. The boundary between the Pressure and East Side Areas is described on a map on file with the Clerk of the Board of Supervisors and in the office of the Monterey County Water Resources Agency.

E. TERRITORY B shall mean that portion of the northern Salinas Valley bounded by Highway 183 (beginning at Blackie Road) to Davis Road to Laurel Drive to Sanborn Road to Highway 101 to Harris Road to Zone 2A boundary to Potrero Road to Highway 1 to Highway 183 to Blackie Road, as more particularly described in Attachment B.

F. WATER REPORTING YEAR shall be from November 1 to October 31 of the following year.

G. WATER SUPPLIER shall mean a person who owns or operates a groundwater extraction facility.

H. WATER USER shall mean a person who receives water from a groundwater extraction facility for consumptive use.

PART II -- PROVISIONS

1.01.10 GROUNDWATER EXTRACTIONS PROHIBITED IN TERRITORY A

After January 1, 1995, no person may cause, suffer, or permit the extraction of groundwater from any groundwater extraction facility located in territory A, as defined in Section 1.01.03.D, with perforations between zero feet mean sea level and -250 feet.

(NOMO180.ORD -- 9/14/93)

1.01.11 NEW GROUNDWATER EXTRACTION FACILITIES PROHIBITED IN TERRITORY B

After January 1, 1995, no person may construct within territory B, as defined in Section 1.01.03.E, any groundwater extraction facility with perforations located between zero feet mean sea level and -250 feet.

1.01.12 REPORTING REQUIREMENTS IN TERRITORY A

Under Agency Ordinance No. 3663, every water supplier must submit to the Agency an annual groundwater extraction report, following the close of each water reporting year during any part of which the water supplier maintained an operational groundwater extraction facility. The annual report for the 1994-95 water reporting year submitted by each water supplier extracting water from territory A, regardless of the depth from which the water is extracted, shall show extractions for that part of the 1994-95 water reporting year prior to January 1; for that part of the 1994-95 water reporting year after January 1, the report shall accurately reflect no groundwater extractions from between zero feet mean sea level and -250 feet in territory A, as defined in Section 1.01.03.D.

1.01.13 VARIANCES

A. Any person may, at any time, apply in writing for a variance from the strict application of this ordinance. The application for the variance shall be filed with the Agency. The General Manager may dispense with the requirement of a written application upon finding that an emergency condition requires immediate action on the variance request.

B. The applicant shall submit an action plan within 30 days after the variance request is filed, describing how and when the applicant will comply with this ordinance without the need for a variance. Compliance with this plan, as presented by the applicant or as modified by the General Manager, shall be a condition of granting the variance.

C. The General Manager may grant a variance to the terms of this ordinance upon making the finding that the strict application of the ordinance would create an undue hardship, or an emergency condition requires that the variance be granted.

D. In granting a variance, the General Manager may impose any conditions in order to ensure that the variance is consistent with the overall goals of this ordinance. Variances may be granted for a limited period of time. The variance and all time limits and other conditions attached to the variance shall be set forth in writing,

(NOMO180.ORD -- 9/14/93)

and a copy of the written variance shall be provided to the applicant.

E. The decision of the General Manager on an application for a variance may be appealed as provided in the section of Ordinance No. 3539, as now in effect or as subsequently amended or superseded, pertaining to appeals.

F. No person shall operate or maintain a groundwater extraction facility or water distribution system for which a variance has been granted hereunder, or use water therefrom, in violation of any of the terms or conditions of the variance.

1.01.20 PENALTIES

A. Any person who violates any provision of this ordinance is guilty of an infraction.

B. Any violation of this ordinance is hereby declared to be a public nuisance.

C. Any violation which occurs or continues to occur from one day to the next shall be deemed a separate violation for each day during which such violation occurs or continues to occur.

D. Any person who violates this ordinance shall be assessed a fine of \$100 for each violation.

E. Any person who violates this ordinance shall be liable for the cost of enforcement, which shall include but need not be limited to:

1. Cost of Investigation
2. Court Costs
3. Attorney Fees
4. Cost of Monitoring Compliance

PART II -- CONCLUDING PROVISIONS

1.01.22 SEVERABILITY

If any section, subsection, paragraph, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, it shall not affect the validity of the remaining portions of this ordinance, including any other section, subsection, sentence, clause, or phrase therein.

(NOMO180.ORD -- 9/14/93)

SECTION 2. EFFECTIVE DATE. This ordinance shall take effect 30 days after its final adoption by the Board of Supervisors.

PASSED AND ADOPTED this 14th day of Sept., 1993, by the following vote:

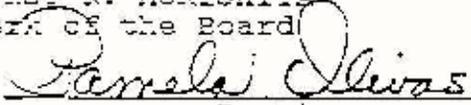
AYES: Supervisors Salinas, Shipnuck, Perkins, Johnsen & Karas
NOES: None
ABSENT: None



BARBARA SHIPNUCK, Chairwoman
Board of Supervisors

WITNES:

ERNEST K. MORISHITA
Clerk of the Board

By 

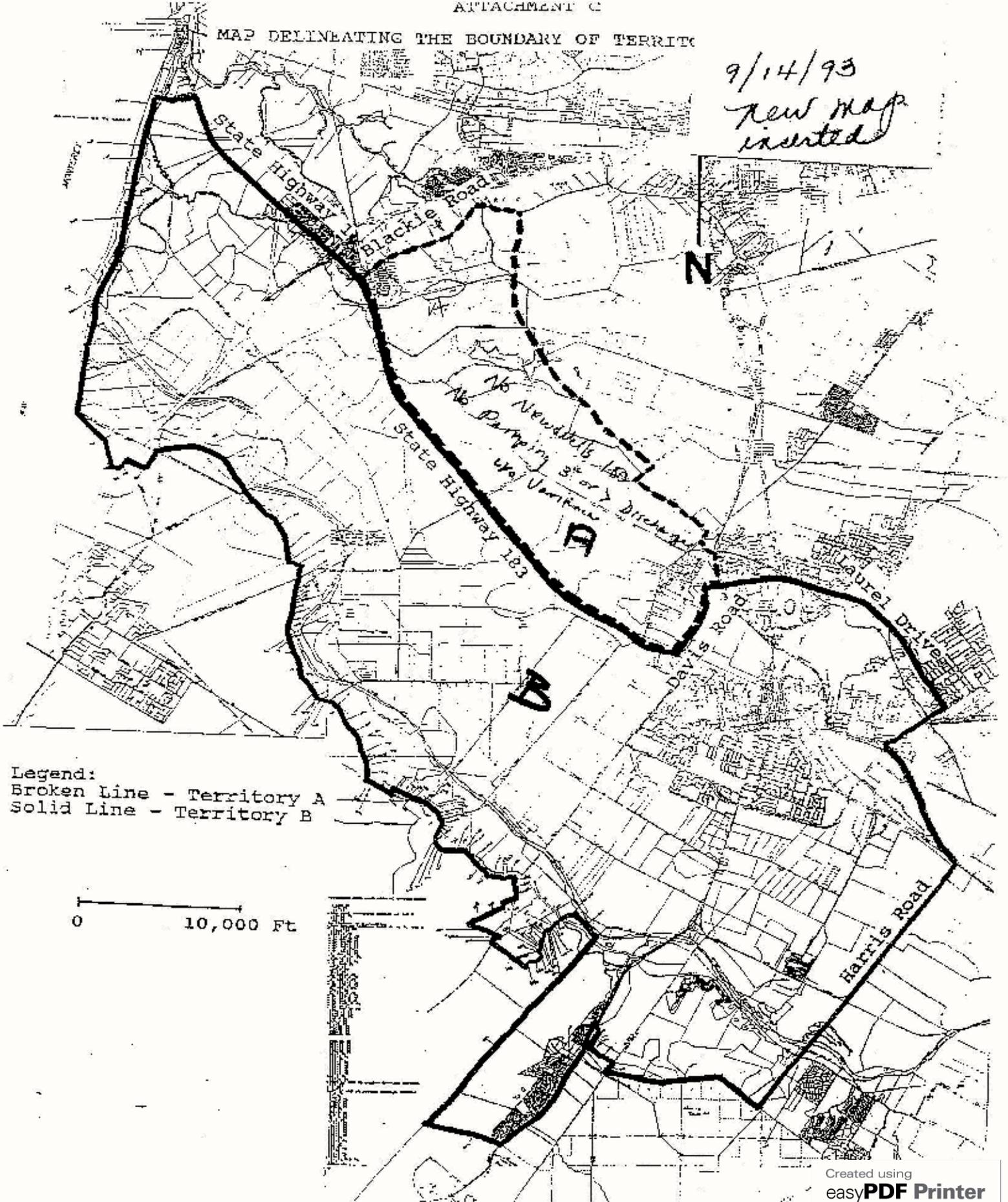
Deputy

(NOMO180.ORD -- 9/14/93)

ATTACHMENT C

MAP DELINEATING THE BOUNDARY OF TERRITORY

9/14/93
New map
inserted



Legend:
Broken Line - Territory A
Solid Line - Territory B

0 10,000 Ft

ATTACHMENT 5
MCWRA Act, Water Code Chapter 52,
Section 21

Attachment #4
 SVWC Motion for Official Notice of Facts, 2/22/13
 CHAPTER 52
 MONTEREY COUNTY WATER RESOURCES AGENCY ACT



FILED

"An act to...repeal the Monterey County Flood Control and Water Conservation District Act (Chapter 699 of the Statutes of 1947), and to enact the Monterey County Water Resources Agency Act, relating to the Monterey County Water Resources Agency." (Stats. 1990, c. 1159).

Former Chapter 52, Monterey County Flood Control and Water Conservation Act, Stats. 1947, c. 699, editorially classified as Water Code Appendix §§ 52-1 to 52-36, was repealed by Stats. 1990, c. 1159 (S.B.2580), § 49.

