

**MEMORANDUM OF AGREEMENT REGARDING PREPARATION OF A
GROUNDWATER SUSTAINABILITY PLAN FOR
THE SAN LUIS OBISPO VALLEY GROUNDWATER BASIN**

This Memorandum of Agreement ("MOA") is entered into by and between the City of San Luis Obispo ("City"), the County of San Luis Obispo ("County"), the Edna Valley Growers Mutual Water Company ("EVGMWC"), the Varian Ranch Mutual Water Company ("VRMWC"), the Edna Ranch Mutual Water Company ("ERMWC") and the Golden State Water Company ("GSWC") (each referred to individually as a "Party" and collectively as the "Parties") for purposes of coordinating preparation of a single groundwater sustainability plan for the San Luis Obispo Valley Groundwater Basin.

Recitals

WHEREAS, on September 16, 2014, Governor Jerry Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act ("SGMA"), which became effective on January 1, 2015 and which have been and may continue to be amended from time to time; and

WHEREAS, SGMA requires the establishment of a groundwater sustainability agency ("GSA") or agencies for all basins designated as medium- or high-priority by the Department of Water Resources ("DWR") on or before June 30, 2017; and

WHEREAS, SGMA further requires the adoption of a groundwater sustainability plan ("GSP") or coordinated GSPs for all basins designated by DWR as medium- or high-priority and not subject to critical conditions of overdraft on or before January 31, 2022; and

WHEREAS, DWR has designated the San Luis Obispo Valley Groundwater Basin (Basin No. 3-9) ("Basin") as a medium-priority basin not subject to critical conditions of overdraft; and

WHEREAS, the County and the City have each decided to become the GSA within their respective service areas overlying the Basin and have informed DWR of their decision and intent to undertake sustainable groundwater management therein; and

WHEREAS, the County and the City desire to collectively develop a single GSP to sustainably manage the Basin; and

WHEREAS, the County and the City further desire to include the other Parties to this MOA who each constitute entities eligible to participate in a GSA (sometimes referred to individually as a "Participating Party" or collectively as the "Participating Parties") in the development of the GSP through the creation of the Groundwater Sustainability Commission.

NOW, THEREFORE, it is mutually understood and agreed as follows:

Section 1

Purpose

This MOA is entered into by the Parties for the purpose of establishing the manner in which the City and the County, with input from the Participating Parties, will coordinate in the development of a single GSP for the Basin that will be considered for adoption by the City Council and the County Board of Supervisors and subsequently submitted to DWR for approval. This MOA may also serve as the basis for continued cooperation among the City and the County in the management of the Basin during the period between adoption of the GSP by the City Council and the County Board of Supervisors and approval of the GSP by DWR. As more specifically set forth in Section 10.3 below, this MOA shall automatically terminate upon DWR's approval of the GSP for the Basin.

Section 2

Term

This MOA shall become effective on the date that the last of the six (6) Parties signs ("Effective Date") and shall remain in effect until terminated in accordance with Section 9.2 or Section 10.3 below.

Section 3

City and County Roles and Responsibilities

3.1 The City and the County shall work jointly to meet the objectives of this MOA.

3.2 The City and the County shall retain the services of a consultant(s) to meet the objectives of this MOA, including, but not limited to, preparation of a GSP for the Basin in accordance with the provisions set forth in Section 7 below.

3.3 The City and the County shall each designate a staff person(s) to participate in the development of the GSP and related technical studies through, without limitation, the provision of guidance and available data, in coordination with the consultant(s), and to administer the Groundwater Sustainability Commission (e.g. to, among other things, timely publish all agendas and take minutes).

3.4 The City and the County shall each be responsible for adopting the GSP and implementing the GSP within their respective service areas. Notwithstanding the foregoing, nothing contained in this MOA shall be construed as obligating either the City Council or the County Board of Supervisors to adopt the GSP developed pursuant to this MOA or as preventing either the City Council or the County Board of Supervisors from adopting the GSP developed under this MOA in the event that the other elects not to adopt it or in the event that the Groundwater Sustainability Commission fails to recommend approval.

3.5 The City and the County may lead certain Basin-wide public outreach and stakeholder involvement to improve development of the GSP.

