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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF SAN LUIS OBISPO

12

13 LOS OSOS COMMUNITY SERVICES
DISTRICT,

14

Plaintiff,

15

v.

16

17 GOLDEN STATE WATER COMPANY,
S&T MUTUAL WATER COMPANY,
18 COUNTY OF SAN LUIS OBISPO,
DOES 1 THROUGH 500, INCLUSIVE,

19

Defendants.

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Case No. CV 040126

Assigned for All Purposes to the
Honorable Martin J. Tangeman

STIPULATED JUDGMENT

[Action Filed 2/13/2004]

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1 **1. BACKGROUND**

2 **1.1. The Basin**

3 This Stipulated Judgment concerns the Los Osos Groundwater Basin, as it is more
4 particularly described in Sections 1.4.2 and 2.1 of this Stipulated Judgment, which underlies the
5 unincorporated communities of Los Osos, Baywood Park and Cuesta-by-the-Sea in San Luis
6 Obispo County, California (“Basin”).

7 The Basin is the only source of water for residential, commercial, institutional and agricul-
8 tural development on properties overlying the Basin. This litigation (the “Action”) relates to
9 efforts by the parties to sustainably manage the water resources of the Basin and to protect and
10 promote the economic, environmental and social health of the community.

11 **1.2. Parties**

12 This Stipulated Judgment has been prepared by the parties to the Action and the parties
13 stipulate to entry of judgment of the terms and conditions of this Stipulated Judgment.

14 Plaintiff Los Osos Community Services District (“LOCSD”) is a community services
15 district formed pursuant to California Government Code sections 61000 *et seq.* and operates a
16 public water system within a specified zone located within its jurisdictional boundaries.

17 Defendant Golden State Water Company (“GSWC”) is a California corporation and a
18 public utility, as defined in California Public Utilities Code section 216, and owns and operates a
19 public water system in Los Osos. GSWC provides water service pursuant to a certificate of
20 public convenience and necessity issued by the California Public Utilities Commission (“CPUC”)
21 and is subject to comprehensive regulation by that agency. Among other areas, the CPUC
22 regulates GSWC’s water supplies, infrastructure standards, service quality and customer rates.

23 Defendant S&T Mutual Water Company (“S&T”) is a California corporation and a mutual
24 water company, as defined in California Public Utilities Code section 2705 and California
25 Corporations Code section 14300(b). S&T owns and operates a public water system in Los Osos,
26 through which it delivers water exclusively to its shareholders at cost.

27 Plaintiff LOCSD and Defendants GSWC and S&T are collectively referenced as the
28 “Purveyors,” and each has a similar interest in protecting the water resources of the Basin to serve

1 as a sustainable water supply for the Purveyors to produce and deliver to their customers, who are
2 water users on properties overlying the Basin. None of the Purveyors produces water from the
3 Basin for sale to properties located outside the Basin.

4 Defendant County of San Luis Obispo (“County”) is a California general law county that
5 utilizes water from the Basin for irrigation of a park in Los Osos and at the Los Osos Wastewater
6 Project (“LOWWP”). The County, subject to certification of the local coastal plan by the
7 California Coastal Commission (“Coastal Commission”), is the agency that has land use authority
8 within the unincorporated Los Osos communities, including all those lands that overlie the Basin
9 or otherwise receive water from the Basin.

10 Additionally, the County is authorized pursuant to California Government Code section
11 25825.5 to undertake efforts necessary to construct and operate a community wastewater
12 collection and treatment system within Los Osos, including programs and projects for prevention
13 of seawater intrusion and management of groundwater resources to the extent that they are related
14 to the construction and operation of the community wastewater collection and treatment system.
15 The County is currently in the design and construction phase for the LOWWP. Consistent with
16 the Coastal Development Permit for the LOWWP, the County recently drilled two new wells on
17 the LOWWP site to obtain water from the Basin for domestic use at the LOWWP.

18 Defendants Does 1 through 500 are persons who extract Groundwater from the Basin for
19 residential, commercial, institutional or irrigation uses. Plaintiff LOCSO has neither identified
20 nor served Does 1 through 500 with the complaint in this Action, and they are not parties to this
21 Stipulated Judgment, or any of the rights and obligations arising hereunder. Such persons may
22 voluntarily intervene in the Action and become stipulating parties pursuant to the process in
23 Section 7.8.

24 **1.3. History of the Case**

25 On February 13, 2004, LOCSO initiated the Action by filing a Complaint for Declaratory
26 and Injunctive Relief and Adjudication of Water Rights (“Complaint”) against Southern
27 California Water Company (the prior name of GSWC), S&T, the County, Sea Pines Golf Course
28 (“SPGC”) and Does 1 through 500, inclusive. According to paragraph 1 of the Complaint,

1 LOCSD brought the Action “for the purposes of protecting the valuable resources of the [Basin],
2 protecting its own rights and interests with respect to the Basin, and to facilitate efforts to
3 cooperatively manage the Basin.”

4 The parties to the Action entered into a Stipulation of Parties As to Standstill Agreement
5 (“Standstill Agreement”), which was approved by the Court on May 25, 2004 and stayed all
6 pleadings in the Action to allow the parties to hold settlement discussions. The Standstill Agree-
7 ment was extended on several occasions. SPGC was subsequently dismissed from the Action on
8 or about December 19, 2006.

9 On August 5, 2008, the Court approved an Interlocutory Stipulated Judgment (“ISJ”)
10 between LOCSD, GSWC, S&T and the County. The ISJ provided that the parties would form a
11 working group to undertake technical studies of the Basin’s water resources and to adopt a Basin
12 management plan that will serve as a physical solution for the management of Basin water
13 resources (“Working Group”). In January 2015 the parties to this Stipulated Judgment finalized
14 the Updated Basin Plan for the Los Osos Groundwater Basin (“Basin Plan”), which is attached to
15 this Stipulated Judgment as Exhibit 1. The Basin Plan is the result of the efforts of the Working
16 Group and, together with this Stipulated Judgment, is intended to serve as a comprehensive
17 groundwater management strategy consistent with the ISJ.

18 **1.4. Definitions**

19 1.4.1. Action. Los Osos Community Services District v. Golden State Mutual
20 Water Company, et al., San Luis Obispo Superior Court Case No. CV 040126.

21 1.4.2. Basin. The area shown on Exhibit 2 (attached hereto and incorporated
22 herein by reference) and more specifically described in Section 2.1 of this Stipulated Judgment.

23 1.4.3. Basin Management Committee. The Los Osos Groundwater Basin
24 Management Committee is the governing body formed pursuant to this Stipulated Judgment to
25 collectively represent the parties to this Action, with the powers and authority as more fully
26 provided in Section 5 of this Stipulated Judgment.

27 1.4.4. Basin Management Committee Joint Powers Authority or JPA. The Los
28 Osos Groundwater Basin Management Committee Joint Powers Authority, that may be created

1 pursuant to a JPA Agreement by and between the County, LOCSD, S&T and GS MWC, whose
2 function and authority includes serving as the Basin Management Committee with those
3 authorities and obligations more fully described in this Stipulated Judgment.

4 1.4.5. Golden State Mutual Water Company or GS MWC. The California
5 corporation and mutual water company, as defined in California Corporations Code section
6 14300(b), whose sole shareholder is GSWC, and whose intended beneficiaries are the customers
7 of GSWC.

8 1.4.6. Groundwater. Water beneath the surface of the ground and within the zone
9 of saturation, excluding water flowing through known and definite channels.

10 1.4.7. Joint Powers Authority Agreement or JPA Agreement. That joint exercise
11 of powers agreement by and among the County, LOCSD, GS MWC, and S&T, which may be
12 created to serve as the Basin Management Committee and / or to implement programs to fund the
13 actions provided in this Stipulated Judgment and the Basin Plan.

14 **2. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

15 **2.1. Hydrogeology of the Basin**

16 The Basin is located in the Coast Ranges geomorphic province along the California coast
17 in the County. The Basin underlies the Los Osos Valley, which is a relatively flat alluvial plain
18 with a northwest-southeast orientation lying between two parallel ridges of hills to the south and
19 north. The onshore portion of the Basin covers approximately 10 square miles, of which approxi-
20 mately 3.3 square miles underlie the Morro Bay and sandspit separating Morro Bay from the
21 Pacific Ocean, and 6.7 square miles underlie the communities of Los Osos, Baywood Park and
22 Cuesta-by-the-Sea. The Basin is underlain and bounded by relatively impermeable rocks on the
23 south, north and east. To the west, the Basin is effectively bound by the seawater-freshwater
24 interface, although Basin sediments extend close to three miles offshore. The Basin is charac-
25 terized at ground surface by dune sands, Morro Bay Estuary tidal flats, Los Osos Creek alluvial
26 deposits, and Paso Robles Formation alluvial deposits.