SECTION			
52-1, 52-2	Repealed	52-47	Renumbered
52-3	Short title.	52-48	Board of Directors; appointment; number; qualifications
52-4	Creation; name; territory	52-49	Manner of appointment; experience
52-5	Authority, limitations, rights and duties of agency	52-50	Terms; reappointment
52-5.1	Repealed	52-51	Vacancies; manner of filling; term
52-5.2	Definitions	52-52	Duty to advise Board of Supervisors; emergencies
52-5.4	Repealed	52-53	Policy objectives of Directors
52-6	Zones established	52-54	Duties of Directors
52-7	Amendment of zones	52-55	Responsibility of Directors for initiating and developing proposals for agency work
52-8	Objects and purposes of acts	52-56	Approval and execution of contracts by Directors
52-9	Powers of agency	52-57	Approval of contracts for which funds budgeted; form; fiscal provisions
52-10	Revenue bonds	52-58	Purchasing agent; contracts; submission to Directors
52-11	Work or improvements undertaken; law governing; definitions	52-59	Blank
52-12	Water standby or availability charge	52-60	Contracts for which funds not budgeted; form; fiscal provisions
52-12.1, 52-12.3	Repealed	52-60.1	Contracts for lease of agency land
52-13	Water reclamation charges	52-61	Recruitment and hiring of general manager; requirements; termination
52-14	Eminent domain	52-62	Annual performance evaluation of general manager; yearly objectives
52-15	Board of Supervisors; ordinances and resolutions	52-63	Personnel duties of Directors; planning and budgeting matters
52-16	Officers, assistants, deputies, clerks and employees	52-64	Meeting of Directors; conduct
52-17	Rules and regulations; appointment of officers and employees	52-65	Public hearings by Directors; testimony of public
52-18	Plan to control flood and storm waters; reports	52-66	By-laws; adoption by Directors; standing committees
52-19	Projects or works of improvement to be carried out	52-67	Advisory committees
52-20	Institution of projects; hearings	52-68	Advisory committees; sole authority to advise Board members
52-21	Legislative findings; Salinas River ground water basin extraction and recharge	52-69	Exercise by Directors of agency powers not reserved to Supervisors
52-21.1	Export of groundwater or surface water from coastal watershed area; prohibition; injunctive relief	52-70	Additional powers of Board of Supervisors
52-22	Studies; groundwater basins; seawater intrusion; extraction prohibition	52-71	Duties of Supervisors concerning litigation
52-23	Water tolls or charges	52-72	Blank
52-24	Powers of Board	52-73	Reports to Supervisors
52-24.1	Proceedings; application of procedures	52-74	Reports of Board of Directors
52-25	Fees and taxes; referendum power	52-75	Semiannual meeting of Board of Supervisors and Directors
52-26	Bonds; resolutions; elections	52-76	Appeals by agency to Directors
52-27	Bonds; form; terms; maturity denominations; signatures	52-77	Adoption of rules relating to notice and hearing by Directors
52-28	Issuance and sale of bonds; payments from zone funds	52-78, 52-79	Blank
52-29	Bonds; payment from tax revenue	52-80	Decision of Directors final; no appeal to Supervisors
52-30	Bond tax	52-81	No appeal from decision of Directors to Board of Supervisors; exception
52-31	Bonds, law applicable	52-82	Actions and decisions of agency subject to judicial review
52-32	Bonds; legal investments	52-83	Assistance of County staff to Directors; assistance of attorney representing County counsel
52-33	Bonds; tax exemption; nature of district	52-84	Joint meeting of Supervisors and Directors to study effectiveness of agency
52-33.1	Repealed	52-85	Cooperation by and with Pajaro Valley Water Management Agency and Monterey Peninsula Water Management District; memorandum of agreement
52-34	Improvements; conformity with plans and specifications	52-86	Act not to alter authority of Monterey Peninsula Water Management District or Pajaro Valley Water Management Agency
52-35	Additional bonds	52-87 to 52-89	Blank
52-36	Defeat of bond proposal; waiting period for new election	52-90	Liberal construction
52-37	Repeals or amendments; effect on obligations	52-91	Severability
52-38	Right of way over public lands		
52-39	Judicial proceedings; commencement		
52-40	Claims against agency; law governing		
52-41	Title to property		
52-42	Employees' bonds		
52-43	Annexation to zones		
52-44	Structure and governance of agency; task force		
52-45	Water allocation formula; task force		
52-46	Renumbered		

MONTEREY COUNTY WATER RESOURCES AGENCY ACT
(1990 Stats. 1159, 1991 Stats. 1130, 1993 Stats. 234, and 1994 Stats. 803)

WATER CODE APPENDIX, CHAPTER 52

Sec. 1. (Repealed by Stats. 1990, c. 1159, §49.)

Sec. 2. (Repealed by Stats. 1990, c. 1159, §49.)

Sec. 3. Short title. This act shall be known and may be cited as the Monterey County Water Resources Agency Act.

Sec. 4. Creation; name; territory. The Monterey County Water Resources Agency is hereby created as a flood control and water agency. The Agency consists of all the territory of the County lying within the exterior boundaries of the County.

Sec. 5. Authority, limitations, rights and duties of agency. Notwithstanding the repeal of Chapter 699 of the Statutes of 1947, the Agency shall have all of the authority, limitations, rights, and duties of the Monterey County Flood Control and Water Conservation District, except as otherwise provided by this act.

Sec. 5.2. Definitions. Unless otherwise indicated by their context, the terms defined in this section govern the interpretation of this act:

(a) "Agency" means the Monterey County Water Resources Agency.

(b) "Board," "Board of Supervisors," or "Supervisors" means the Board of Supervisors of the Agency.

(c) "County" means the County of Monterey.

(d) "Director" or "Directors" means a Director or the Directors appointed pursuant to Section 49.

Sec. 6. Zones established.

(a) The of Supervisors, by resolution, may establish zones within the Agency without reference to the boundaries of other zones, setting forth in the resolutions descriptions using metes and bounds and granting to each of the zones a zone number, and may institute zone projects for the specific benefit of the zones.

(b) Proceedings for the establishment of the zones may be conducted concurrently with, and as a part of, proceedings for the instituting of projects relating to the zones, which proceedings shall be instituted in the manner provided in Sections 20 and 24.1.

Sec. 7. Amendment of zones.

(a) At any time after the establishment of one or more zones for a project, the Board may amend any or all of the zones if it appears to the Board that circumstances have changed or that the initial determinations relating to the zone are now inappropriate. The amendments may include any of the following:

(1) Changes in the zone boundaries to annex or detach territory.

(2) Increases or decreases in the number of zones relating to the project by the making of boundary changes, the addition of new zones, or the elimination of old zones.

(3) Changes in the percentage of project benefits allocable to the zone.

In order to make the amendment, the Board shall follow the procedure for the initial establishment of zones in the manner provided in Sections 20 and 24.1. However, the project itself need not be approved again.

(b) Notwithstanding subdivision (a), the boundaries of any zone, and the percentages to be raised from any of several participating zones, shall not be reduced until all bonds issued by the Agency with respect to the zone and its project have been fully paid and discharged.

(c) Paragraph (5) of subdivision (b) of Section 43 applies to all annexations made pursuant to this section.

Sec. 8. Objects and purposes of act. The objects and purposes of this act are to provide for the control of the flood and storm waters of the Agency and the flood and storm waters of streams that have their sources outside the Agency, but which streams and flood waters flow into the Agency, and to conserve those waters for beneficial and useful purposes by spreading, storing, retaining, and causing those waters to percolate into the soil within the Agency, or to save and conserve in any manner all or any of those waters and to protect from those flood or storm waters the public highways, life, and property in the Agency, and the watercourses and watersheds of streams flowing into the Agency, and to increase, and prevent the waste or diminution of the water supply in the Agency, including the control of groundwater extractions as required to prevent or deter the loss of usable groundwater through intrusion of seawater and the replacement of groundwater so controlled through the development and distribution of a substitute surface supply and to prohibit groundwater exportation from the Salinas River Groundwater Basin, and to obtain, retain, and reclaim drainage, storm, flood, and other waters for beneficial use within the Agency; and to provide, in the discretion of the Agency in connection with and as an incident to any works, dam, or reservoir heretofore or hereafter constructed either within or without the Agency, for the construction, maintenance, and operation of a minimum or permanent pool and facilities for swimming, boating, fishing, and recreation in or upon waters stored in any stream, reservoir, or minimum or permanent pool, and for the acquisition in any manner provided in this act and for the use by the Agency, in addition or adjacent to lands that may be used or acquired for flood control or water conservation

purposes or that may be acquired for the maintenance or protection of any such works, dam, or reservoir or watersheds adjacent thereto, of lands deemed by the Supervisors of the Agency to be necessary or convenient for the installation, construction, use, and maintenance of recreational areas or facilities, including picnic grounds, playgrounds, campgrounds, home sites, boats and fishing, bathing, or other facilities for use by the public, subject to such rules and regulations and reasonable charges as may be prescribed by the Board of Supervisors of the Agency. However, no property situated in another county, shall be condemned by the Agency for recreational areas or facilities unless the Board of Supervisors of the County in which the property is situated agrees to the condemnation thereof.

Sec. 9. Powers of Agency. The Agency has perpetual succession and may do any of the following:

(a) Sue and be sued in the name of the Agency in all actions and proceedings in all courts and tribunals of competent jurisdiction.

(b) Adopt a seal and alter it at pleasure.

(c) Acquire by grant, purchase, lease, gift, devise, contract, construction, or otherwise, and hold, use, enjoy, sell, let, and dispose of real and personal property of every kind, including lands, structures, buildings, rights-of-way, easements, and privileges, and construct, maintain, alter, and operate any and all works or improvements, within or outside the Agency, necessary or proper to carry out any of the purposes of this act and complete, extend, add to, alter, remove, repair, or otherwise improve any works, or improvements, or property acquired by it as authorized by this act.

(d) (1) Store water in surface or underground reservoirs within or outside the Agency for the common benefit of the Agency of any zones affected.

(2) Conserve and reclaim water for present and future use within the Agency.

(3) Appropriate and acquire water and water rights, and import water into the Agency and conserve within or outside the Agency, water for any purpose useful to the Agency.

(4) Commence, maintain, intervene in, defend, or compromise, in the name of the Agency on behalf of the landowners therein, or otherwise, and assume the costs and expenses of any action or proceeding involving or affecting the ownership or use of waters or water rights within or outside the Agency, used or useful for any purpose of the Agency or of common benefit to any land situated therein, or involving the wasteful use of water therein.

(5) Commence, maintain, intervene in, defend, and compromise and to assume the cost and expenses of any and all actions and proceedings.

(6) Prevent interference with, or diminution of, or declare rights in, the natural flow of any

stream or surface or subterranean supply of waters used or useful for any purpose of the Agency or of common benefit to the lands within the Agency or to its inhabitants.

(7) Prevent unlawful exportation of water from the Agency.

(8) Prevent contamination, pollution, or otherwise rendering unfit for beneficial use the surface or subsurface water used or useful in the Agency, and commence, maintain, and defend actions and proceedings to prevent any interference with those waters which endangers or damages the inhabitants, lands, or use of water in, or flowing into, the Agency. However, the Agency may not intervene or take part in, or pay the cost or expenses of, actions or controversies between the owners of lands or water rights which do not affect the interests of the Agency.

(e) Control the flood and storm waters of the Agency and the flood and storm waters of streams that have their sources outside the Agency, but which streams and the flood waters thereof, flow into the Agency, and conserve those waters for beneficial and useful purposes of the Agency by spreading, storing, retaining, and causing to percolate into the soil within or outside the Agency, or save or conserve in any manner all or any of those waters and protect from damage from those flood or storm waters the watercourses, watersheds, public highways, life, and property in the Agency, and the watercourses of streams outside the Agency flowing into the Agency.

(f) Cooperate and act in conjunction with, the state, or any of its engineers, officers Boards, commissions, departments, or agencies, or with the United States, or any of its engineers, officers, Boards, commissions, departments, or agencies, or with any public or private corporation, or with the County, in the construction of any work for the controlling of flood or storm waters of, or flowing into, the Agency, or for the protection of life or property therein, or for the purpose of conserving those waters for beneficial use within the Agency, or in any other works, acts, or purposes provided for herein, and adopt and carry out any definite plan or system of work for any such purpose.