3.6 The City shall be responsible for taking all legally required actions associated with its appointment of the member and alternate member to the Groundwater Sustainability Commission representing the City as set forth in Section 4.5, including, without limitation, all applicable requirements under the Maddy Act (Government Code §§ 54970 et seq.) and the County shall be responsible for taking all such actions associated with its appointment of the member and alternate member to the Groundwater Sustainability Commission representing the County and its confirmation of the members and alternate members to the Groundwater Sustainability Commission representing the Participating Parties as set forth in Section 4.4 and Section 4.3, respectively.

Section 4

Establishment of the Groundwater Sustainability Commission

4.1 The City and the County hereby establish the Groundwater Sustainability Commission to serve as an advisory committee to the City Council and the County Board of Supervisors in connection with preparation of the GSP and interim Basin management actions subject to each Participating Party making its required contributions under Section 6(B).

4.2 The Groundwater Sustainability Commission shall be composed of five (5) members: one (1) member representing the City, one (1) member representing the County, one (1) member representing EVGMWC, one (1) member collectively representing VRMWC and ERMWC and one (1) member representing GSWC.

4.3 Each of the Participating Parties shall nominate a member and an alternate member to represent it on the Groundwater Sustainability Commission subject to confirmation by the County Board of Supervisors with the exception that VRMWC and ERMWC shall jointly nominate a member and an alternate member to represent them subject to confirmation by the County Board of Supervisors. Said members shall serve at the pleasure of the County Board of Supervisors and may be removed at any time provided that the County Board of Supervisors shall have no authority to replace a removed member with an individual who has not been nominated by the relevant Participating Party or collection of Participating Parties.

4.4 The County Board of Supervisors shall appoint the member and alternate member representing the County and said members shall serve at the pleasure of the County Board of Supervisors.

4.5 The City Council shall appoint the member and alternate member representing the City and said members shall serve at the pleasure of the City Council.

4.6 All meetings of the Groundwater Sustainability Commission shall be conducted in accordance with the Ralph M. Brown Act (Government Code §§ 54950 et seq.).

4.7 A majority of the members of the Groundwater Sustainability Commission shall constitute a quorum for purposes of transacting business, except that less than a quorum may vote to adjourn the meeting.

4.8 Each member of the Groundwater Sustainability Commission shall be entitled to one (1) vote on any matter under consideration by the Groundwater Sustainability Commission.

4.9 All advisory opinions submitted by the Groundwater Sustainability Commission to the City Council and the County Board of Supervisors shall be supported by a majority of the members, except for the recommendation to adopt the GSP or any amendments thereto which shall be supported by at least four (4) of the members.

4.10 The County Board of Supervisors and the City Council may approve or reject any advisory opinion submitted by the Groundwater Sustainability Commission provided that in every case that the County Board of Supervisors or City Council rejects an advisory opinion of the Groundwater Sustainability Commission related to the contents or adoption of the GSP it shall do so only after holding a public hearing, at which time the members of the Groundwater Sustainability Commission shall have the right to appear and address the City Council and the County Board of Supervisors.

4.11 None of the members or alternate members shall be entitled to any compensation from the County or the City for their service on the Groundwater Sustainability Commission.

Section 5

Establishment of Additional Advisory Committees

The City Council and the County Board of Supervisors may from time to time jointly establish one or more additional advisory committees or establish standing or ad hoc committees to assist in carrying out the purposes and objectives of this MOA. Without limiting the foregoing, it is anticipated that the City Council and the County Board of Supervisors will establish a stakeholder advisory committee to the Groundwater Sustainability Commission to consider the interests of beneficial uses and users not already represented on the Groundwater Sustainability Commission consistent with Water Code Section 10723.2.

Section 6

Funding

The City and the County agree to jointly fund the costs associated with implementation of this MOA in accordance with and subject to the following:

A. Within sixty (60) days of the Effective Date and prior to each anniversary of the Effective Date, City and County staff shall prepare an annual budget for the GSAs to implement this MOA for approval by the City Council and the County Board of Supervisors.

B. Each of the Participating Parties shall be responsible for contributing the following funds to help defray the costs of the Groundwater Sustainability Commission and in consideration for their participation thereon within thirty (30) days of the Effective Date and within thirty (30) days of each anniversary of the Effective Date:

EVGMWC	\$28,200
VRMWC	\$4,550
ERMWC	\$4,550
GSWC	\$12,700

C. Subject to City Council and County Board of Supervisor approval of the annual budget, the City and County agree to fund the annual budget (less the contributions set forth in Section 6(B)) in accordance with the percentage allocations set forth below. Notwithstanding the foregoing and Section 10.1, the City Council and the County Board of Supervisors may amend said percentage allocations without the agreement of the Participating Parties.