27 The southern boundary of the Basin is formed by the Los Osos Fault, south of which the
28 Irish Hills rise to an elevation between 1,300 and 1,500 feet. Park Ridge on the northern

1 boundary of the Basin is lower, reaching elevations of 800 to 900 feet. The eastern end of the
2 Basin is located near a gradual rise in the surface topography that is accompanied by subsurface
3 thinning of the water-bearing formation that makes up the Basin. The Basin extends westward
4 under Morro Bay and an estimated three miles beneath the Pacific Ocean, although Groundwater
5 in the western portion of the Basin is saline and not usable as a source of drinking water for the
6 Los Osos community.

7 The lateral extent of the Basin is described in the Basin Plan, Chapter 5. The boundaries
8 of the Basin described herein differ from the boundaries of the Los Osos Valley Groundwater
9 Basin as identified by the Department of Water Resources Bulletin 118, Basin Number 3-8
10 (“Bulletin 118 Boundaries”). More specifically, the boundaries of the Basin described herein
11 exclude the following areas included within the Bulletin 118 Boundaries: the eastern portion of
12 the Los Osos Valley alluvium and the southwestern beach area south of the Los Osos Valley.
13 The parties excluded the former area because it has a limited capacity to store and transmit water
14 and because the potential for recharge appears similarly limited. The parties excluded the latter
15 area because the evidence suggests that the main basin storage unit does not occur south of the
16 Los Osos Valley fault. In addition, the boundaries of the Basin described herein include offshore
17 areas not included within the Bulletin 118 boundaries.¹ The parties included these areas because
18 the more important boundary from a water-supply standpoint is the interface between fresh and
19 saline water within the aquifer system (as opposed to the interface between the aquifer system and
20 the ocean). In sum, the Basin identified herein is so identified because the Basin can be the
21 subject of sustainable groundwater management pursuant to the Sustainable Groundwater
22 Management Act (“SGMA”). (See Water Code § 10720 *et seq.*) The boundaries of the Basin set
23 forth in the Basin Plan are hereby established in this Stipulated Judgment as the boundaries of the

24 _____
25 ¹ The United States Geological Survey (USGS) and the Department of Water Resources (DWR)
26 have undertaken more recent studies of the Basin than that presented in DWR Bulletin 118: 1988
27 USGS “Hydrogeology and Water Resources of the Los Osos Valley Ground-Water Basin, San
28 Luis Obispo County, Water-Resources Investigations Report, 88-4081;” 1989 DWR
“Geohydrology and Management of the Los Osos Valley Ground Water Basin, San Luis Obispo
County, Southern District Report” (July 1989). Both these reports offer updated Basin
boundaries than those presented in DWR Bulletin 118. However, Bulletin 118 has not yet been
updated to reflect these revised Basin boundaries.

lands subject to the jurisdiction of the Court in this Action. The Basin is depicted on Exhibit 2 to this Stipulated Judgment.

The Basin is made up of several vertical layers, each of which has distinct characteristics. There have been various names assigned to the vertical layers historically, with the present names described in the Basin Plan, Section 5.4. For purposes of this Stipulated Judgment, the Basin is deemed to consist of six layers and four aquifers, as shown in Table 1.

Basin Layers	Basin Aquifers
Los Osos Creek Alluvium	Alluvial Aquifer
Zone A	First Water
Zone B	
Clay Layer	
Zone C	Upper Aquifer
Regional Aquitard	
Zone D	Lower Aquifer
Zone E	

To understand the Basin, the parties have developed conceptual and computer generated numerical models of the Basin. The current computer generated numerical model (“Model”) was created and is maintained by Cleath-Harris Geologists, Inc. (“CHG”) on behalf of the parties acting collectively. The Model is described in the Basin Plan, Section 5.6. The parties hereby agree and stipulate that the Model has been constructed in a reasonable, technically adequate manner and is useful for evaluating the Basin and the projected impacts on the Basin from various proposed management actions. The Model will generally be used to establish a common factual basis for decision-making by the Court, the Basin Management Committee and the parties, subject to fitness for the particular purpose.

2.2. Sources and Use of Groundwater

Basin Groundwater resources are extracted and used exclusively by and for the residents, businesses, institutions and agriculturalists overlying the Basin. Groundwater is used within the Basin for residential, commercial, institutional, community and irrigation purposes.

1 All Groundwater present in the Basin is native Groundwater. The County agrees to
2 operate the LOWWP in accordance with Condition of Approval No. 97 of the Coastal Develop-
3 ment Permit and ensure that all water treated by the LOWWP is disposed of in locations within
4 the Basin.

5 **2.3. Overlying Groundwater Rights**

6 California law recognizes the right of an owner of property overlying a groundwater basin
7 to extract groundwater from that basin for reasonable and beneficial use on the land overlying the
8 basin. In the event of a shortage of groundwater from the basin, those with overlying rights take
9 precedence in the absence of prescription. (*See City of Santa Maria v. Adam* (2012) 211
10 Cal.App.4th 266, 279.) As among overlying owners, the rights are correlative. (*See id.*) More
11 specifically, “each may use only his reasonable share when water is insufficient to meet the needs
12 of all.” (*See id.*)

13 There are a number of overlying users of water in the Basin. Domestic and irrigation
14 water users on large residential parcels, the County for the community park and LOWWP, SPGC,
15 Los Osos Valley Cemetery (“LOVC”) and agriculturalists within the Basin each possess over-
16 lying groundwater rights in the Basin as a result of their ownership of land and production and
17 use of groundwater.

18 The County will use its best efforts to utilize only recycled water to irrigate the
19 community park once recycled water becomes available for use from the LOWWP.

20 **2.4. Appropriative Groundwater Rights**

21 Pursuant to California law, Basin groundwater is the property of the people of the state of
22 California, but the right to the use of water may be acquired by appropriation in the manner
23 provided by law. (Wat. Code § 102.) All use of water in the state is subject to the requirement
24 that such use be reasonable and beneficial and that water not be wasted or used unreasonably.
25 (Cal. Const., Art. X, § 2; Wat. Code § 100; *See also City of Barstow v. Mojave Water Agency*
26 (2000) 23 Cal.4th 1224, 1241-42.) In California, the state has ceded primary responsibility for
27 management of groundwater resources to the communities that rely upon them. (*See* Wat. Code
28

1 § 10720 *et seq.*²) The Basin Management Committee accepts such responsibility and, through
 2 implementation of the Basin Plan and this Stipulated Judgment, intends to take those actions
 3 required to responsibly manage the Basin water resources for the benefit of the entire Los Osos
 4 community. (Basin Plan §§ 2.4, 2.5.)

5 Each of the Purveyors produces Groundwater from the Basin as its sole source of water
 6 supply. All Groundwater produced by each of the Purveyors is put to beneficial use by the
 7 Purveyors for the benefit of the residents, businesses, and institutions within the Basin.

8 The Purveyors have each produced Groundwater from the Basin in the amounts shown in
 9 **Table 2** for the period from 1970 through 2013. The figures for each Purveyor include production
 10 by the predecessors-in-interest for that Purveyor, as applicable.

11 LOCSO, GSWC and S&T have each established Groundwater rights by virtue of the
 12 extraction and beneficial use of that Groundwater continuously, for decades. Each of the
 13 Purveyors has extracted Groundwater from the Basin and distributed it for beneficial use by its
 14 respective water utility customers for a half a century or more.

15

16 **Table 2. Groundwater Production by the Purveyors (1970-2013)**

Year	LOCSO	GSWC	S&T	Total
1970	200	270	20	490
1971	240	340	20	600
1972	320	370	70	760
1973	320	440	50	800
1974	420	500	70	990
1975	520	580	90	1,190
1976	560	620	80	1,260
1977	620	620	80	1,310
1978	690	700	90	1,480
1979	760	800	90	1,650
1980	770	840	110	1,720
1981	840	910	100	1,850
1982	820	870	100	1,790
1983	790	910	100	1,800

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26 ² SGMA provides as follows with respect to the Basin: “The Los Osos Groundwater Basin at
 27 issue in *Los Osos Community Service District v. Southern California Water Company [Golden
 State Water Company] et al.* (San Luis Obispo County Superior Court Case No. CV 040126)
 shall be treated as an adjudicated basin pursuant to this section if the superior court issues a final
 28 judgment, order, or decree.” (Wat. Code § 10720.8(e))

Table 2. Groundwater Production by the Purveyors (1970-2013)

Year	LOCSD	GSWC	S&T	Total
1984	1,000	1,000	120	2,120
1985	1,090	1,050	110	2,250
1986	1,170	1,070	110	2,350
1987	1,160	1,100	110	2,370
1988	1,260	1,180	120	2,560
1989	1,180	1,150	110	2,440
1990	1,160	1,120	110	2,390
1991	1,100	1,050	100	2,250
1992	1,160	1,040	110	2,310
1993	1,000	1,020	100	2,120
1994	1,110	1,000	100	2,210
1995	1,160	990	100	2,250
1996	1,100	1,030	100	2,230
1997	1,190	1,110	110	2,410
1998	1,070	990	110	2,170
1999	1,170	1,100	130	2,400
2000	1,150	1,090	110	2,350
2001	1,100	1,070	100	2,270
2002	1,160	1,060	120	2,340
2003	1,130	1,040	100	2,270
2004	1,050	1,070	100	2,220
2005	960	1,020	90	2,070
2006	940	970	90	2,000
2007	940	990	100	2,030
2008	870	950	90	1,910
2009	880	890	80	1,850
2010	770	770	80	1,620
2011	760	740	70	1,570
2012	760	700	60	1,520
2013	730	690	60	1,480