(g) Carry on technical and other necessary investigations, make measurements, collect data, make analyses, studies, and inspections pertaining to water supply, water rights, control of flood and storm waters, and use of water both within and without the Agency relating to watercourses or streams flooding in or into the Agency. For those purposes, the Agency has the right of access through its authorized representatives to all properties within the Agency and elsewhere relating to watercourses and streams flowing in or into the Agency. The Agency, through its authorized representatives, may enter upon those lands and make examinations, surveys, and maps thereof.

(h) (1) Enter upon any land, to make surveys and locate the necessary works of improvement and the lines for channels, conduits, canals, pipelines, roadways, and other rights-of-way.

(2) Acquire by purchase, lease, contract, gift, devise, or other legal means all lands and water and water rights and other property necessary or convenient for the construction, use, supply maintenance, repair, and improvement of those works, including works constructed and

being constructed by private owners, lands for reservoirs for storage of necessary water, and all necessary appurtenances, if necessary to that end, and acquire and hold in the name of the state, the capital stock of any mutual water company or corporation, domestic or foreign, owning water or water rights, canals, waterworks, franchises, concessions, or rights, if the ownership of the stock is necessary to secure a water supply required by the Agency or any part thereof, and if when holding that stock, the Agency is entitled to all the rights, powers, and privileges, and is subject to all the obligations and liability conferred or imposed by law upon other holders of that stock in the same company.

(3) Perform acts necessary or proper for the performance of any agreement with the United States, or any state, county, city, district of any kind, public or private corporation, association, firm, or individual, or any number of them, for the joint acquisition, construction, leasing, ownership, disposition, use, management, maintenance, repair, or operation of any rights, works, or other property of a kind which might be lawfully acquired or owned by the Agency.

(4) Acquire the right to store water in any reservoirs, or carry water through any canal, ditch, or conduit not owned or controlled by the Agency.

(5) Grant to any owner or lessee the right to the use of any water or right to store water in any reservoir of the Agency, or to carry water through any tunnels, canal, ditch, or conduit of the Agency.

(6) Perform acts necessary or proper for the performance of any agreement with any district of any kind, public or private corporation, association, firm, or individual, or any number of them for the transfer or delivery to any district, corporation, association, firm, or individual of any water right or water pumped, stored, appropriated, or otherwise acquired or secured, for the use of the Agency, or for the purpose of exchanging the same for other water, water right, or water supply in exchange for water, water right, or water supply to be delivered to the Agency by the other party to the agreement.

(7) Cooperate with, and act in conjunction with, the state, or any of its engineers, officers, Boards, commissions, departments, or agencies, or with the United States, or any of its engineers, officers, Boards, commissions, departments, or agencies, or with any public or private corporation, in the construction of any work for controlling flood or storm waters of streams in or running into the Agency, or for the protection of life or property therein, or for the purpose of conserving the waters for beneficial use within the Agency, or for the protection, enhancement, and use of groundwater within the Agency, or in any other works, acts, or purposes provided for herein, and adopt and carry out any definite plan or system of work for any such purpose.

(i) Incur indebtedness and issue bonds in the manner provided in this act.

(j) Cause taxes or assessments to be levied and collected in order to pay any obligation of the Agency and carry out any of the purposes of this act.

(k) Make contracts, and employ labor, and do all acts necessary for the full exercise of all powers vested in the Agency or any of the officers thereof, by this act.

(l) Buy, provide, sell, and deliver water.

(m) Exchange water.

(n) Develop and distribute water to persons in exchange for ceasing or reducing groundwater extractions, and prevent groundwater extractions which are determined to be harmful to the groundwater basin.

(o) Transport, reclaim, purify, desalinate, treat, or otherwise manage and control water for the beneficial use of persons or property within the Agency.

(p) Construct, maintain, improve, and operate public recreational facilities appurtenant to any water reservoir operated or to be operated by the Agency whether within or without the Agency, subject to the limitations as to eminent domain use for recreational purposes outside the Agency set forth in Section 4, and provide by ordinance regulations binding upon all persons to govern the use of those facilities, including regulations imposing reasonable charges for the use thereof.

(q) Regulate inspect, and license all structures, including docks and wharves, or structures used as docks or wharves, and their anchorage or mooring system, that float on, or are designed to float on, the surface of reservoirs operated or contracted to be operated by the Agency or that are located within the area subject to its flowage easement, or that are located on real property of the Agency, and charge a reasonable fee for licensing those structures. Any of those structures that are unlicensed more than 30 days after notice to license the structure has been posted thereon, or any unlicensed structure that is neither anchored nor moored, or is found on property owned in fee by the Agency, is a nuisance. The Agency may have injunctive relief for any of those nuisances, or may summarily abate any untended structure floating on the surface of the reservoir that is neither anchored nor moored, or any untended structure found on property owned in fee by the Agency. It is a misdemeanor to maintain, anchor, or moor or suffer to be maintained, anchored, or moored on property of which one is possessed any unlicensed structure when that structure is required to be licensed pursuant to this act. The misdemeanor is punishable by a fine not to exceed five hundred dollars (\$500), or by imprisonment in the County jail for not to exceed six months, or by both that fine and imprisonment. Each day of violation of these provisions constitutes a separate offense.

(r) Use any part of its water, and any part of its works, facilities, improvements, and property used for the development, storage, and transportation of water pursuant to this section to provide, generate, and deliver hydroelectric power, and acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient therefor.

(s) (1) Pursuant to contract, provide, generate, sell, and deliver hydroelectric power to the United States or any Board, department, or Agency thereof, to the state for the purposes of the

State Water Resources Development System, and to any public agency, public utility, private corporation, or other person or public entity, or any combination thereof, engaged in the sale of electric power.

(2) For the purposes of this subdivision, "public agency" means a city, county, city and county, district, local agency, public authority, or public corporation.

(t) Construct, maintain, and operate works, facilities, improvements, and property of the Agency useful or necessary for the provision, generation, and delivery of hydroelectric power, pursuant to subdivisions (r) and (s).

(u) Prevent the export of groundwater from the Salinas River Groundwater Basin, except that use of water from the basin on any part of Fort Ord shall not be deemed an export. Nothing in this act prevents the development and use of the Seaside Groundwater Basin for use on any lands within or outside that basin.

(v) Require the installation of flow meters on groundwater extraction facilities and water distribution system service connections in the County of Monterey, except that no public entity may use flow meters installed pursuant to this section on privately owned groundwater extraction facilities or service connections, or the data obtained from those flow meters, in connection with the imposition or collection of any taxes, or for any other purpose other than one or more of the following:

(1) To facilitate the collection of water supply and water use data.

(2) To facilitate the development and implementation of water management plans, including, but not limited to, water allocation plans, water conservation plans, and water supply projects.

(3)(A) To impose fees, charges, water tolls, or assessments solely to pay for the planning, development, acquisition, construction, operation, and maintenance of water supply projects, and for other water management activities, including, but not limited to, the development and implementation of water allocation or conservation plans.

(B) The fees, charges, water tolls, or assessments described in subparagraph (A) may be imposed only to pay for projects and activities that benefit the land on which the water extraction facility is located or the land on which the water issued.

(C) The fees, charges, water tolls, or assessments described in subparagraph (A) that are imposed to pay for water supply projects may only be imposed to pay for projects that commence operation on or after January 1, 1994.

Sec. 10. Revenue bonds.

(a) (1) Notwithstanding any other provision of this act, the Agency may authorize, issue, and

sell revenue bonds pursuant to Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code to provide funds for acquiring, constructing, improving, or financing any one or more revenue producing enterprises for any one or more of the purposes of the Agency, or zone or participating zones thereof, or for refunding any outstanding bonds that should be incurred, and can be repaid and liquidated as to both principal and interest from revenues designated by the Board.

(2) "Enterprise," as used in this section, means a revenue-producing system, plant, works, or undertaking used for, or useful in, carrying out any one or more of the purposes of the Agency.

(3) In connection with the authorization, issue, and sale of revenue bonds pursuant to this section, and so long as any of these bonds remain outstanding, the Agency may exercise, in addition to the powers covered by this section, any of the powers of local agencies provided for in Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code.

(b) Notwithstanding Sections 54382, 54400, and 54402 of the Government Code, or any other provision of the law, the Board shall determine and provide, in any resolution providing for the issuance of the revenue bonds, for the following:

(1) For maturity dates of the bonds not exceeding 50 years from their respective dates.

(2) For interest on the bonds at a rate not exceeding the maximum rate specified in Section 53531 of the Government Code.

(c) Any election for the issuance of revenue bonds for a zone or participating zones of the Agency is limited to the area of that zone or participating zones, and the proceeds from the sale of any such revenue bonds may be expended only for the benefit of that zone or participating zones.

(d) No bonds authorized under this section may be issued and sold until the bonds have been investigated and certified pursuant to the Districts Securities Law (Chapter 1 (commencing with Section 2000) of Division 10 of the Water Code).

Sec. 11. Work or Improvements undertaken; law governing; definitions. Whenever in the opinion of the Board the public interest or convenience may require, it may order any work or improvement which it is authorized to undertake to be done in accordance with the procedure and pursuant to the provisions of either the Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code), the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500) of the Streets and Highways Code), or the Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

The following terms, as used in those improvement acts, shall refer to the following for the purposes of this act:

- (a) "Municipality" or "city" refers to the Agency.
- (b) "City council" or "legislative body" refers to the Board.
- (c) "City treasurer" or "treasurer" refers to the officer of the agency who has charge of and makes payments of the agency funds.
- (d) "Mayor" refers to the chairperson of the Board.
- (e) "Clerk" refers to the clerk of the Agency.
- (f) "Council chambers" refers to the place where the regular meetings of the Board are held.
- (g) "Superintendent of streets," or "street superintendent" and "city engineer" refer to the Agency engineer.
- (h) "Right-of-way" refers to any parcel of land through which a right-of-way has been granted to the Agency for any purpose.
- (i) All other words and terms relating to municipal officers and matters refer to the corresponding officers of the agency and matters under this act.

Sec. 12. Water standby or availability charge.

- (a) The Agency, by ordinance, may fix, on or before August 31 in each calendar year, a water standby or availability charge for any lands to which water is made available by the Agency, whether the water is actually used or not. The water standby charge shall be used for ongoing maintenance and operation of the zones of the Agency upon which the charge is imposed, as well as for retirement of any bonded indebtedness attributable to that zone.
- (b) The standby charge for each zone shall not exceed fifteen dollars (\$15) per acre per year for each acre of land or fifteen dollars (\$15) per year for a parcel less than one acre, unless the standby charge is imposed pursuant to 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).
- (c) The ordinance fixing a standby charge shall be adopted by the Board only after adoption of a resolution setting forth the particular schedule or schedules of charges proposed to be established by ordinance and after notice and hearing. The adoption of the ordinance shall be subject to referendum pursuant to Section 5200 of the Elections Code.

Notice of the hearing shall be given by publication, pursuant to Section 6066 of the Government Code, in a newspaper of general circulation within the Agency and by posting on or near the doors of the meeting place of the Board or on any official bulletin Board customarily used for the purpose of posting of public notices. Publication and posting shall be completed at least seven days prior to the date set for hearing.

(d) The ordinance fixing a standby charge may establish schedules varying the charges according to land uses, water uses, and degree of water availability.