County	70%
City	30%

D. It is anticipated that the vast majority of budgeted costs to be paid by the City and the County will involve costs for consultant services. Consequently, most City and County contributions will be paid in the manner described in Section 7 below.

Section 7

Retention of Consultants

7.1 The County agrees to act as the contracting agent to retain the services of a consultant(s) as described in Section 3.2 above.

7.2 Notwithstanding the foregoing, the County agrees that the City and one (1) member of the Groundwater Sustainability Commission not representing the City or the County designated by the Groundwater Sustainability Commission shall be included in the selection of any consultant retained by the County pursuant to this MOA. More specifically,

a staff representative from the City and the designated member of the Groundwater Sustainability Commission shall be given an opportunity to review and approve all requests for proposals prior to their release and to participate in the various stages of the selection process, including, but not limited to, review of proposals and participation on interview panels.

7.3 All consultant contracts entered into by the County pursuant to this MOA shall include the following: (1) a provision requiring that the consultant name the City as an additional insured, (2) an expected spend plan estimating the amount of the not to exceed contract amount that the consultant expects to invoice each month, and (3) a provision requiring that the consultant calculate both the County and City's share of each invoice consistent with Section 6(C) and send monthly invoices to both the County and the City showing the foregoing calculation.

7.4 Both the City and the County shall be responsible for remitting payment of their share of each monthly invoice directly to the consultant within thirty (30) days of receipt or within the time frame otherwise set forth in the consultant contract.

Section 8

Notice

8.1 To provide for consistent and effective communication among the Parties, each Party shall designate a representative as its central point of contact on matters relating to this MOA.

8.2 All notices, statements, or payments related to this MOA shall be deemed to have been duly given if in writing and delivered electronically, personally or mailed by first-class, registered or certified mail to the Parties at the addresses set forth in Exhibit A. The Parties may update Exhibit A from time to time without formal amendment to this MOA.

Section 9

Withdrawal and Termination

9.1 Any Participating Party may unilaterally withdraw from this MOA without causing or requiring termination of this MOA. Withdrawal shall become effective upon thirty (30) days written notice to the remaining Parties' designated addresses as listed in Exhibit A. A Participating Party that has withdrawn from this MOA shall remain obligated to pay its allocation of the current annual budget. If a Participating Party withdraws, the Groundwater Sustainability Commission shall automatically be reconstituted to no longer include a member or alternate member representing the withdrawing Participating Party. In addition, the withdrawing Participating Party's annual contribution as set forth in Section 6(B) for all subsequent years shall be allocated among the remaining Participating Parties on a pro rata basis.

9.2 This MOA may be terminated by either the City or the County upon thirty (30) days written notice to all Parties' designated addresses as listed in Exhibit A. Upon termination, any unused portion of the cost contributions described in Section 6(B) and Section 6(C) as of the effective date of termination shall be returned to each Party on a pro rata basis. If the City terminates this MOA, it shall remain obligated to pay its cost share obligation under any existing consultant contract entered into by the County pursuant to this MOA.

Section 10

Miscellaneous

10.1 Subject to the exception set forth in Section 6(C), this MOA may be amended only by unanimous written consent of all current Parties.

10.2 This MOA may be executed in counterparts.

10.3 This MOA shall automatically terminate upon DWR's approval of the adopted GSP. Depending on the content of the GSP, the Parties may decide to enter into a new agreement to coordinate GSP implementation.

10.4 This MOA is made in the State of California, under the Constitution and laws of said State and is to be so construed.

10.5 If any provision of this MOA is determined to be invalid or unenforceable, the remaining provisions shall remain in full force and unaffected to the fullest extent permitted by law and regulation.

10.6 This MOA constitutes the sole, entire, integrated and exclusive agreement between the Parties regarding the contents herein. Any other contracts, agreements, terms, understandings, promises or representations not expressly set forth or referenced in this writing are null and void and of no force and effect.

10.7 The Parties agree and acknowledge that this MOA has been developed through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this MOA. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this MOA.