2.5. Historic Basin Conditions

For purposes of adjudication of a groundwater basin, “safe yield” is defined as “the maximum quantity of water which can be withdrawn annually from a ground water supply under a given set of conditions without causing an undesirable result.” An undesirable result means “a gradual lowering of the ground water levels resulting in depletion of the supply” or other adverse impacts, such as permanent ground subsidence or seawater intrusion. (*See City of Barstow v. Mojave Water Agency* (2000) 23 Cal.4th 1224, 1234; *City of Los Angeles v. City of San Fernando*

1 (1975) 14 Cal.3d 199, 278; *City of Pasadena v. City of Alhambra* (1949) 33 Cal.2d 908, 929;
2 Water Code § 10721(w).) The concept of safe yield looks at the long-term sustainability of
3 groundwater supplies and may include opportunities for capture of temporary surpluses that may
4 be available. (*See City of Los Angeles, supra*, 14 Cal.3d at 279-281.)

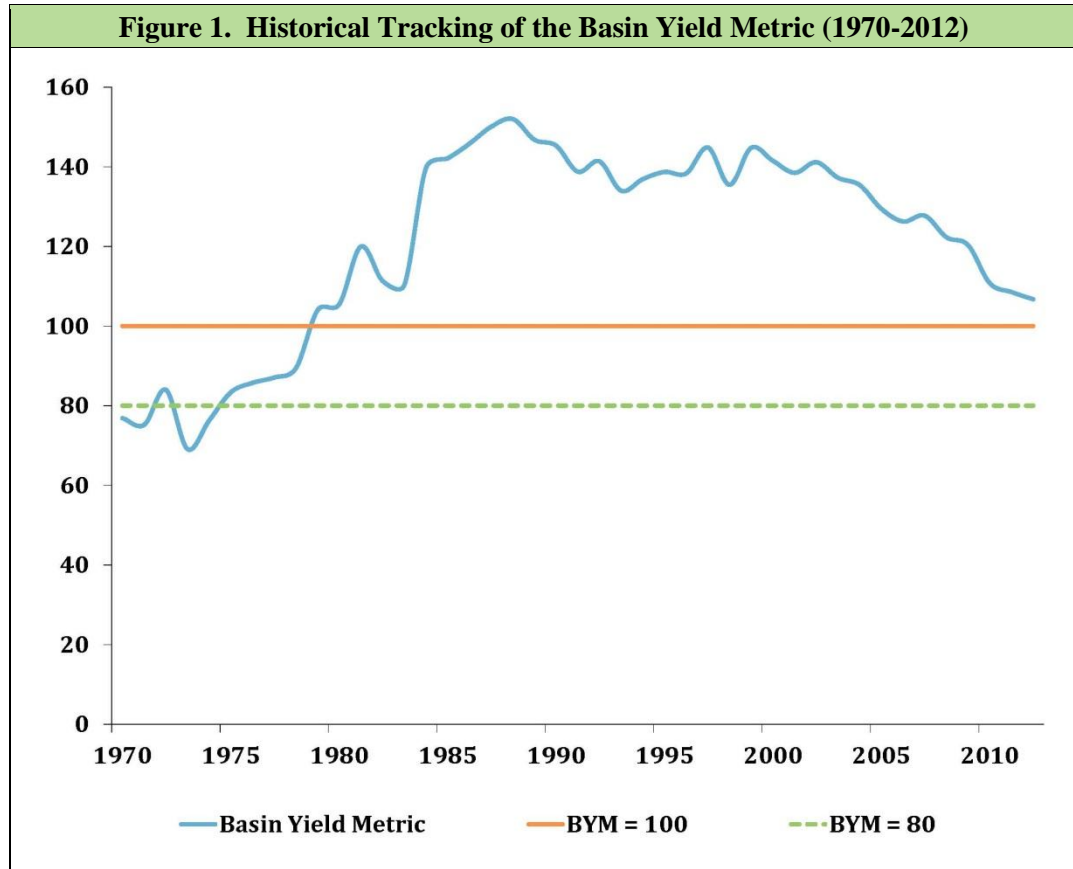
5 When safe yield is exceeded by production over a period of time, a basin is considered to
6 be in a state of overdraft. (*City of Los Angeles v. City of San Fernando*, 14 Cal.3d 199, 278.)
7 Overdraft can result in a number of undesirable results for a basin, including decrease in
8 availability of water to shallower wells, decrease in water quality, land subsidence, loss of water
9 storage capacity due to aquifer compaction, and, perhaps most damagingly, in a coastal basin,
10 seawater intrusion. (*See id.*; Wat. Code § 10721(w).)

11 The Parties have used the Model to determine the safe yield of the Basin, which is
12 identified in the Basin Plan as “Sustainable Yield_x,” where “X” is the relevant year. (Basin Plan
13 § 6.3.2(A).) The Sustainable Yield_x of the Basin has been determined to have been approxi-
14 mately 2,450 AFY during the time period from 1970 through 2012. (Basin Plan § 6.3.1.) In
15 addition, the Basin Plan defines the total production of Groundwater from the Basin in any given
16 year as “Annual Groundwater Production_x.” (Basin Plan § 6.3.2(A).) The ratio of Annual
17 Groundwater Production_x to Sustainable Yield_x, expressed out of 100, is called the “Basin Yield
18 Metric.” (*Id.*)

19 Use of the Model to determine the safe yield of the Basin is reasonable and appropriate
20 under the circumstances. The Model includes analysis of all known inflows and outflows to the
21 Basin and predicts the impacts to the Basin from long-term production and other actions by the
22 parties and others in the Basin, based on scientifically accepted calculations of groundwater flow.
23 The margin of error included in the Model is acceptable for purposes of determining the safe
24 yield of the Basin.

25 The Basin Yield Metric from 1970 through 2012, as determined by the Model and
26 estimates of historical Groundwater production from the Basin, is shown in the Basin Plan, Figure
27 33, reproduced below as Figure 1. As seen in that figure, the Basin Yield Metric has exceeded
28 100—and therefore the Basin has been in a state of overdraft—in every year since at least 1979,

1 which has caused the adverse effect of seawater intrusion into the Lower Aquifer. Such
2 conditions of overdraft have existed continuously since 1979, with no temporary periods of
3 surplus Groundwater being available.



18
19 Overdraft of the Basin was made public by the California Department of Water Resources in
20 1989 and has been repeated in many public statements since. Major publications concerning
21 overdraft included the following, each of which received coverage by news media and public
22 attention at the time:

- 23
- 24 ■ California Department of Water Resources, *Geohydrology and Management of Los Osos Valley Ground Water Basin, San Luis Obispo County, Southern District Report* (July 1989);
 - 25 ■ Brown and Caldwell, *Water Management Program, Los Osos District, Southern California Water Company* (August 1994);
 - 26 ■ Cleath & Associates, *Safe Yield Analysis of the Los Osos Valley Ground Water Basin* (July 2002); and
- 27
28

- 1 ▪ Cleath & Associates, *Sea Water Intrusion Assessment and Lower Aquifer Source*
2 *Investigation of the Los Osos Valley Ground Water Basin, San Luis Obispo County,*
3 *California* (October 2005).

4 Each of the Purveyors continuously extracted Groundwater from the Basin from 1970, or
5 earlier, to the present. The Purveyors agree that production from the Basin must be managed as
6 provided in the Basin Plan, and most importantly, each Purveyor must reduce Basin Groundwater
7 use to a maximum of 50 gallons per capita per day for interior use, plus an increment for outdoor
8 use to be determined by the Basin Management Committee. The Basin Management Committee
9 will set triggers (referred to herein as the “Purveyor Production Goal”). Rather than quantify
10 their individual water rights at this time, the Purveyors agree that their overriding goal is to
11 achieve the Purveyor Production Goal as promptly as practical in conjunction with the implemen-
12 tation of the Basin Plan.

13 In light of the significant problems facing the Basin, the Basin Plan contains a physical
14 solution that provides a comprehensive groundwater management strategy while still respecting
15 the laws related to water rights. The primary purpose of this Stipulated Judgment is to implement
16 the Basin Plan, rather than quantify the parties’ water rights. Therefore, it is the intention of the
17 parties that this Stipulated Judgment and the Basin Plan establish Water Entitlement Pools that a)
18 allocate the Basin’s sustainable yield between parties and non-parties for different groups of
19 users, including purveyors, agricultural users, community users, and private domestic users, with
20 the overarching objective of managing the Basin at a sustainable level, b) establish a Basin
21 Management Committee whose primary responsibility is the implementation of the Basin Plan,
22 and c) provide Court oversight and retained jurisdiction to facilitate achievement of this objective.