(e) The Board shall furnish in writing to the County Board of Supervisors and the County auditor a description of each parcel of land within the Agency upon which a standby charge is to be levied and collected for the current fiscal year, together with the amount of standby charge fixed by the Agency on each parcel of land.

(f) The Board shall direct that, at the time and in the manner required by law for the levying of taxes for County purposes the Board of Supervisors shall levy, in addition to any other tax it levies the standby charge in the amounts for the respective parcels fixed by the Board.

(g) All County officers charged with the duty of collecting taxes shall collect Agency standby charges with the regular tax payments to the County. The charges shall be collected in the same form and manner as County taxes are collected, and shall be paid to the Agency.

(h) Charges fixed by the Agency, including water tolls or charges, shall be a lien on all property against which the charge is imposed or to which the water is delivered. Liens for the charges shall be of the same force and effect as other liens for taxes, and their collection may be enforced by the same means as provided for the enforcement of liens for state and County taxes.

Sec. 13. Water reclamation charges.

(a) The Agency may fix, on or before August 31 of each year, a water reclamation charge to be imposed on persons who extract water from the Salinas Valley Groundwater Basin or any portion thereof. The charge may be used only to pay for the planning, design, construction, operation, and maintenance of wastewater treatment facilities capable of reclaiming and transporting wastewater for irrigation, groundwater recharge, or other beneficial uses and shall be reasonably related to the benefits received by the property or the impacts caused by the use of property or both.

(b) The reclamation charges imposed shall not exceed the estimated reasonable cost of providing the service or facility for which the charge is imposed. In any ordinance establishing, setting, or revising the reclamation charges, the Board shall do all of the following:

(1) Identify the purpose of the charge.

(2) Identify the use to which the charge is to be put, including any public facilities to be financed with the charge.

(3) Estimate the costs to be incurred in connection with the proposed use of the funds.

(4) Indicate how the amount of the charges to be imposed was determined in relation to the estimated costs to be incurred.

(c) The Agency may vary the charges among the persons subject thereto and may exclude various classes of persons or areas from payment of the charge, based upon any factor or combination of factors that provides a rational basis for that determination. The ordinance adopting the charges shall include a recital indicating the basis for the differences in the charges or the exclusion of one or more classes or areas from payment of the charge.

(d) The ordinance establishing the charges shall state whether the charges will be collected on the County tax roll or be billed to the diverter.

(e) When collected on the County tax roll, the water reclamation charges levied against property shall be a lien on all property against which the charge is imposed. Liens for the charges shall be of the same force and effect as liens for taxes, and their collection may be enforced by the same means as provided for the enforcement of liens for state and County taxes.

(f) When the charges are not collected on the County tax roll, the Agency shall collect the charges in accordance with procedures adopted by the Agency.

Sec. 14. Eminent domain. The Agency may exercise the right of eminent domain, either within or without the Agency, to take any property necessary to carry out any of the objects or purposes of this act. The Agency in exercising that power shall in addition to the damage for the taking, injury, or destruction of property, also pay the cost of removal or relocation of any structure, railways, mains, pipes, conduits, wires, cable, or poles of any public utility which is required to be moved to a new location. Nothing in this act shall be deemed to authorize the Agency, or any person or persons to divert the waters of any river, creek, stream, irrigation system, canal, or ditch from its channel, to the detriment of any person or persons having any interest in that river, creek, stream, irrigation system, canal, or ditch or the waters thereof or therein, unless compensation therefor be first provided in the manner provided by law.

Sec. 15. Board of Supervisors; ordinances and resolutions.

(a) The Board of Supervisors of the County is ex officio the Board of Supervisors of the Agency. (b) The Board of Supervisors may adopt, by ordinance, reasonable procedures, rules, and regulations to implement this act. The Board of Supervisors may specify in any ordinance that a violation of the ordinance is an infraction.

(c) (1) The Board may, by ordinance, declare that a violation of its ordinances is a nuisance

and may provide for the summary abatement of the nuisance. The Board may provide for the commencement of civil proceedings to abate a nuisance.

(2) The Board may provide that any person committing a nuisance is liable for the costs incurred by the Agency to abate a nuisance, including, but not limited to, costs of an investigation, costs incurred to eliminate or mitigate the nuisance, court costs, attorney fees, and costs incurred to monitor compliance. The Board may provide for civil penalties which may be imposed by a court against persons found by the court to have committed a nuisance.

(d) All ordinances, resolutions, and other legislative acts for the Agency shall be adopted by the Board of Supervisors, and certified to, recorded, and published in the same manner, except as otherwise expressly provided, as are ordinances, resolutions, or other legislative acts for the County.

Sec. 16. Officers, assistants, deputies, clerks, and employees. The district attorney, County surveyor, County assessor, County tax collector, County auditor, and County treasurer of the County of Monterey, and their successors in office, and all their assistants, deputies, clerks and employees, and all other officers of Monterey County, their assistants, deputies, clerks, and employees, shall be ex officio officers, assistants, deputies, clerks, and employees respectively of the Monterey County Water Resources Agency, and shall respectively perform, unless otherwise provided by the Board, the same various duties for the Agency as for Monterey County, in order to carry out this act. However, where the County surveyor is a registered civil engineer and is employed by the Board of Supervisors to supervise the engineering work of the Agency, the Board may provide for compensation for his or her services payable from the funds of the Agency, in addition to his or her salary as County surveyor of Monterey County.

Sec. 17. Rules and regulations; appointment of officers and employees. The Board shall have power to make and enforce all needful rules and regulations for the administration and government of the Agency, and to appoint and employ all needful agents, superintendents, engineers, attorneys, and employees to properly look after the performance of any work provided for in this act and to operate and maintain those works, and to perform all other acts necessary or proper to accomplish the purposes of this act. In addition to the officers and employees otherwise prescribed in this act, the Board may in its discretion appoint a chairman, a secretary, and any other officers, agents, and employees for the Board or the Agency as in its judgment may be deemed necessary, prescribe their duties, and fix their compensation. The officers, agents, and employees so appointed shall hold their respective offices or positions at the pleasure of the Board.

Sec. 18. Plan to control flood and storm waters; reports. The Board may by resolution employ competent consultants and employees as may be required to investigate and carefully devise a plan or plans to control the flood and storm waters of the Agency, and the zones thereof, and the flood and storm waters of streams that have their sources outside of the Agency but which streams and the flood waters thereof flow into the Agency, and to conserve those waters for beneficial and useful purposes by spreading, storing, delivering, reclaiming, retaining, or

causing to percolate into the soil within or without the Agency, or to save or conserve in any manner, any or all of those waters, and to protect the public highways, life, and property within the Agency, and the watercourses and watersheds of streams flowing into the Agency, from damage relating to those waters; and to obtain other information in regard thereto as may be deemed necessary or useful for carrying out the purposes of this act. The resolution may direct the engineer or engineers to make and file reports from time to time with the Board, which shall show all of the following:

(a) A general description of the work proposed to be done, together with general plans, profiles, cross sections, and general specifications relating thereto, on each project or work of improvement.

(b) A general description of the lands, rights-of-way, easements and property proposed to be taken, acquired or injured in carrying out the work.

(c) A map or maps which shall show the location and zones, as may be required, of each of the projects or improvements, and lands rights-of-way, easements, and property to be taken, acquired, or injured in carrying out the work, and any other information in regard to the work or improvements that may be deemed necessary or useful.

(d) An estimate of the cost of each project or work of improvement, including an estimate of the cost of lands, rights-of-way, easements, and property proposed to be taken, acquired, or injured in carrying out the project or work of improvement, and also of all incidental expenses likely to be incurred in connection therewith, including legal, clerical, engineering, superintendence, inspection, printing and advertising, and stating the total amount of bonds, if any, necessary to be issued to pay for the same.

The engineer or engineers shall from time to time and as directed by the Board file with the Board supplementary, amendatory and additional reports and recommendations, as necessity and convenience may require.

The engineer or engineers, employed by the Board, shall be authorized, subject to the control and direction of the Board, to employ those engineers, surveyors, and others, as may be required for making all surveys or doing any other work necessary for the making of the report.

The Board may at any time remove any or all of the engineers or employees appointed or employed under this act, and may fill any vacancies occurring among them from any cause.

Sec. 19. Projects or works of improvement to be carried out. The Board shall determine which projects or works of improvement shall be carried out and shall determine, as to each project or work of improvement, that it is one of the following:

(a) For the common benefit of the Agency as a whole.

- (b) For the common benefit of two or more zones referred to as participating zones.
- (c) For the benefit of a single zone.

Sec. 20. Institution of projects; hearings.

(a) The Board may institute projects for single zones and joint projects for two or more zones, for the financing, constructing, maintaining, operating, extending, repairing, or otherwise improving any work or improvement of common benefit to that zone or participating zones.

(b) To initiate proceedings for the approval of any project, the Board shall adopt a resolution which specifies all of the following:

- (1) Its intention to undertake the project and a general description of the proposed project.
- (2) The location and the extent of the proposed zones to be benefited and the percentage of the benefit to be received by each zone.
- (3) The engineering estimates of the cost of the project to be borne by the particular zones or participating zones.
- (4) The proposed method for financing the project, including, if applicable, the issuance of bonds, the kind and estimated amount of the bonds to be issued, and the levying of annual assessments.
- (5) The estimated rates at which the annual assessments, if any, will be levied.
- (6) The time and place for a public hearing on the resolution.
- (7) The place in the project zone or in each of the participating zones where a map or maps showing the general location and general construction of the project may be examined by the public during regular business hours.

(c) The hearing shall be held pursuant to Section 24.1. Any assessment to be levied in connection with a project shall be levied pursuant to Section 24.

Sec. 21. Legislative findings; Salinas River groundwater basin extraction and recharge. The Legislature finds and determines that the Agency is developing a project which will establish a substantial balance between extraction and recharge within the Salinas River Groundwater Basin. For the purpose of preserving that balance, no groundwater from that basin may be exported for any use outside the basin, except that use of water from the basin on any part of Fort Ord shall not be deemed such an export. If any export of water from the basin is attempted, the Agency may obtain from the superior court, and the court shall grant, injunctive relief prohibiting that exportation of groundwater.

Sec. 21.1. Export of groundwater or surface water from coastal watershed area; prohibition; injunctive relief.

(a) The Legislature finds and determines that the watersheds of the coastal streams south of Carmel Highlands in Monterey County contribute to the unique environment of the area, and that the surface water and groundwater naturally occurring in that area, should be retained within that area.

(b) For the purpose of preserving the unique environmental characteristics of the area described in subdivision (a), no person or entity shall export from the coastal watershed area any water obtained as groundwater or surface water in that area.

(c) If any export of water in violation of this section is attempted, the Agency or any person or entity affected by the export may obtain from the superior court, and the court shall grant, injunctive relief prohibiting the export of water.

(d) For purposes of this section, the "coastal watershed area" includes the watershed of Doud Creek and the watersheds of all streams that drain into the Pacific Ocean in Monterey County south of Doud Creek, excluding any portion of any watershed lying outside the Agency's territory.

(e) This section does not prohibit the use of water on lands adjacent to the coastal watershed which are in common ownership with lands within the watershed, nor does it restrict use of water which is consistent with an existing appropriative right.