[signatures to follow on next page]

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: _____

Its: _____

Date: _____

**EDNA RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By:  _____

Its: DEPT. COUNTY COUNCIL

Date: NOV. 6, 2017

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

GOLDEN STATE WATER COMPANY

By: _____

Its: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: [Signature]

Its: President

Date: 11/2/17

**EDNA RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: **JOHN PESCHONG**
Chairperson, Board of Supervisors, County
of San Luis Obispo, State of California

Date: January 9, 2018

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

ATTEST:

Tommy Gong, County Clerk-Recorder and
Ex-Officio Clerk of the Board of Supervisors

By: _____

Its: _____

Date: _____

By: **SANDY CURRENS**
Deputy Clerk

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

GOLDEN STATE WATER COMPANY

By: _____

Its: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: [Signature]

Its: Mayor

Date: 1/26/18

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: [Signature]

Its: Asst. City Attorney

Date: 1/25/18

**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: _____

Its: _____

Date: _____

**EDNA RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: [Signature]

Its: Deputy County Counsel

Date: Nov. 6, 2017

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

GOLDEN STATE WATER COMPANY

By: _____

Its: _____

Date: _____

EXHIBIT A
PARTY ADDRESS LIST

County of San Luis Obispo
County Government Center, Room 206
San Luis Obispo, CA 93408
Attention: Wade Horton, Public Works Director

City of San Luis Obispo
Utilities Department
879 Morro Street
San Luis Obispo, CA 93401-2710
Attention: Carrie Mattingly, Utilities Director

Edna Valley Growers Mutual Water Company
4910 Edna Road
San Luis Obispo, CA 93401
Attention: Bob Schiebelhut, President

Varian Ranch Mutual Water Company
2060 Varian Circle
Arroyo Grande, CA 93420
Attention: James Lokey

Edna Ranch Mutual Water Company
5665 Edna Ranch Circle
San Luis Obispo, CA 93401
Attention: Andy Mangano

Golden State Water Company
2330 A Street, Suite A
Santa Maria, CA 93455
Attention: General Manager, Coastal District

EXHIBIT A
PARTY ADDRESS LIST

County of San Luis Obispo
County Government Center, Room 206
San Luis Obispo, CA 93408
Attention: Wade Horton, Public Works Director

City of San Luis Obispo
Utilities Department
879 Morro Street
San Luis Obispo, CA 93401-2710
Attention: Carrie Mattingly, Utilities Director

Edna Valley Growers Mutual Water Company
4910 Edna Road
San Luis Obispo, CA 93401
Attention: Bob Schiebelhut, President

Varian Ranch Mutual Water Company
2060 Varian Circle
Arroyo Grande, CA 93420
Attention: James Lokey

Edna Ranch Mutual Water Company
5665 Edna Ranch Circle
San Luis Obispo, CA 93401
Attention: Andy Mangano

Golden State Water Company
2330 A Street, Suite A
Santa Maria, CA 93455
Attention: General Manager, Coastal District

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: _____

Its: _____

Date: _____

**EDNA RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: *Joey W. Lohr*

Its: *President*

Date: *10/31/2017*

GOLDEN STATE WATER COMPANY

By: _____

Its: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

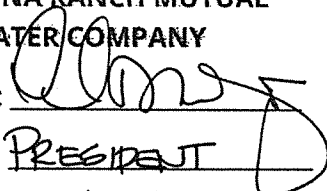
**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: _____

Its: _____

Date: _____

**EDNA RANCH MUTUAL
WATER COMPANY**

By:  _____

Its: PRESIDENT _____

Date: 11/14/17 _____

COUNTY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

GOLDEN STATE WATER COMPANY

By: _____

Its: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this MOA by authorized officials thereof on the dates indicated below.

CITY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**EDNA VALLEY GROWERS
MUTUAL WATER COMPANY**

By: _____

Its: _____

Date: _____

**EDNA RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

COUNTY OF SAN LUIS OBISPO

By: _____

Its: _____

Date: _____

**APPROVED AS TO FORM AND
LEGAL EFFECT:**

By: _____

Its: _____

Date: _____

**VARIAN RANCH MUTUAL
WATER COMPANY**

By: _____

Its: _____

Date: _____

GOLDEN STATE WATER COMPANY

By: Oenise Kuy

Its: Sr. Vice President

Date: November 3, 2017