23 **3. PHYSICAL SOLUTION**

24 Consistent with the California Constitution and the decisions of the California Supreme
25 Court, the Court hereby adopts and orders the parties to comply with the physical solution set
26 forth in this Stipulated Judgment (“Physical Solution”). The purpose and objective of these
27 provisions are to provide a legal and practical means for accomplishing the most economic, long-
28 term, sustainable utilization of groundwater from the Basin to meet the needs and requirements of
29 water users dependent thereon, while respecting existing water rights. Through the Basin

1 Management Committee and the Basin Plan, the parties intend to manage the Basin in a manner
2 that will create greater certainty and reliability for continued access to groundwater for all users in
3 the Basin, including non-parties.

4 The Basin Management Committee is authorized to use existing, as well as new and
5 developing, technological, social and economic concepts to the fullest benefit for all those
6 dependent upon the Basin. Thus, it is essential that the Physical Solution hereunder provide for
7 maximum flexibility and adaptability. To that end, the Court has retained continuing jurisdiction
8 to supplement the broad discretion granted to the Basin Management Committee as set forth in
9 Section 7.1 of this Stipulation.

10 The parties shall implement the Basin Plan through this Stipulated Judgment, with the
11 oversight of the Basin Management Committee. The parties shall make every reasonable and
12 practical effort to implement a plan to fund the administration of the Basin Management
13 Committee and its implementation of the Basin Plan as promptly and timely as possible, with the
14 full knowledge that the implementation of the Basin Plan is crucial to preserve the long-term
15 integrity of Basin groundwater resources.

16 **3.1. Iterative Nature of the Physical Solution and the Basin Plan**

17 The parties, individually and by and through the Basin Management Committee, shall
18 evaluate the Basin Plan on a periodic basis to determine whether the Basin Plan is being
19 implemented as agreed upon, whether the Basin Plan actions are having the predicted impact to
20 halt seawater intrusion, and whether the parties should implement additional actions in the Basin
21 Plan or new actions that were not originally included in the Basin Plan. Material, substantive
22 changes to the Basin Plan shall require unanimous approval of the parties.

23 **4. USE OF BASIN GROUNDWATER**

24 Use of Groundwater from the Basin shall be allocated between parties and non-parties
25 pursuant to entitlement pools (“Pools”) as provided below. The parties intend the Pools to
26 establish a method for the Basin Management Committee to control the parties’ use from year-to-
27 year to maintain the integrity of the Basin given existing conditions as they change over time.

28 The parties also intend the allocation of Groundwater through Pools to non-parties to be sufficient

1 for cumulative non-party uses.

2 **4.1. Water Entitlement Pools**

3 Groundwater use shall be allocated through separate Pools and Pools shall be managed
4 through the Basin Management Committee. The Purveyor Pool shall consist of the Purveyors.
5 The Agricultural Pool shall consist of Groundwater production by all persons or entities that
6 produce water from the Basin for purposes of irrigation of crops on a commercial scale. The
7 Community Pool shall consist of all groundwater production by SPGC and Los Osos Valley
8 Memorial Park. The Private Domestic Pool shall consist of groundwater production by all
9 persons who produce water from the Basin for private domestic and incidental irrigation use.

10 **4.2. Determination and Allocation of Rights to Sustainable Yield_x of Basin; Pool
11 Allocation**

12 Prior to the start of each Year X following the commencement of this Stipulated Judg-
13 ment, the Basin Management Committee shall establish the Sustainable Yield_x for that Year,
14 based on the conservation implemented and Basin Plan infrastructure then developed in the Basin
15 and the Model. The Basin Management Committee will establish Sustainable Yield_x using the
16 process set forth in this Section 4. In each Year X, Sustainable Yield_x shall be divided into Pools,
17 as described below.

18 The Sustainable Yield_x shall be divided among the Pools as listed in Table 3. The
19 division of the Sustainable Yield_x among the Pools is based on the actual or estimated Ground-
20 water production for all pumpers in the Basin during the period from 2008 through 2013. The
21 Groundwater allocation for each Pool, shown in Table 3, is based on the Sustainable Yield_x of
22 2,400 AFY. The County is not included in Table 3, because the County's anticipated ground-
23 water use is and is anticipated to continue to be *de minimis*. As discussed in Section 2.3, the
24 County will use its best efforts to utilize only recycled water to irrigate the community park once
25 recycled water becomes available for use from the LOWWP. With respect to the wells located on
26 the LOWWP site for domestic use, the County anticipates an initial use (during the first few years
27 of operations) of approximately 11 AFY and a long-term use of approximately 2 AFY. The
28 exclusion of the County from Table 3 shall not be construed to limit the County's right to use

1 Groundwater for reasonable and beneficial uses on land overlying the Basin, except as
2 specifically set forth herein.

3

4 **Table 3. Pool Allocation Based on Sustainable Yield_x of 2,400**

5 User	6 Pool Share (%)	7 Pool Allowance (AFY)
8 Purveyor Pool	59.58	1,430
9 Agricultural Pool	31.25	750.0
10 Community Pool	2.92	70.0
11 Private Domestic Pool	6.25	150.0
12 Subtotal	100.00	2,400

13 The Basin Management Committee has broad discretion to further restrict the pumping of
14 the parties to manage the Basin, as provided below.

15 **4.3. Adjustment of Sustainable Yield_x and Allocation Among Pools**

16 With unanimous consent, the Basin Management Committee shall annually evaluate,
17 confirm and set the Sustainable Yield_x. Any change to the Sustainable Yield_x shall be based
18 upon the best available then existing data and evidence. When setting the Sustainable Yield_x in
19 any given year, the Basin Management Committee may also take into account: (a) the use of
20 recycled water in lieu of the use of groundwater, (b) the increased use of groundwater purchased
21 from a Purveyor in lieu of production of Groundwater from non-Purveyor owned or operated
22 well(s), and (c) intervention of additional parties into the Action. Unless conditions warrant an
23 adjustment as the Basin Management Committee may determine, for the first five years after
24 entry of the Stipulated Judgment, the Basin Management Committee shall set the Sustainable
25 Yield_x at 2,400 AFY. Based on the Model (assuming a Sustainable Yield_x of 2,450 AFY as
26 described above), the parties' aggressive implementation of conservation measures (given the
27 groundwater production data shown in Table 2) and the assumed implementation of the Basin
28 Plan, setting the initial Sustainable Yield_x at 2,400 AFY is presumed protective of the Basin.

Any adjustment to the Sustainable Yield_x shall only apply to the parties; non-party access
to groundwater shall remain unaffected. For example, if the Basin Management Committee
adjusts the Sustainable Yield_x to 2,300 AFY, and no other pumpers have intervened in this

1 Action, the Purveyor Pool shall be adjusted to 1,330 AFY.

2 **4.4. Water Rights of Non-Parties**

3 Once a non-party agrees to be bound by the terms and conditions of this Stipulated
4 Judgment and completes the process for Intervention into the Stipulated Judgment provided in
5 Section 7.8, that person becomes a party to the Stipulated Judgment. The Basin Management
6 Committee is authorized to adjust the Pool percentage allocations, depending on the nature of the
7 new party's rights and how the new party's Groundwater use is integrated into this Stipulated
8 Judgment.

9 **4.5. Allocation for Purveyor Pool**

10 Each entity within the Purveyor Pool shall have a continued right to use Groundwater for
11 reasonable and beneficial uses on property overlying the Basin. The Purveyor Pool allocation
12 provided in Table 3 is established as a baseline from which the Basin Management Committee
13 intends to manage the use of Basin Groundwater. Within the Purveyor Pool, the Basin Manage-
14 ment Committee is authorized to review and report each entity's water use to ensure that all
15 entities are complying with the maximum allowed use of 50 gallons per capita per day of Basin
16 Groundwater for interior use (not including an additional amount for outdoor use to be deter-
17 mined by the Basin Management Committee). To facilitate this review and reporting, each entity
18 within the Purveyor Pool shall provide Groundwater production logs to the Basin Management
19 Committee by January 31 of each year for the period of January 1 through December 31 of the
20 prior year.

21 **4.6. Allocation for Agriculture Pool and Recycled Water Use**

22 Each agricultural user in the Basin shall have a continued right to use Groundwater for
23 reasonable and beneficial agricultural uses within the Basin. The Pool allocation provided in
24 Table 3 is established as a baseline from which the Basin Management Committee intends to
25 manage the use of Basin Groundwater. Absent court intervention by a non-party agricultural user
26 pursuant to Section 7.8 or commencement of further legal action by the Basin Management
27 Committee or any party, Groundwater use for each agricultural user shall remain unaffected by
28 this Stipulated Judgment.