Sec. 22. Studies; groundwater basins; seawater intrusion; extraction prohibition. If, as a result of appropriate studies conducted by the Agency, it is determined by the Board that any portion of a groundwater basin underlying the Agency is threatened with the loss of a usable water supply as a result of seawater intrusion into that portion of the groundwater basin, the Board may take appropriate steps to prevent or deter the further intrusion of underground seawater by establishing and defining an area and depth from which the further extraction of groundwater is prohibited. This determination shall be made only after a public hearing by the Board upon the proposed determination, with notice of the hearing to be given in the manner prescribed in Section 6065 of the Government Code. At the hearing, the Board shall accept evidence showing the nature and extent of the threat of seawater intrusion and the facilities proposed in order to provide to the area threatened a substitute supply of surface water. If, at the conclusion of the hearing, the Board determines that a threat of seawater intrusion exists which will be aggravated by continued groundwater extraction within a given area and depth, the Board may adopt an ordinance prohibiting the further extraction of groundwater from the area and depth so defined. The ordinance shall be effective as to any existing groundwater well extracting water from the area and depth prohibited only if there is made available to the lands served from that well a substitute surface water supply adequate to replace the water supply previously available from that well. The Board shall apportion the costs of installation, maintenance, and

operation of the facilities required to furnish that substitute surface supply in an equitable manner among all those benefited by the substitute supply, and by the cessation of groundwater extraction, through appropriate standby charges, water tolls, or subsidies.

Sec. 23. Water tolls or charges. The Board may impose water tolls or charges for the use of water served directly by the Agency from any project developed and operated by the Agency pursuant to this act. The Board may impose appropriate penalties and interest charges upon delinquent water tolls or charges and shall supply to the County auditor and tax collector on or before the first day of August of each year, a list of all delinquent water tolls or charges. The County tax collector shall collect the delinquent water tolls or charges at the same time and in the same manner as standby or availability charges of the Agency imposed under Section 12, except as to water tolls or charges made pursuant to a contract of the Agency under subdivision (i) of Section 9.

Sec. 24. Powers of Board.

(a) The Board of Supervisors may do any of the following:

(1) Levy ad valorem taxes or assessments upon all property in the Agency to pay the general administrative costs and expenses of the Agency, and to carry out any of the objects or purposes of this act of common benefit to the Agency.

(2) Levy taxes or assessments in each or any of the zones and participating zones to pay the costs and expenses of carrying out any of the purposes of this act of special benefit to the zone or zones, including, but not limited to, the constructing, maintaining operating, extending, repairing, or otherwise improving any or all works or improvements established or to be established within or on behalf of the respective zones, according to the benefits derived or to be derived by the respective zones, by a levy or assessment upon all property within a zone or participating zones, which may include land, improvements thereon, and personal property.

It is declared that for the purposes of any tax or assessment levied under this subdivision, the property so taxed or assessed within a given zone is equally benefited.

(3) Levy taxes or assessments for the purpose authorized by paragraph (2), in each or any of the zones or participating zones, according to the special benefits derived or to be derived by the specific properties therein. The Board may by ordinance adopt formulas to determine differential rates within a zone based on special benefits, parcel size, land use, and any other pertinent factor or combination of factors.

(b) To initiate proceedings to levy any assessment in connection with a project, the Board shall comply with Section 20.

(c) To initiate proceedings to levy any other assessment authorized by this act, the Board of Supervisors shall adopt a resolution which specifies all of the following:

(1) Its intention to levy the assessments.

(2) The location and the boundaries of the zones or areas within which the assessment is proposed to be levied.

(3) The specific purpose for which the assessment is to be levied.

(4) The estimated rates at which the annual assessments will be levied.

(5) The time and place for a public hearing on the resolution.

(d) The hearing on any assessment proceeding initiated pursuant to this act shall be held pursuant to Section 24.1, unless otherwise provided by this act.

(e) In the event of project cooperation with any of the governmental bodies as authorized in subdivision (f) of Section 9, and the making of a contract with any such governmental body, for the purposes set forth in subdivision (f), by the terms of which work is agreed to be performed by any such governmental body in any specified zone or participating zones, for the particular benefit thereof, and by that contract it is agreed that the Agency is to pay to that governmental body a sum of money in consideration or subvention for the performance of the work by that governmental body, the Board may, after proceedings in the manner prescribed in Section 20, levy and collect a special tax or assessment upon the property in the zone or participating zones, to raise funds to enable the Agency to make that payment, in addition to other taxes or assessments otherwise provided for in this act.

(f) The taxes or assessments shall be levied and collected together with, and not separately from, taxes for County purposes, and the revenues derived from the Agency taxes or assessments shall be paid into the County treasury to the credit of the Agency, or the respective zones thereof, and the Board may control and order the expenditure thereof for those purposes.

(g) No revenues, or portions thereof, derived in any of the several zones from the taxes or assessments levied under paragraph (2) or (3) of subdivision (a) shall be expended for constructing, maintaining, operating, extending, repairing, or otherwise improving any works or improvements located in any other zone, except in the case of joint projects, or for projects authorized or established outside that zone, or zones, but for the benefit thereof.

(h) In cases of projects joint to two or more zones, the zones will become, and shall be referred to as, participating zones.

(i) (1) Once an annual assessment has initially been authorized and levied pursuant to this section, the annual levy of that assessment in succeeding years shall be made by resolution of the Board of Supervisors, and shall not be subject to the protest procedures or require an election unless an increase in the assessment rate is proposed.

(2) Any renewal of the assessment after the assessment has been suspended or terminated by the Board of Supervisors, or expires in accordance with the terms of the original authorization, shall be treated as a new assessment.

Sec. 24.1. Proceedings; application of procedures.

(a) The procedures set forth in this section apply to hearings for approval of a project, establishment of a zone, amendment of a zone, approval of assessments levied in connection with a project, and approval of any other assessments under this act.

(b) (1) Notice shall be given by publication pursuant to Section 6066 of the Government Code. In any particular case, the Board may establish a longer notice period. In any case where a hearing is required in order to approve a project for which assessments may be levied, notice of the hearing shall also be published once a week for two consecutive weeks, with the first publication occurring at least 60 days before the date set for the hearing. Publication shall be made in a newspaper of general circulation designated by the Board, which is circulated in the zone or each of the participating zones. If no such newspaper exists, the publication shall be made in any newspaper of general circulation in the County that is likely to reach persons interested in the proposal, and in addition, a notice shall be posted for at least two consecutive weeks prior to the hearing in five public places designated by the Board, in the affected zones or area of benefit.

(2) The notice shall include all of the following:

(A) The text of the resolution initiating the approval process and setting the hearing date.

(B) A statement which informs the public that they may appear and speak on the proposal at the public hearing.

(C) A statement advising that written protests submitted at or before the time set for the hearing by registered voters or landowners, as applicable, will be considered by the Board.

(3) Any maps required to be mentioned in the resolution shall be posted or made readily available during normal business hours in each of the public places designated in the notice at least two weeks prior to the hearing.

(c) At or before the time set for the hearing, any person may file a written protest with the agency's secretary. Each protest shall include all of the following:

(1) A brief statement of the objection.

(2) A description of any lot or parcel located in the zone or area affected by the proposal,

in which each protester has an ownership interest, to enable the agency secretary to determine that the protester is the owner of property within the affected zone or area.

(3) If the name of the protester is not shown on the last assessment roll as the owner of the lot or parcel, written evidence that the protester is the legal owner of the property.

(4) The names of any co-owners or joint owners, including those signing the protest, and their proportionate ownership interests in the property.

(5) A statement indicating whether the protester resides within the affected zone or area and whether the protester is registered to vote as a resident within the zone or area.

(6) The protester's residence address.

(7) The signature of the protester. If the person making protest is a business entity, the signature shall be that of an authorized representative and shall be accompanied by a declaration, executed under penalty of perjury, or other evidence indicating the basis of the protester's authority.

(d) The secretary shall endorse on each protest, upon its receipt, the date of receipt, and at the time of the hearing shall count the number of protests and report to the Board the results of the count.

(e) At the hearing, the Board may modify the proposal to make the proposal less costly or burdensome. The modifications may include, but are not limited to, any of the following:

(1) Modifying the project in a manner which is consistent with the proposed financing arrangements and with the nature of the project as originally proposed.

(2) Reducing the area proposed to be affected by the proposal.

(3) Adjusting the boundaries of the participating zones, if no territory which was not previously included in one of the proposed zones is added in connection with the adjustment and if the boundary adjustment does not result in increased assessment rates for any property proposed to be included.

(4) Reducing the amount of the bonds proposed to be issued.

(5) Reducing the rate of assessment.

(6) Altering the apportionment of assessments if no assessment is increased.

(7) Reducing the total amount of the proposed assessment.

(f) The Board shall abandon the proposal or submit the proposal to the voters at an election

under either of the following circumstances:

(1) At the time of the hearing 12 or more registered voters have resided in the affected zone or area of benefit for at least the previous 90 days and protests are filed which are signed by that number of registered voters residing in the affected zone or area of benefit which equal at least 25 percent of the number of registered voters who at the time of the last gubernatorial election resided in the affected zone or area of benefit and voted in that election.

(2) In any other case, protests are filed which are signed by persons owning at least 25 percent of the land area within the affected zone or area of benefit. If property is jointly owned, only that portion of the property owned by the signer of a protest may be counted for purposes of this paragraph. If an election is called pursuant to this paragraph, only persons who own land in the affected zone or area of benefit may vote in the election.

(g) If the proposal is submitted to the voters, the voting shall take place at a general or special election which is held in the affected zone or area of benefit at least 45 days after the date of the close of the hearing. Article 3 (commencing with Section 3780), Article 4 (commencing with Section 3790), and Article 5 (commencing with Section 3795) of Chapter 2 of Division 5 of the Elections Code apply to an election held pursuant to this section.

(h) In an election held pursuant to this section in which only landowners are entitled to vote, each landowner has only one vote for each acre and may cast as many votes, including fractions of votes, as there are acres of land owned by the landowner in the territory in which the election is held. Fraction of an acre shall be rounded to the nearest one-tenth for voting purposes, but no landholding shall be deemed to be less than one-tenth of an acre. If property is jointly owned, the several owners are deemed to be one owner for voting purposes. The joint owners may split their votes as long as the total number of their votes does not exceed the total number of votes which would be granted to them as one owner.

(i) If an election is held and the proposal is approved by a majority of the votes cast on the proposal, the Board may proceed with the proposal.

(j) If the Board abandons the proceedings or the proposal fails to win a majority of the votes at an election, no further proceedings to implement the proposal may be undertaken for six months from the date of the abandonment or the date of the election.

(k) For purposes of this section, if a proposal is made to amend a zone by annexing or detaching territory, the "affected zone" or "area of benefit" means the territory proposed to be annexed or detached.

Sec. 25. Fees and taxes; referendum power. The fees and taxes increased or originally imposed by this act shall be subject to the use of the referendum power by the electors of the district, in the manner prescribed by law.

Sec. 26. Bonds; resolutions; elections.

(a) If the Board determines that a bonded indebtedness should be incurred to pay the cost of any work or improvement in any zone, the Board may, by resolution, determine and declare the respective amounts of bonds necessary to be issued in each zone, in order to raise the amount of money necessary for each work or improvement and the maximum rate of interest of the bonds. The Board shall file a copy of the resolution, duly certified by the clerk, in the office of the County recorder within five days after its issuance. Upon the filing of the copy of the resolution, the Board may proceed with the bond election.

(b) After the resolution is recorded pursuant to subdivision (a), the Board may call a special bond election in the zone or participating zones at which shall be submitted to the qualified electors of the zone or participating zones the question whether or not bonds shall be issued in the amount or amounts determined in the resolution and for the purpose or purposes therein stated. The bonds and the interest thereon shall be paid from revenue derived from annual taxes or assessments levied pursuant to this act.

(c) (1) The Board shall call the special bond election by ordinance and not otherwise and submit to the qualified electors of the zone or participating zones, the proposition of incurring a bonded debt in the zone or participating zones in the amount and for the purposes, stated in the resolution and shall recite therein the purposes for which the indebtedness is proposed to be incurred. It shall be sufficient to give a brief, general description of those purposes, and to refer to the recorded copy of the resolution adopted by the Board, and on file for particulars.

(2) The ordinance shall also state the estimated cost of the proposed work and improvements, the amount of the principal of the indebtedness to be incurred therefore, and the maximum rate of interest to be paid on the indebtedness and shall fix the date on which the special election shall be held, and the form and contents of the ballot to be used. The rate of interest to be paid on the indebtedness shall not exceed the maximum rate specified in Section 53531 of the Government Code.

(3) For the purposes of the election, the Board shall, in the ordinance, establish special bond election precincts within the boundaries of each zone and participating zone and may form election precincts by consolidating the precincts established for general elections in the Agency to a number not exceeding six general precincts for each special bond election precinct and shall designate a polling place and appoint one inspector, one judge, and one clerk for each of the special bond election precincts.

(d) In all particulars not recited in the ordinance, the special bond election shall be held as nearly as practicable in conformity with the general election laws of the state.

(e) The Board shall cause a map or maps to be prepared covering a general description of the work to be done, which shall show the location of the proposed works and improvements and shall cause the map to be posted in a prominent place in the County courthouse for public

inspection for at least 30 days before the date fixed for the election.

(f) The ordinance calling the special bond election shall, prior to the date set for the election, be published pursuant to Section 6062 of the Government Code in a newspaper of general circulation, circulated in each zone and participating zone affected. The last publication of the ordinance shall be at least 14 days before the election, and if there be no such newspaper, then the ordinance shall be posted in five public places designated by the Board, in each zone and participating zone for at least 30 days before the date fixed for the election. No other notice of the election need be given nor polling place cards be issued.

(g) Any defect of irregularity in the proceeding prior to the calling of the special bond election shall not affect the validity of the bonds authorized by the election. If at the election a majority of the votes cast are in favor of incurring the bonded indebtedness, then bonds for the zone or participating zones for the amount stated in the proceedings shall be issued and sold in the manner provided by this act.

Sec. 27. Bonds; form; terms; maturity denominations; signatures. The Board shall, subject to this act, prescribe by resolution the form of the bonds, which shall include a designation of the zone or participating zones affected, and of the interest coupons attached thereto. The bonds shall be payable annually or semiannually at the discretion of the Board each and every year on a day and date, and at a place to be fixed by the Board, and designated in the bonds, together with the interest on all sums unpaid on that date until the whole of the indebtedness shall have been paid.

The Board may divide the principal amount of any issue into two or more series, and fix different dates for the bonds of each series. The bonds of one series may be made payable at different times from those of any other series. The maturity of each series shall comply with this section. The Board may fix a date, not more than two years from the date of issuance, for the earliest maturity of each issue or series of bonds. Beginning with the date of the earliest maturity of each issue or series, not less than one-fortieth of the indebtedness of that issue or series shall be paid every year. The final maturity date shall not exceed 40 years from the time of incurring an indebtedness evidenced by each issue or series.

The bonds shall be issued in such denominations as the Board may determine, except that no bonds shall be of a less denomination than one hundred dollars (\$100), nor of a greater denomination than one thousand dollars (\$1,000), and shall be payable on the days and at the place fixed in the bonds, and with interest at the rate specified in the bonds, which rate shall not exceed that specified pursuant to Section 53531 of the Government Code, and shall be made payable annually or semiannually, and the bonds shall be numbered consecutively and shall be signed by the chairman of the Board, and countersigned by the auditor of the Agency, and the seal of the Agency shall be affixed thereto by the clerk of the Board. Either or both signatures may be printed, engraved, or lithographed. The interest coupons of the bonds shall be numbered consecutively and signed by the auditor by his or her printed, engraved, or lithographed

signature. In case any such officer whose signatures or countersignatures appear on the bonds or coupons shall cease to be that officer before the delivery of the bonds to the purchaser, the bonds and coupons, and signatures or countersignatures shall nevertheless be valid and sufficient for all purposes the same as if that officer had remained in office until the delivery of the bonds.

Sec. 28. Issuance and sale of bonds; payments from zone funds. The Board may issue and sell the bonds of the zones authorized at not less than par value, and the proceeds of the sale of the bonds shall be placed in the treasury of the County of Monterey to the credit of the Agency and the respective participating zones thereof, for the uses and purposes of the zone, or zones voting the bonds. The proper record of these transactions shall be placed upon the books of the County treasurer, and the respective zone funds shall be applied exclusively to the purposes and objects mentioned in the ordinance calling the special bond election, subject to the terms of this act. Payments from the zone funds shall be made upon demands prepaid, presented, allowed, and audited in the same manner as demands upon the funds of the County of Monterey.

Sec. 29. Bonds; payment from tax revenues. Any bonds issued under Section 26 of this act, and the interest thereon, shall be paid from revenue derived from annual taxes or assessments levied pursuant to this act. No zone or property in a zone is liable for the share of bonded indebtedness of any other zone, nor may any money derived from taxation or assessment in any of the several zones be used in payment of principal or interest or otherwise of the share of bonded indebtedness chargeable to any other zone.

Sec. 30. Bond tax. The Board shall levy a tax or assessment each year in the zones of issuance, sufficient to pay the interest and that portion of the principal of the bonds as is due or to become due before the time for making the next general tax levy. The taxes or assessments shall be levied and collected in the respective zones of issuance, together with and not separately from taxes for County purposes, and when collected shall be paid into the County treasury to the credit of the zone of issuance, and shall be used for the payment of the principal and interest on the bonds. The principal and interest on the bonds shall be paid by the County treasurer in the manner provided by law for the payment of principal and interest on bonds of the County.

Sec. 31. Bonds; law applicable. The provisions of law of this state, prescribing the time and manner of levying, assessing, equalizing and collecting County property taxes, including the sale of property for delinquency, and the redemption from that sale, and the duties of the several County officers with respect thereto, are, so far as they are applicable, and not in conflict with the specific provisions of this act, hereby adopted and made a part hereof.

Sec. 32. Bonds; legal investments. The bonds of the Agency issued for any zone or zones thereof pursuant to this act, shall be legal investments for all trust funds, and for the funds of all insurance companies, banks, both commercial and savings, and trust companies, and for the state school funds, and whenever any money or funds may by law now or hereafter enacted be invested in bonds of cities, cities and counties, counties, school districts or municipalities in the State of California, the money or funds may be invested in the bonds of the Agency issued in

accordance with this act, and whenever bonds of cities, cities and counties, counties, school districts, or municipalities, may be used as security for the performance of any act, the bonds of the Agency may be so used.

Sec. 33. Bonds; tax exemption; nature of district. All bonds issued by the Agency under this act shall be free and exempt from all taxation within the state. It is hereby declared that the Agency is a local government within the meaning of Section 26 of Article XIII of the California Constitution.

Sec. 34. Improvements; conformity with plans and specifications. Any improvement for which bonds are voted under this act, shall be made in conformity with the report, plans, specifications, and map theretofore adopted, as specified in this act, unless the doing of the work described in the report, shall be prohibited by law, or be rendered contrary to the best interests of the Agency by some change of conditions in relation thereto, in which event the Board of Supervisors may order necessary changes made in the proposed work or improvements and may cause any plans and specifications to be made and adopted therefor.

Sec. 35. Additional bonds. Whenever bonds have been authorized by any zone or participating zone of the Agency and the proceeds of the sale thereof have been expended as authorized in this act, and the Board shall by resolution determine that additional bonds should be issued for carrying out the work of flood control, or for any of the purposes of this act, the Board may again proceed as provided in this act, and submit to the qualified voters of the zone or participating zones, the question of issuing additional bonds in the same manner and with like procedure as hereinbefore provided, and all the above provisions of this act for the issuing and sale of the bonds, and for the expenditure of the proceeds thereof, shall be deemed to apply to that issue of additional bonds.

Sec. 36. Defeat of bond proposal; waiting period for new election. Should a proposition for issuing bonds for any zone or participating zones submitted at any election under this act fail to receive the requisite number of votes of the qualified electors voting at the election to incur the indebtedness for the purpose specified, the Board shall not for six months after the election call or order another election in the zone or participating zone for incurring indebtedness and issuing bonds under the terms of this act for the same objects and purposes.

Sec. 37. Repeals or amendments; effect on obligations. The repeal or amendment of this act shall not in any way affect or release any of the property in the Agency or in any zone thereof from the obligations of any outstanding bonds or indebtedness until all bonds and outstanding indebtedness have been fully repaid and discharged.

Sec. 38. Right of way over public lands. There is hereby granted to the Agency the right-of-way for the location, construction and maintenance of flood control channels, ditches, waterways, conduits, canals, storm dikes, embankments, and protective works in, over, and across public lands of the State of California, not otherwise disposed of or in use, not in any case exceeding in length or width that which is necessary for the construction of those works and

adjuncts or for the protection thereof. Whenever any selection of a right-of-way for the works or adjuncts thereto is made by the Agency, the Board shall transmit to the State Lands Commission, the Controller, and the recorder of the County in which the selected lands are situated, a plat of the lands so selected, giving the extent thereof and the uses for which the same is claimed or desired, duly verified to be correct. If the State Lands Commission shall approve the selections so made it shall endorse its approval upon the plat and issue to the Agency a permit to use such right-of-way and lands.

Sec. 39. Judicial proceedings; commencement. Any judicial action or proceeding to attack, review, set aside, void, annul, or challenge the validity or legality of the formation of a zone, any contract entered into by the Agency or a zone, any bond or evidence of indebtedness of the Agency or a zone, or any assessment, rate, or charge of the Agency or a zone shall be commenced within 60 days of the effective date thereof.

The action or proceeding shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

The Agency may bring an action pursuant to that Chapter 9 to determine the validity of any of the matters referred to in this section.

Sec. 40. Claims against Agency; law governing. Claims for money or damages against the Agency shall be governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1 of the Government Code, except as provided in this act. Claims not governed thereby or by other statutes or by ordinances or regulations authorized by law and expressly applicable to those claims shall be prepared and presented to the governing body, and all claims shall be audited and paid, in the same manner and with the same effect as are similar claims against the County.