1 If an agricultural user desires to purchase recycled water from the LOWWP, it may do so
2 on such terms and conditions as the County (or the then current operator of the LOWWP) shall
3 determine from time to time, subject to review and comment by the Basin Management
4 Committee. County staff intends to recommend that the County Board of Supervisors adopt
5 policies and procedures that will result in the delivery of recycled water to agricultural users
6 consistent with the priorities set forth in Section 9.4 of the Basin Plan to the maximum extent
7 feasible. The parties acknowledge that all such policies and procedures must take into considera-
8 tion the County’s obligation under its Coastal Development Permit for the LOWWP to dispose all
9 treated effluent in the Basin.

10 **4.7. Allocation for Private Domestic Pool**

11 Each private domestic user in the Basin shall have a continued right to use Groundwater
12 for reasonable and beneficial uses on property overlying the Basin. The Private Domestic Pool
13 allocation provided in Table 3 is established as a baseline from which the Basin Management
14 Committee intends to manage the use of Basin Groundwater. Absent court intervention by a non-
15 party private domestic user pursuant to Section 7.8 or commencement of further legal action by
16 the Basin Management Committee or any party, Groundwater use for each private domestic user
17 shall remain unaffected by this Stipulated Judgment.

18 **4.8. Allocation for Community Pool**

19 Each Groundwater user composing the Community Pool shall have a continued right to
20 use Groundwater for reasonable and beneficial uses on property overlying the Basin. The
21 Community Pool allocation provided in Table 3 is established as a baseline from which the Basin
22 Management Committee intends to manage the use of Basin Groundwater. Absent court inter-
23 vention by a non-party community user pursuant to Section 7.8 or commencement of further legal
24 action by the Basin Management Committee or any party, Groundwater use for each community
25 user shall remain unaffected by this Stipulated Judgment.

26 **4.9. Injunction**

27 Upon its own motion or a motion from a party, the Court shall enjoin each party from
28 extracting any Groundwater from the Basin in excess of, or in a manner inconsistent with this

1 Stipulated Judgment.

2 **4.10. Transfer outside the Basin**

3 No Groundwater produced from the Basin may be transported to an area outside the
4 Basin. No water produced from the LOWWP shall be exported from the Basin, and all produced
5 water from the LOWWP shall be put to beneficial use within the Basin for recharge at the
6 Broderson or Bayridge Estates sites, or for beneficial use within the Basin, pursuant to the
7 distribution and use set forth in Condition No. 97 of the Coastal Development Permit for the
8 LOWWP and the Water Reinvestment Program of the Basin Plan.

9 **5. ESTABLISHMENT AND COMPOSITION OF BASIN MANAGEMENT**
10 **COMMITTEE**

11 The Basin Management Committee shall be established to administer, enforce and
12 implement the provisions of this Stipulated Judgment, the Basin Plan, and any subsequent
13 instructions or orders of the Court under the Stipulated Judgment. The Basin Management
14 Committee shall be responsible for its day-to-day operations and shall have general authority to
15 carry out the powers enumerated in this Stipulated Judgment. This Section generally sets forth
16 the standards for the Basin Management Committee in fulfilling its responsibilities regarding
17 implementation of the Basin Plan, including the application of these standards to Basin Manage-
18 ment Committee conduct and decisions under the Stipulated Judgment, and its rules and
19 regulations.

20 **5.1. Creation of the Basin Management Committee**

21 Upon court approval of this Stipulated Judgment, the “Los Osos Basin Management
22 Committee” or the “Basin Management Committee” is created and shall function as provided
23 herein.

24 **5.2. Membership**

25 The members of the Basin Management Committee shall be LOCSD, GSWC, S&T, and
26 the County.

27
28

1 **5.3. Purpose and Goals**

2 The purpose of the Basin Management Committee is to implement the Stipulated
3 Judgment and the Basin Plan, and to engage in such other activities as may be necessary or
4 appropriate to ensure their successful implementation, once a designated source(s) of funding has
5 been established in accordance with all constitutional and statutory requirements, including
6 Article 13 of the California Constitution. It is essential that the Basin Management Committee
7 have flexibility to adapt to changing conditions in the Basin to implement the Basin Plan taking
8 advantage of existing and future technological, social, and institutional options to maximize
9 beneficial use of the waters of the Basin. The Basin Management Committee shall exercise its
10 best efforts to:

11 5.3.1. Protect and enhance the long-term integrity of the Basin through implemen-
12 tation of the Basin Plan;

13 5.3.2. Evaluate the long term hydrologic balance within all areas and subareas of
14 the Basin;

15 5.3.3. Produce and distribute annual written reports assessing the hydrologic
16 balance in the Basin as further provided in Section 5.8.3 and use and consider the information
17 provided in the reports when modifying or updating the Basin Plan and setting the Sustainable
18 Yield_x.

19 5.3.4. It is not intended, nor shall the Basin Management Committee provide
20 resources to, facilitate or participate in the purchase or acquisition, of any party’s water rights or
21 water production and distribution facilities or wastewater treatment and water recycling facilities
22 through any means of forced or involuntary sale or transfer, including but not limited to
23 condemnation.

24 **5.4. Term**

25 5.4.1. The Basin Management Committee shall be established and assume its
26 responsibilities upon the Court’s approval of the Stipulated Judgment.

1 5.4.2. Should LOCSD, the County, S&T and GS MWC elect to enter into a JPA
2 Agreement whose function includes serving as the Basin Management Committee, the JPA shall
3 serve as the Basin Management Committee for so long as the JPA is in full force and effect.

4 **5.5. Rules and Regulations**

5 The Basin Management Committee shall adopt, and amend from time to time subject to
6 unanimous approval, such rules and regulations as may be reasonably necessary to carry out its
7 duties, powers and responsibilities under the provisions of this Stipulated Judgment. The rules
8 and regulations, and any amendments thereto, shall be effective on such date after the mailing
9 thereof to the parties as is specified by the Basin Management Committee. The Basin Manage-
10 ment Committee shall adopt its initial set of rules and regulations within ninety (90) days of entry
11 of this Stipulated Judgment.

12 **5.6. Powers of the Basin Management Committee**

13 The Basin Management Committee shall, subject to the limitations contained in this
14 Stipulated Judgment, have the power to:

15 5.6.1. Take all acts as are necessary and appropriate to carry out the purposes and
16 goals described in this Stipulated Judgment;

17 5.6.2. Take all acts as are necessary and appropriate to arrange for the funding of
18 the implementation of this Stipulated Judgment, including the activities of the Basin Management
19 Committee, and any or all aspects of the Basin Plan, as more specifically described in Section
20 5.13 of this Stipulated Judgment;

21 5.6.3. Perform other ancillary tasks relating to the implementation of the Basin
22 Plan and the Stipulated Judgment;

23 5.6.4. Make and enter into and perform contracts and agreements as necessary for
24 the full exercise of its powers;

25 5.6.5. Develop, and amend from time to time, an operating budget as necessary to
26 obtain the funds and financing necessary to implement this Stipulated Judgment and the Basin
27 Plan;

1 5.6.6. Take possession of, lease and own any or all of the facilities necessary or
2 associated with the implementation of the Basin Plan and to acquire such ancillary real and
3 personal property assets as may be necessary to carry out the Basin Plan by lease, purchase or
4 dedication, and to hold, enjoy, lease or sell, or otherwise dispose of, such assets subject to Section
5 5.3.4 of this Stipulation;

6 5.6.7. Apply for, accept and receive state, federal or local licenses, permits, grants,
7 loans or other aid and assistance from the United States, the State or other public agencies or
8 private entities necessary for the Basin Management Committee’s full exercise of its powers;

9 5.6.8. Employ, or otherwise contract for the services of, agents, officers,
10 employees, attorneys, engineers, planners, financial consultants, technical specialists, advisors
11 and independent contractors;

12 5.6.9. Undertake any investigations, studies and matters of general administration
13 arising out of or relating to the implementation of this Stipulated Judgment and the Basin Plan;

14 5.6.10. Adopt rules, policies, regulations and procedures governing the operation
15 of the Management Committee consistent with this Stipulated Judgment;

16 5.6.11. Establish and maintain a website regarding the Basin and Basin Manage-
17 ment Committee activities;

18 5.6.12. Collect and analyze Groundwater production records for each party
19 producing groundwater from the Basin;

20 5.6.13. Publish a periodic report on the status of the Basin and implementation of
21 the Basin Plan, which shall be made publicly available (Groundwater extraction data included in
22 the report shall be reported in the aggregate);

23 5.6.14. Own and operate all property, equipment, supplies, funds and records of
24 the Basin Management Committee, except as otherwise provided in this Stipulated Judgment or
25 subject to the terms of any agreement through which the Basin Management Committee may
26 enter.

27 5.6.15. Collect, analyze and report monitoring data for the Basin (any Ground-
28 water extraction data included in the report shall be reported in the aggregate);

1 5.6.16. Collect, analyze and report data regarding urban water use efficiency in
2 the Basin;

3 5.6.17. Collect, analyze and report data on recycled water use within the Basin;

4 5.6.18. Maintain the Model and make improvements deemed appropriate for
5 management of the Basin;

6 5.6.19. Conduct a peer review of the Model at least once every 10 years;

7 5.6.20. Determine the Sustainable Yield_x of the Basin for each Year (consistent
8 with the provisions of this Stipulated Judgment), based on the Model and other appropriate
9 analyses;

10 5.6.21. Review and revise (if necessary) Pool allocations after the intervention of
11 additional parties;

12 5.6.22. Review and certify proposals for creation of marginal Sustainable Yield_x;

13 5.6.23. Implement Basin Plan projects;

14 5.6.24. Create an Advisory Committee from time-to-time as it may deem
15 appropriate to provide assistance to the Basin Management Committee during the ongoing
16 implementation of the Stipulated Judgment; and

17 5.6.25. Perform all other acts necessary or proper to carry out fully the purposes
18 of this Stipulated Judgment and the Basin Plan, including any available authority granted under
19 Chapter 5 of Part 2.74 of Division 6 of the California Water Code consistent with any applicable
20 limitations in this Stipulated Judgment.

21 **5.7. Special Authority Over Purveyor Pool**

22 On behalf of the Purveyors, the Basin Management Committee shall adopt regulations and
23 restrictions on the Purveyors' delivery of water and its consumption within the Basin to conserve
24 the water supply for the greatest public benefit. (Wat. Code § 353.) The Basin Management
25 Committee's regulations and restrictions may include imposition of: a) the obligation to deny
26 applications for new or additional service connections through the imposition of a water service
27 moratorium or other similar restriction on the issuance of commitments to provide new or
28 additional water services; b) mandatory water conservation measures to reduce groundwater use;

1 and c) provisions for the enforcement of such measure for willful violation of any regulations and
2 restrictions. (Wat. Code § 356.) All such restrictions or regulations must be applied uniformly,
3 applicable equally to all Purveyors.

4 Once appropriate elements of the Basin Plan are implemented, the Basin Management
5 Committee shall re-evaluate any policies and regulations regarding extraordinary mandatory
6 conservation measures and restrictions on the issuance of new water service connection commit-
7 ments.

8 The Basin Management Committee shall adjust its regulations and policies based on
9 existing Basin and hydrologic conditions. To the extent feasible, the Basin Management
10 Committee shall develop trigger point criteria from which it shall consider imposition of the
11 restrictions described above, based upon objective hydrologic criteria.

12 Prior to adopting a moratorium on service connections or additional conservation
13 measures, the Basin Management Committee shall conduct the public hearings required in
14 Section 351 of the California Water Code.

15 If a Purveyor is unable to implement any of the Basin Management Committee rules or
16 restrictions established pursuant to this Section 5.7 because of restrictions imposed by a
17 regulatory agency or court order, that Purveyor shall apply its reasonable best effort to implement
18 the functional equivalent to such restrictions and to comply with the then applicable Purveyor
19 Production Goal.

20 The Basin Management Committee Director and Alternate Director designated to
21 represent the County may elect not to participate in (vote on) the adoption of rules and regulations
22 restricting the Purveyors' delivery of water, including, without limitation, any rule or regulation
23 requiring the denial of new or additional service connections through the imposition of a water
24 service moratorium. Nothing in this Stipulated Judgment, the Basin Management Committee's
25 authority established herein, or the Basin Plan is intended to modify or otherwise restrict the
26 County's land use decision making authority.

1 **5.8. Administrative Responsibilities of the Basin Management Committee**

2 5.8.1. Maintenance of List of Parties to Judgment

3 The Basin Management Committee shall maintain a list of all parties to the Stipulated
4 Judgment, including those parties who intervene. The list shall also include the Pool to which
5 each party belongs and the water rights held by each party, including the quantity of those rights,
6 if applicable.

7 5.8.2. Records

8 The minutes of Basin Management Committee meetings shall be open to inspection and
9 maintained at the principal office. Copies of minutes may be obtained upon payment of the
10 duplication costs thereof. Copies of other records may be obtained on the payment of the duplica-
11 tion costs thereof and pursuant to applicable administrative policies of the Basin Management
12 Committee that may be established pursuant to this Stipulated Judgment. The Basin Management
13 Committee shall maintain a website. Basin Management Committee Staff shall publish those
14 records and other matters that it deems to be of interest to the parties to the Stipulated Judgment,
15 the general public or the Court on its website in a manner consistent with the practices described
16 in Water Code sections 5206 and 10730.8.

17 5.8.3. Annual Report

18 The Basin Management Committee shall prepare and make available an annual report
19 which shall be filed on or before 180 days after December 31 of each year and shall contain
20 details as to aggregate water production to the extent the information is available, water quality,
21 monitoring data, and a certified audit of all assessments and expenditures pursuant to the Basin
22 Management Committee and a review of Basin Management Committee activities. The report
23 shall generally include an update on the status of the parties’ efforts to implement the Basin Plan.
24 The report shall include an appendix which contains a specific “state of the Basin” report
25 including an update on the status of individual Basin Plan related activities such as water quality
26 monitoring results. The report shall also include a compilation of the then applicable Basin
27 Management Committee rules and regulations. All annual reports shall be filed with the Court
28 and made available to the public.

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5.8.4. Studies

The Basin Management Committee may undertake relevant studies of hydrologic conditions, both quantitative and qualitative, and operating aspects of implementation of the Basin Plan.

5.9. Basin Management Committee and Officers

5.9.1. Duties of the Basin Management Committee

The Basin Management Committee shall be the policymaking body responsible for the implementation of its responsibilities under the Stipulated Judgment. The Basin Management Committee shall have oversight of all business and affairs under the Basin Plan and the Stipulated Judgment and shall have the exclusive authority to approve such items as are reserved to the Basin Management Committee as provided in the Stipulated Judgment. The Basin Management Committee may act through an Executive Director. The Executive Director will regularly report to the Basin Management Committee. The Basin Management Committee may contract with third parties, to carry out all or any portion of the Basin Plan and this Stipulated Judgment, and other administrative and accounting functions arising out of or related to the implementation of this Stipulated Judgment.

5.9.2. Members of the Basin Management Committee

The Basin Management Committee shall consist of four (4) Directors and four (4) Alternate Directors, each of which shall be a designated representative of the appointing party. Each appointing party shall appoint one Director and one Alternate Director to the Basin Management Committee. Alternate Directors shall have no vote, and shall not participate in any discussions or deliberations of the Basin Management Committee, if the Director is present. If a Director is not present, or if a Director has a conflict of interest which precludes participation by the Director in any decision-making process of the Basin Management Committee, the Alternate Director appointed to act in his or her place shall assume all rights of the Director, and shall have the authority to act in his or her absence, including casting votes on matters before the Basin Management Committee. Each Director and Alternate Director shall be appointed prior to the initial meeting of the Basin Management Committee, and reappointed at its first meeting

1 following December 1 of each Year.

2 5.9.3. Removal

3 A Director may be removed during his or her term or reappointed for multiple terms at the
4 pleasure of the party that appointed him or her. No individual Director may be removed in any
5 other manner, including by the affirmative vote of the other Directors.

6 5.9.4. Vacancies

7 A vacancy shall occur when a Director resigns, or is removed by his or her appointing
8 party. Upon the vacancy of a Director, the Alternate Director shall serve as Director until a new
9 Director is appointed. Each appointing party shall submit any changes in Director or Alternate
10 Director positions to the Basin Management Committee in writing and signed by an authorized
11 representative of the appointing party.

12 5.9.5. Officers

13 There shall be selected from the Directors, a Chair, Vice-chair (who shall act in the
14 absence of the Chair), Secretary, Treasurer, and such other officers as the Board may deem
15 necessary. The Basin Management Committee may appoint a chief executive officer whom, if
16 appointed, shall be the Executive Director of the Basin Management Committee. If an Executive
17 Director is not appointed, the Chair shall act as the Basin Management Committee's Executive
18 Director.

19 5.9.6. Appointment of Officers

20 The officers shall be appointed annually by, and serve at the pleasure of, the Basin
21 Management Committee. Officers shall be elected or appointed, as applicable, at the first Basin
22 Management Committee meeting, and thereafter at the first Basin Management Committee
23 meeting following December 1 of each year. An Officer may serve for multiple consecutive
24 terms. Any Officer may resign at any time upon written notice to the Basin Management
25 Committee. The Secretary or Treasurer may be removed and replaced by an affirmative decision
26 of the Basin Management Committee.

1 5.9.7. Principal Office

2 The Basin Management Committee shall establish its principal office, and may thereafter
3 change it by the affirmative vote of the Basin Management Committee.

4 5.9.8. Appointment of Subcommittees

5 From time to time, the Basin Management Committee may, by resolution, establish one or
6 more subcommittees for such purposes as the Basin Management Committee may designate.
7 Any such subcommittee shall have such scope of authority as the Basin Management Committee
8 may designate in the subcommittee enabling resolution.