Sec. 41. Title to property. The legal title to all property acquired under this act shall immediately and by operation of law vest in the Agency, and shall be held by the Agency, in trust for, and is hereby dedicated and set apart to, the uses and purposes set forth in this act. The Board is authorized to hold, use, acquire, manage, occupy, and possess, that property, as provided in this act and the Board may determine, by resolution duly entered in their minutes, that any property, real or personal, held by the Agency is no longer necessary to be retained for the uses and purposes thereof, and may thereafter sell, lease, or otherwise dispose of the property in the manner prescribed by law for counties.

Sec. 42. Employees' bonds. Employees appointed by the Board under this act when required by resolution of the Board, shall execute bonds conditioned, executed, approved, filed, and recorded in the general manner and form provided by law for officers, other than Supervisors, of the County, before entering upon the duties of their respective employments.

Sec. 43. Annexation to zones.

(a) In addition, or as an alternative, to the procedures for amending zones described in Section 7, any territory in the Agency lying within the watershed within which a zone is situated may be annexed to that zone pursuant to this section. Territory which is in, or annexed to, one zone may be annexed to another zone pursuant to this section.

(b) The following applies with respect to the annexation of new territory to any zone pursuant to this section:

(1) (A) A petition for annexation by election signed by 25 percent of the freeholders residing in the territory proposed to be annexed as shown by the last equalized assessment roll of the County shall be presented to the Board.

(B) The petition shall designate specifically the boundaries of the territory proposed to be annexed and its assessed valuation as shown by the last equalized assessment roll and shall ask that the territory be annexed to the zone. The petition shall be accompanied by a bond in the sum of not less than one hundred dollars (\$100), to be approved by the Board and filed with the clerk of the Board as security for the payment by the petitioners of the reasonable cost of the election on annexation, in the event that at the election less than a majority of the votes cast are in favor of annexation. The petition shall be verified by the affidavit of one of the petitioners.

(C) The petitioner shall be published by the petitioners for at least two weeks preceding its hearing in a newspaper of general circulation published in the zone, if there is one, or, if not, in a newspaper of general circulation published in the Agency, together with a notice stating the number of signers of the petition, the time when the petition will be presented to the Board and that all persons interested may appear and be heard. It shall not be necessary to publish the names of the signers.

(D) At the time specified for the hearing, the Board shall hear the petition and may adjourn the hearing from time to time. Upon final hearing of the petition, the Board, if it approves the petition as originally presented or in a modified form, shall make an order describing the exterior boundaries of the territory proposed to be annexed and ordering that an election be held in such territory for the purpose of determining whether or not the territory shall be annexed to the zone. The order shall fix the day of the election, which shall be within 60 days from the date of the order, and shall show the boundaries of the territory proposed to be annexed to the zone and shall set forth the measure to be submitted to the voters of such territory and shall designate the precincts, polling places and election officers for such election and state the times between which the polls shall be open. The order shall be published pursuant to Section 6066 of the Government Code. This order shall be entered in the minutes and is conclusive evidence of a due presentation of a proper petition, and of the fact that each of the petitioners was, at the time of the signing and presentation of the petition, qualified to sign.

(E) The election shall be held and conducted as provided in Chapter 1 (commencing with section 22000) of Part 1 of Division 12 of the Elections Code and sample ballots and polling place cards shall be mailed as provided in section 10012 of the Elections Code. If a majority of the votes in the territory proposed to be annexed at an election called therein by the

Board for that purpose are in favor of the annexation, the clerk of the Board shall make and cause to be entered in the minutes and endorsed on the petition an order approving the petition and the petition shall be filed. The entry is conclusive evidence of the fact and regularity of all prior proceedings of every kind required by law and of the facts stated in the entry. The Board at its next regular meeting after the entry shall, by an order, alter the boundaries of the zone and annex to it the territory described in the petition. The order of the Board is conclusive evidence of the validity of all prior proceedings leading up to the annexation and recited in the order, and from and after the order the territory is part of the zone. If, at the election, less a majority of the votes in a territory proposed to be annexed are in favor of the annexation of the territory to the zone, the signers of the petition shall, within 10 days after the canvassing of the votes of the election, pay to the Board the reasonable cost of the election and, if not paid within 10 days, the Board may sue on the bond to recover the cost of the election. If the result of the election is against annexation, the Board shall, by order, disapprove the petition and enter the order in its minutes. No other proceeding shall be taken in relation thereto until the expiration of six months from the presentation of the petition, except to collect the costs of the election.

(2) (A) A petition for annexation without election signed by the owners of real property in the territory proposed to be annexed which real property represents at least 75 percent of the total assessed valuation of real property in the territory as shown by the last equalized County assessment roll, shall be presented to the Board.

(B) The petition shall designate specifically the boundaries of the territory and the assessed valuation of real property therein as shown by the last equalized County assessment roll and shall show the amount of real property owned by each of the petitioners and its assessed valuation as shown by the last equalized County assessment roll. The petition shall ask that the territory be annexed to the zone. The petition shall be verified by the affidavit of one of the petitioners.

(C) The petition shall be published by petitioners at least two weeks preceding the hearing in a newspaper of general circulation published in the zone, if there is one, or, if not, in a newspaper of general circulation published in the Agency. With the petition there shall be published a notice stating the number of signers of the petition, the time when the petition will be presented to the Board and stating that all persons interested may appear and be heard. It shall not be necessary to publish the names of the signers. A printed copy of the petition and notice as so published shall be mailed pursuant to Sections 53520 to 53523, inclusive, of the Government Code.

(D) At the time designated the Board shall hear the petition and any person interested, and may adjourn the hearing from time to time. Upon the hearing of the petition, the Board shall determine whether or not it is in the best interests of the zone and the territory that the territory be annexed to the zone and the Board may modify the boundaries of the territory proposed to be annexed as set forth in the petition by decreasing the area of the territory. If the Board upon final hearing determines that it is in the best interests of the zone and of the territory proposed to be annexed that the territory be annexed, it shall make an order describing the boundaries of the

territory proposed to be annexed and shall alter the boundaries of the zone and annex to it the territory described in the petition and the territory is then a part of the zone.

(3) A petition for annexation without election signed by 100 percent of the owners of real property in the territory proposed to be annexed may be presented to the Board. The petition shall designate specifically the boundaries of the territory and shall ask that the territory be annexed to the zone. The petition shall be verified by the affidavit of one of the petitioners. The Board shall determine, upon reviewing the petition, whether or not it is in the best interest of the zone and the territory that the territory be annexed to the zone. The Board may modify the boundaries of the territory proposed to be annexed as stated in the petition by decreasing the area of the territory. If the Board determines that it is in the best interest of the zone and of the territory proposed to be annexed that the territory be annexed, the Board shall make an order describing the boundaries of the territory proposed to be annexed and shall alter the boundaries of the zone and annex to it the territory described in the petition, and the territory is then a part of the zone.

(4) No petition or request for annexation pursuant to paragraphs (1) to (3), inclusive, may be accepted by the Board if a zone annexation petition involving any of the same territory is pending before it for annexation to the same zone.

(5) An order for annexation may be by ordinance or resolution. Whenever any new territory is annexed to a zone, the territory thereupon becomes subject to all the liabilities and entitled to all the benefits of the zone. Any order for annexation may provide for, or be made subject to, the payment of a fixed or determinable amount of money for the acquisition, transfer, use, or right of use of all or any part of the existing property, real or personal, of the zone. The Board may provide that payment of the amounts shall be either: (1) in lump sums or (2) in semiannual installments with interest thereon at a rate not to exceed 12 percent over a period not to exceed 10 years beginning on July 1 following the next succeeding March 1. If the payment is in semiannual installments, the Board shall provide in the ordinance that the total of each sum to be paid by each parcel shall constitute a lien on the parcel as of noon on the next succeeding March 1, the same as the lien for general Agency and zone taxes; that the semiannual installments shall be paid and collected at the same time and in the same manner and by the same persons as, and together with and not separately from, general Agency and zone taxes and shall be delinquent at the same time and thereafter subject to the same delinquency penalties; and that all laws applicable to the levy, collection and enforcement of general Agency and zone taxes, including, but not limited to, those pertaining to delinquency, correction, cancellation, refund and redemption shall be applicable to such installments.

Sec. 44. Structure and governance of Agency; task force. The Salinas Valley Water Advisory Commission shall appoint a task force to study the structure and governance of the Agency. The task force shall include broad based representation of Monterey County and cities and businesses and agricultural entities represented in the Monterey and Salinas Valley area. The task force shall complete the study and make written recommendations to the Salinas Valley Water Advisory Commission on or before July 1, 1991.

Sec. 45. Water allocation formula; task force. The Board shall appoint a task force to recommend a water allocation formula for urban and agricultural areas in the County that are not within the jurisdiction of the Monterey Peninsula Water Management District and the Pajaro Valley Water Management Agency. An urban allocation formula is necessary to preserve agricultural access to an adequate water supply and to preserve agriculture as a mainstay of the Salinas Valley economy. The task force shall make the recommendation to the Agency on or before January 1, 1992.

Sec. 48. Board of Directors; appointment; number; qualifications. The agency shall be governed by a Board of Directors, appointed pursuant to Section 49, consisting of nine members. The Directors shall be residents of the County and shall have backgrounds and experience that indicate a high level of interest or expertise in areas relating to the Agency's work.

Sec. 49. Manner of appointment; experience.

(a) (1) Five Directors shall be appointed, one each by each member of the Board of Supervisors.

(2) For purposes of paragraph (1), the Supervisors shall consider appointments of persons with experience relating to any of the following:

(A) Municipal or small water agencies not regulated by the Public Utilities Commission.

(B) Resource conservation districts.

(C) Environmental protection organizations.

(D) Industry and building trade representatives.

(E) Agricultural organizations.

(3) The Board of Supervisors shall also consider appointments of persons from the public.

(b) Four Directors shall be appointed by a majority vote of the Supervisors from nominees submitted by the following groups or organizations:

(1) One Director from a list of two nominees provided by the Monterey County Farm Bureau, who has a background in agricultural production.

(2) One Director from a list of two nominees provided by the Grower-Shipper Vegetable Association of Central California, who has a background in agricultural production.

(3) One Director from a list of two nominees provided by the mayor's select committee, who has a background in city government within the territory of the agency.

(4) One Director from a list of two nominees provided by the Monterey County Agricultural Advisory Committee. The Monterey Agricultural Advisory Committee shall consider possible nominations from all areas of agriculture not represented by the organizations described in paragraphs (1) to (3), inclusive, such as flower growers' associations, cattlemen's associations, wine grape growers' associations, and independent growers.

(c) No person shall be appointed pursuant to this section that, because of his or her employment or other financial interest, is likely to be disqualified from a substantial number of decisions to be made by the Board of the Agency on the basis of conflict-of-interest requirements.

Sec. 50. Terms; reappointment.

(a) The term of office for each Director shall be four years, except as provided in subdivision (b). Directors shall serve until their successors are appointed and take office. Directors may be reappointed at the end of their terms.

(b) The terms of office of the Directors shall be staggered. Directors who are appointed initially shall serve as follows:

(1) Three Directors shall have two-year terms.

(2) Three Directors shall have three-year terms.

(3) Three Directors shall have four-year terms.

(4) The initial Directors shall draw lots to determine the length of each Director's initial term.

Sec. 51. Vacancies; manner of filling; term.

(a) A vacancy occurs among the Directors when a Director resigns or dies, or if the office is declared vacant by the Supervisors, on the recommendation of a majority of the Directors due to the incumbent Director's incapacity or failure to attend meetings.

(b) A vacancy shall be filled by appointment in the same manner as the appointment of the previous holder of the office. The person appointed to replace a Director shall serve for the remainder of the original term, and may thereafter be re-appointed or not, as the appointing authority may decide.

Sec. 52. Duty to advise Board of Supervisors; emergencies.

(a) The Directors shall advise the Board of Supervisors on all matters relating to the Agency within the scope of the Supervisors' duties. No action shall be taken by the Board of Supervisors relating to the Agency without seeking or obtaining a recommendation from the Directors.

(b) Subdivision (a) does not apply to actions taken in connection with an emergency declared by the Board of Supervisors that requires immediate action and there is insufficient time to obtain a recommendation from the Directors. The Board of Supervisors shall give reasonable advance notice to the Directors of any meeting at which an emergency declaration relating to the Agency will be considered by the Supervisors.

Sec. 53. Policy objectives of Directors. The Directors shall establish long-term and short-term policy objectives for the Agency, subject to review by the Board of Supervisors, and shall oversee the work of the Agency to ensure that the objectives established are diligently pursued. The policy objectives shall be consistent with the Monterey County General Plan and its implementing ordinances.

Sec. 54. Duties of Directors. The Directors shall, with the assistance of staff, do all of the following:

(a) Prepare an annual budget for the Agency.

(b) Hold public hearings on the proposed budget.

(c) After approval of the budget by the Directors, submit the budget to the Supervisors for its adoption.

Sec. 55. Responsibility of Directors for initiating and developing proposals for Agency work. The Directors shall have primary, but not exclusive, responsibility for initiating and developing all proposals affecting the work of the Agency.

Sec. 56. Approval and execution of contracts by Directors. The Directors shall approve, and the chairperson of the Directors shall execute, all contracts of the Agency when authorized by this act or by the Board of Supervisors. All existing provisions of law relating to Agency contracts, including, but not limited to, advertising, bidding, awarding, and managing contracts, shall govern the actions of the Directors.

Sec. 57. Approval of contracts for which funds budgeted; form; fiscal provisions.

(a) Except as otherwise provided, the Directors may approve all contracts for which funds have been budgeted by the Agency.

(b) All contracts approved by the Directors shall be approved as to form by the County counsel and as to fiscal provisions by the County administrative office.

Sec. 58. Purchasing agent; contracts; submission to Directors. The purchasing agent for the County shall be an ex officio purchasing agent for the Agency. The Supervisors may grant to the purchasing agent the same authority to execute contracts on behalf of the Agency as it has to execute contracts on behalf of the County. The general manager may submit to the Directors for approval any contract within the purchasing agent's authority, and shall submit any such contract to the Directors upon their request.

Sec. 60. Contracts for which funds not budgeted; form; fiscal provisions. All contracts for which funds have not previously been budgeted by the Agency shall be approved by the Board of Supervisors and executed by the chairperson of the Board of Supervisors, subject to approval as to form by the County counsel and as to fiscal provisions by the County administrative office.

Sec. 60.1. Contracts for lease of Agency land. All contracts involving the lease of Agency land to the County for recreational use shall be approved, modified, terminated, or administered by the Board of Supervisors, unless the Supervisors, by ordinance, grant this authority to the Directors.

Sec. 61. Recruitment and hiring of general manager; requirements; termination.

(a) The Directors shall, in consultation with the County personnel Director, establish procedures for the recruitment and hiring of the general manager of the Agency, subject to approval by the Board of Supervisors. The procedures shall include at least all of the following requirements:

(1) The County personnel department shall review and screen all applications.

(2) The Directors shall interview the candidates who pass the screening by the personnel department, and shall recommend at least two candidates to the Supervisors.

(3) The Board of Supervisors shall make the final selection. The Board of Supervisors may select one of the candidates referred by the Directors or may reject all candidates and direct that the process be repeated.

(b) The Board of Supervisors retain the authority to terminate the general manager. Prior to terminating the general manager, the Board of Supervisors shall consider the recommendations of the Directors.

Sec. 62. Annual performance evaluation of general manager; yearly objectives. The Directors shall prepare an annual performance evaluation of the general manager. The County administrative office shall prepare a format for the evaluation. At the beginning of each evaluation period, the Directors and the general manager shall develop a set of Agency objectives for the year ahead. The evaluation shall include an assessment of the performance of the general manager in relation to these objectives. A copy of the evaluation shall be sent to the

Supervisors.

Sec. 63. Personnel duties of Directors: planning and budgeting matters.

(a) The Board of Supervisors shall grant to the Directors the duties relating to personnel matters of the Agency, subject to memoranda of understanding entered into by employee organizations and the Board of Supervisors.

(b) All planning and budgeting matters relating to Agency staffing requirements shall be considered by the Directors before referral to the Supervisors.

Sec. 64. Meeting of Directors; conduct.

(a) The Directors shall meet on a regular basis, not less than once per month, at a regular meeting place to be determined by the Directors.

(b) All meetings shall be conducted pursuant to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Division 2 of Title 5 of the Government Code) and Robert's Rules of Order. The procedures set forth in Robert's Rules of Order may be modified by resolution of the Directors or by amendment to the bylaws of the Agency.

Sec. 65. Public hearings by Directors; testimony of public. The Directors shall hold public hearings and shall consider testimony by the public on all matters concerning the Agency's activities for which public hearings are required by law.

Sec. 66. By-laws; adoption by Directors; standing committees. The Directors shall adopt bylaws for the conduct of their business and shall establish standing committees comprised of Board members.

Sec. 67. Advisory committees. The Directors may establish and appoint advisory committees to assist the Agency in any aspect of its work; any may prescribe the qualifications for membership on the advisory committees. The members of the advisory committees need not be Directors.

Sec. 68. Advisory committees; sole authority to advise Board members. The Directors shall not delegate to any standing or advisory committee any authority other than the authority to advise the Board members.

Sec. 69. Exercise by Directors of Agency powers not reserved to Supervisors. The Directors shall exercise those Agency powers not reserved to the Supervisors.

Sec. 70. Additional powers of Board of Supervisors. The Board of Supervisors, and not the Directors, may take any of the following actions:

- (a) Adopt Agency ordinances.
- (b) Create zones.
- (c) Levy assessments or taxes, impose fees, charges or tolls, authorize bonds, or borrow money.
- (d) Authorize projects that involve the creation of zones or the institution of any financing measures.
- (e) Adopt an Agency budget.

Sec. 71. Duties of Supervisors concerning litigation.

- (a) The Board of Supervisors are responsible for the initiation and the conduct of any litigation by the Agency and for the settlement of any litigation.
- (b) The Directors or general manager shall refer all matters with respect to which litigation is likely to the Board of Supervisors.
- (c) The chairperson of the Directors, or his or her designee, may be present during a closed session held by the Board of Supervisors to consider matters pertaining to litigation affecting the Agency.

Sec. 73. Reports to Supervisors.

- (a) The general manager shall report to the Board of Supervisors in a timely manner concerning all actions taken by the Board members. Copies of all agendas and minutes of meetings of the Directors shall be provided to the Board of Supervisors in a timely manner, to ensure communication between the Board of Supervisors and the Directors.
- (b) The Agency shall prepare a quarterly report, which shall be approved by the Directors, and a copy of the report shall be submitted to the Board of Supervisors. The Directors shall make an oral presentation of its report to the Board of Supervisors at a Supervisors' meeting.
- (c) Any decisions by the Directors which may have a significant impact on Agency operations, policies, and practices shall be discussed with the Supervisors, prior to implementation. Major policy changes having community-wide impact shall be communicated to the Supervisors for review and concurrence, prior to implementation.

Sec. 74. Reports to Board of Directors. The general manager shall report to the Directors in a timely manner concerning all actions taken by the Board of Supervisors regarding the work of the Agency. The clerk of the Board of Supervisors shall provide to the Directors in a timely manner copies of all agendas, minutes, ordinances, and resolutions of the Supervisors relating to the Agency.

Sec. 75. Semiannual meeting of Board of Supervisors and Directors. The Board of Supervisors and Directors shall hold a joint meeting semiannually.

Sec. 76. Appeals by Agency to Directors. If any ordinance, resolution, or regulation of the Agency provides for an appeal from any administrative or enforcement decision made by the Agency or its staff, the appeal shall be heard by the Directors, unless a different procedure is established by law, ordinance, or contract.

Sec. 77. Adoption of rules relating to notice and hearing by Directors. The Directors shall adopt rules and regulations relating to public notice requirements for, and the conduct of, a hearing held pursuant to an appeal.

Sec. 80. Decision of Directors final; no appeal to Supervisors. The decision of the Directors on any appeal shall be final, and there shall be no appeal from the decision to the Supervisors.

Sec. 81. No appeal from decision of Directors to Board of Supervisors; exception.

(a) There shall be no appeal to the Board of Supervisors from any decision by the Directors on any matter, unless the appeal is permitted by ordinance or by other law.

(b) For purposes of subdivision (a), the referral of any matter to the Board of Supervisors by Directors or the general manager, on their own initiative or at the request of the Supervisors, if the Board of Supervisors has final decision making authority or the duty to advise or give consent, is not an appeal.

Sec. 82. Actions and decisions of Agency subject to judicial review. Actions and decisions of the Agency, whether by the Board of Supervisors, the Directors, or others acting on behalf of the Agency, are subject to judicial review as provided by existing law.

Sec. 83. Assistance of County staff to Directors; assistance of attorney representing County counsel. The Directors may request, and shall receive, the assistance of County staff, as required, for the conduct of their business. An attorney representing the County counsel shall be present to advise the Directors at their regular and special meetings.

Sec. 84. Joint meeting of Supervisors and Directors to study effectiveness of Agency. On or after January 1, 1995, the Board of Supervisors and the Directors shall hold one or more joint meetings to study the effectiveness of the governance of the Agency by the Directors and the Supervisors.

Sec. 85. Cooperation by and with Pajaro Valley Management Agency and Monterey Peninsula Water Management District; memorandum of agreement.

(a) The Pajaro Valley Water Management Agency and the Monterey Peninsula Water Management District shall work with the Agency and shall use their best efforts to cooperate with each other.

(b) The Agency, the Monterey Peninsula Water Management District, and the Pajaro Valley Water Management Agency shall, on or before February 1, 1992, make a good faith effort to enter into a memorandum of agreement as to the manner in which the Agency shall exercise powers in any area of overlapping jurisdiction among the three local water entities.

Sec. 86. Act not to alter authority of Monterey Peninsula Water Management District or Pajaro Valley Management Agency. This act does not alter the authority of the Monterey Peninsula Water Management District or the Pajaro Valley Management Agency.

Sec. 90. Liberal construction. This act, and every part thereof, shall be liberally construed to promote the objects thereof, and to carry out its intents and purposes.

Sec. 91. Severability. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, or the application of these provisions to other persons or circumstances, shall not be affected thereby.