9 **5.10. Basin Management Committee Meetings**

10 5.10.1. Meetings

11 All meetings, whether regular or special, shall be open to the public unless they are
12 properly designated as a confidential session. Whenever a public hearing shall be required
13 therein, written notice of such public hearing containing the time, date and place of public
14 hearing, together with the matter to be heard thereat, shall be given to all parties and each such
15 person who has requested, in writing, notice of such meeting, at least ten (10) days prior to said
16 public hearing. At such public hearing, evidence shall be taken with regard to only the matters
17 noticed, unless a sufficient urgency shall exist to the contrary, and full findings and decisions
18 shall be issued and made available for public inspection.

19 5.10.2. Confidential Sessions

20 The Basin Management Committee may hold confidential sessions as otherwise
21 authorized under the Ralph M. Brown Act, California Government Code sections 54950 *et seq.*
22 A Confidential Session can be requested by any member of the Basin Management Committee.
23 Typical matters that can be held in a confidential session are including but not limited to:
24 (i) meetings with counsel to discuss or act on pending or threatened litigation involving the Basin
25 Management Committee; or (ii) discuss contract negotiations involving the Basin Management
26 Committee. Minutes shall not be taken for confidential sessions of the Basin Management
27 Committee Board, but a confidential memorandum shall be prepared to describe attendance and
28 votes on decisions.

1 5.10.3. Notice

2 Notices shall be given in writing to all parties and each such person who has requested
3 notice in writing, and shall specify the time and place of the meeting and the business to be
4 transacted at the meeting. Notice may be provided by United States mail, facsimile or electronic
5 mail delivery. Copies of all agendas, notices, reports, rules and regulations and other relevant,
6 public Basin Management Committee items shall be published on a website sponsored by the
7 Basin Management Committee. The Basin Management Committee will maintain a current list of
8 the names of active parties and their addresses for the purpose of providing service, and will
9 maintain a current list of the names and addresses of all parties to the Stipulated Judgment.

10 5.10.4. Conduct

11 Unless otherwise specified in the Stipulated Judgment, all meetings of the Basin
12 Management Committee, including special meetings, shall be noticed, held, and conducted in
13 accordance with the Ralph M. Brown Act, California Government Code sections 54950 *et seq.*
14 The Management Committee may use teleconferencing in connection with any meeting in
15 conformance with and to the extent authorized by applicable law.

16 5.10.5. Local Conflict of Interest Code

17 The Basin Management Committee shall adopt a local conflict of interest code pursuant to
18 the provisions of the Political Reform Act of 1974, California Government Code sections 81000-
19 91014.

20 **5.11. Voting**

21 5.11.1. Quorum

22 A quorum of any meeting of the Basin Management Committee shall consist of at least
23 three (3) Directors or such larger number as constitutes a majority of the Directors appointed. In
24 the absence of a quorum, any meeting of the Directors may be adjourned by a vote of a majority
25 of Directors present, but no other business may be transacted. For purposes of Section 5.11 of the
26 Stipulated Judgment, a Director shall be deemed present if the Director appears at the meeting in
27 person or telephonically, provided the telephone appearance is consistent with the requirements of
28 the Ralph M. Brown Act.

1 5.11.2. Director Votes

2 Voting by and on all matters of the Basin Management Committee shall be weighted as
3 follows. Except as otherwise expressly provided herein, each Director’s vote shall be weighted
4 with LOCSD and GSWC each holding thirty-eight percent (38%), the County holding twenty
5 percent (20%) and S&T holding four percent (4%). A Director, or an Alternate Director when
6 acting in the absence of his or her Director, may vote on all matters of Basin Management
7 Committee business unless disqualified because of a conflict of interest pursuant to California law
8 or the local conflict of interest code adopted by the Basin Management Committee.

9 5.11.3. Affirmative Decisions of the Management Committee

10 Except as otherwise specified in this Agreement, all affirmative decisions of the Manage-
11 ment Committee shall require the affirmative vote of Directors with a collective voting weight of
12 more than fifty percent (50%) as provided in Section 5.11.2 above; provided, that if a Director is
13 disqualified from voting on a matter before the Basin Management Committee because of a
14 conflict of interest, the Alternate Director appointed by the applicable Member shall be entitled to
15 vote on the matter, but if the Alternate Director is disqualified from voting on the matter because
16 of a conflict of interest, that Director and Alternate Director shall be excluded from the
17 calculation of the total number of Directors that constitute a majority.

18 5.11.4. Basin Management Committee Approval Requirements

19 In the following instances, the Basin Management Committee may act only with the
20 unanimous approval of the Directors:

21 5.11.4.1. Authorizing or implementing any material change to the Basin
22 Plan;

23 5.11.4.2. Authorizing or approving any material change to any Member’s
24 use of water extracted, developed or available for use within the Basin in a manner materially
25 inconsistent with the Basin Plan or the Stipulated Judgment;

26 5.11.4.3. Adoption and/or any change in the rules and regulations of the
27 Basin Management Committee;

1 5.11.4.4. Adoption of any regulations or restrictions on the Purveyors’
2 delivery of water and its consumption within the Basin as provided in Section 5.7; provided
3 however, if the County elects not to participate in this vote, unanimous approval may be obtained
4 through the vote of the remaining Directors;

5 5.11.4.5. Adoption of any supplemental fees, taxes or assessments
6 necessary to address shortfalls or unanticipated expenses for which reserves are unavailable;

7 5.11.4.6. Revising the weighted voting as provided in Section 5.11.2,
8 including but not limited to the insolvency, addition or withdrawal of a member of the Basin
9 Management Committee;

10 5.11.4.7. Approving, revising or ratifying the Basin Management
11 Committee Budget.

12 5.11.4.8. Adoption of funding targets for operational and maintenance
13 reserves;

14 5.11.4.9. Entering into any contract or agreement which delegates the
15 duties of the Basin Management Committee to any third party; and

16 5.11.4.10. Establishing and implementing a mechanism(s) to fund the
17 operation of the Basin Management Committee and the actions provided in this Stipulated
18 Judgment and the Basin Plan.

19 **5.12. Executive Director**

20 5.12.1. Appointment

21 The Basin Management Committee Chair shall serve as the Executive Director of the
22 Basin Management Committee, unless the Basin Management Committee otherwise appoints or
23 employs an Executive Director. The Executive Director’s compensation, if any, shall be
24 determined by the Basin Management Committee.

25 5.12.2. Duties

26 The Executive Director shall be the chief executive officer of the Basin Management
27 Committee and shall act as the representative of the Basin Management Committee to carry out
28 its duties and obligations.

1 5.12.3. Employment of Staff and Consultants

2 Subject to the approval of the Basin Management Committee, the Executive Director may
3 employ, on behalf of the Basin Management Committee such full- or part-time administrative,
4 engineering, geologic, accounting, legal, or other specialized personnel or consultants as may be
5 deemed appropriate.

6 5.12.4. Term and Termination

7 The Executive Director shall serve until he or she resigns or is removed by the
8 Management Committee.

9 **5.13. Funding Plan and Budget**

10 5.13.1. Funding Plan

11 The parties anticipate that the San Luis Obispo County Flood Control and Water
12 Conservation District (Flood Control District) will establish a Zone of Benefit coterminous with
13 the area subject to this Action and seek approval of a special tax or assessment within said Zone
14 to cover the administrative costs of the Basin Management Committee and such other costs as
15 deemed appropriate by the parties and the Flood Control District. The parties will reimburse the
16 Flood Control District for all costs incurred in establishing and collecting the special tax or
17 assessment to the extent that such costs are not otherwise recoverable from the proceeds of the
18 special tax or assessment. Each party's share of the reimbursement obligation shall be identical
19 to its voting weight as described in Section 5.11.2. The Basin Management Committee shall also
20 develop a plan to fund all other costs associated with implementation of this Stipulated Judgment
21 and the Basin Plan, including the cost to construct, operate and maintain the physical
22 improvements described in the Basin Plan. Notwithstanding the foregoing, the Basin
23 Management Committee shall have the power to take all acts as are necessary and appropriate to
24 arrange for the funding of the Basin Management Committee, this Stipulated Judgment and the
25 Basin Plan, including establishing an alternative to the funding mechanism described above for
26 funding the administrative costs of the Basin Management Committee, provided that said plan
27 relies on an independent source(s) of revenue sponsored by the Basin Management Committee
28 and does not require contribution from any of the parties' general funds.

1 5.13.2. Budget

2 The Basin Management Committee shall develop annually a budget for its activities and
3 responsibilities and determine any cost sharing agreement for funding the budget.

4 5.13.3. Contracts

5 The Basin Management Committee shall be authorized to enter into contracts for the
6 performance of any of its obligations, authorities or powers herein granted, including, without
7 limitation, a contract with the Flood Control District to secure funding for the administrative costs
8 of the Basin Management Committee.

9 **5.14. Monitoring**

10 The Basin Management Committee will carry out the monitoring activities described in
11 Chapter 7 of the Basin Plan provided that nothing contained in this Stipulated Judgment shall be
12 construed to require or to permit the Basin Management Committee to require the County Board
13 of Supervisors to adopt an ordinance requiring the reporting of groundwater production. The
14 Basin Management Committee, however, is authorized to require parties to report their Ground-
15 water production as specified in sections 4.5 and 5.4 of this Stipulated Judgment. Findings and a
16 summary of activities shall be reported in the Basin Management Committee annual report.
17 Monitoring procedures not described in Chapter 7 shall be implemented through the development
18 of appropriate Basin Management Committee policies and procedures as necessary. Any such
19 policies and procedures adopted by resolution or minute action shall be reported to the Court in
20 the Basin Management Committee’s annual report.

21 **6. DISPUTE RESOLUTION AND WORKING WITH THE COURT**

22 **6.1. Events Constituting a Default by a Party**

23 Any party that fails timely to perform or observe any term, covenant, or undertaking in
24 this Stipulated Judgment that it is to perform or observe and such failure continues for ninety (90)
25 days from the delivery of a Notice of Default from any party or the Basin Management
26 Committee shall be deemed in default of this Stipulated Judgment. All Notices of Default shall
27 be sent to all parties and the Basin Management Committee by overnight mail or other method of
28 guaranteed delivery, identifying the applicable parties and specific facts supporting the default.

1 **6.2. Remedies Upon Default**

2 In the event of a default, each party shall have the following rights and remedies:

3 6.2.1. Specific Performance. Each party agrees and recognizes that the rights and
4 obligations set forth in this Stipulated Judgment are unique and of such a nature as to be
5 inherently difficult or impossible to value with money. If one party does not perform in
6 accordance with the specific wording of any of the provisions in this Stipulated Judgment
7 applicable to that party, defaults, or otherwise breaches this Stipulated Judgment, an action at law
8 for damages or other remedies at law would be wholly inadequate to protect the unique rights and
9 interests of the other party to the Stipulated Judgment. Accordingly, in any court controversy
10 concerning this Stipulated Judgment, the Stipulated Judgment’s provisions will be enforceable in
11 a court of equity by specific performance. This specific performance remedy is not exclusive and
12 is in addition to any other remedy available to the parties to enforce the terms of this Stipulated
13 Judgment.

14 6.2.2. Injunction. Each party agrees and recognizes that the rights and obligations
15 set forth in this Stipulated Judgment are material to another party and of such a nature that there
16 will be substantial reliance upon the terms of this Stipulated Judgment. If one party does not
17 perform in accordance with specific wording of any of the provisions of this Stipulated Judgment
18 applicable to that party, defaults, or otherwise breaches this Stipulated Judgment, an action at law
19 for damages or other remedies at law would be wholly inadequate to prevent substantial and
20 irreparable harm to another party to the Stipulated Judgment. Accordingly, in any court
21 controversy concerning this Stipulated Judgment, the Stipulated Judgment’s provisions will be
22 enforceable in a court of equity by mandatory and prohibitory injunction. This mandatory and
23 prohibitory injunction remedy is not exclusive and is in addition to any other remedy available to
24 the parties to enforce the terms of this Stipulated Judgment.

25 6.2.3. Cumulative Rights and Remedies. The parties do not intend that any right
26 or remedy given to a party on the breach of any provision under this Stipulated Judgment be
27 exclusive; each such right or remedy is cumulative and in addition to any other remedy provided
28 in this Stipulated Judgment or otherwise available at law or in equity. If the non-breaching party

1 fails to exercise or delays in exercising any right or remedy, the non-breaching party does not
2 thereby waive that right or remedy. Furthermore, no single or partial exercise of any right,
3 power, or privilege precludes any further exercise of a right, power, or privilege granted by this
4 Stipulated Judgment or otherwise.

5 **6.3. Exclusions**

6 6.3.1. Emergency. An emergency event which, if not promptly resolved, may
7 result in imminent danger to the public health, safety or welfare shall not be subject to dispute
8 resolution.

9 6.3.2. Complete Discretion. Those matters reserved to the complete discretion of a
10 party under this Stipulated Judgment shall not be subject to dispute resolution.

11 **6.4. Disputes**

12 Each party to this Stipulated Judgment may submit any dispute related to or arising under
13 this Stipulated Judgment to non-binding mediation by delivering a written Notice of Dispute to
14 the other party, with a courtesy copy provided to the Basin Management Committee.

15 The Notice of Dispute shall clearly describe the basis of the dispute and the Sections of
16 the Stipulated Judgment under which the dispute arises.

17 The non-binding mediation shall be conducted by Judicial Arbitration Mediation Services
18 (JAMS) or an equivalent mediation service agreed to by the parties.

19 Unless otherwise agreed, a mediator shall be appointed within forty-five (45) days of the
20 date the Notice of Dispute is delivered to hear the dispute and provide a written determination.
21 The mediator shall be chosen jointly by the parties. If the parties cannot agree, the Court shall
22 appoint the mediator. Employees or agents of Basin Management Committee or any party are
23 ineligible to serve as the mediator.

24 The mediation shall be held within ninety (90) days of the date the Notice of Dispute is
25 delivered.

26 Any statute of limitations applicable to any claims, rights, causes of action, suits, or
27 liabilities of whatever kind or nature, in law, equity or otherwise, whether known or unknown,
28 shall be tolled during the mediation process. For purposes of this section, the mediation process

1 shall be deemed to commence upon the service of a Notice of Dispute to the other party. For
2 purposes of this section, the mediation process shall be deemed complete ten (10) days after
3 service of the mediator’s written notice of the conclusion of the mediation.

4 **6.5. No Restriction on Rights**

5 There shall be no restriction on rights to judicial review following determination by the
6 Basin Management Committee.

7 **7. GENERAL PROVISIONS**

8 **7.1. Continuing Jurisdiction**

9 Full jurisdiction, power and authority are retained by and reserved to the Court upon the
10 application of any party or by the Basin Management Committee, by a noticed motion to all
11 parties, to make such further or supplemental orders or directions as may be necessary or
12 appropriate to interpret, enforce, or implement this Stipulated Judgment. The Court may also
13 modify, amend or amplify any of the provisions of this Stipulated Judgment upon noticed motion
14 initiated by a party or parties, or by the Basin Management Committee subject to the limitations
15 set forth in Section 7.2.1. The parties expressly reserve to the Court continuing jurisdiction, upon
16 motion by any party to:

17 7.1.1. Quantify the rights of each party to extract Basin groundwater and to
18 develop rules for the transferability of the water rights of each party.

19 7.1.2. Subject to the limitations set forth in Section 7.2.1, allocate rights to use
20 non-Groundwater sources within the Basin, and the conditions under which such sources may be
21 made available and use rights distinguished from available Groundwater.

22 7.1.3. Subject to the limitations set forth in Section 7.2.1, order any further
23 remedy or injunctive relief as may be legally appropriate, after affording due process and hearing,
24 should any party contend the Basin Plan is not being implemented timely; any party is not acting
25 in good faith to undertake its obligations to participate in the implementation of the Basin Plan;
26 the Basin Plan as implemented is not effective in restoring the long-term integrity of Basin
27 groundwater; or should the PUC fail to grant the approval(s) contemplated in Section 7.6 below.
28

1 7.1.4. To the extent the parties rely on the JPA to function as the Basin
2 Management Committee, the County, S&T, LOCSO and GSWC agree to make all those changes
3 necessary to the composition, institutional structure, framework, or any other material provision
4 of a JPA Agreement, so that each party retains all its rights, obligations and voting authority as
5 provided in such JPA Agreement, should a court or regulatory agency determine the JPA cannot
6 be implemented as intended. Should the parties elect to dissolve the JPA, the Basin Management
7 Committee shall be composed and function as provided for in Section 5.

8 **7.2. Reservation of Other Remedies**

9 7.2.1. Funding Contingency

10 Each party reserves the right to withdraw from this Stipulated Judgment should the Basin
11 Management Committee make a good faith attempt and fail to establish or secure a mechanism(s)
12 to fund each party’s participation in the Basin Management Committee and implementation of
13 this Stipulated Judgment and the Basin Plan, as determined by each party in its sole and complete
14 discretion. A party exercising this withdrawal right shall provide 30 days prior notice to the
15 parties. Withdrawal shall be effective on the 31st day following the date of the withdrawal notice.
16 Notwithstanding any other provision of this Stipulated Judgment, subsequent to withdrawal
17 pursuant to this Section 7.2.1, the court shall retain jurisdiction over a withdrawing party subject
18 to the Action, except that no party nor the Basin Management Committee shall seek any court
19 order or direction that imposes any funding obligation on a withdrawing party inconsistent with
20 or disproportionate to that party’s right to extract Groundwater from the Basin. Upon issuing a
21 notice of withdrawal, the withdrawing party shall immediately relinquish all rights and
22 obligations as a member of the Basin Management Committee. The remaining parties to the
23 Stipulated Judgment shall make every reasonable effort to reformulate the Basin Management
24 Committee among and between them and submit to the court for approval a revised Stipulated
25 Judgment reflecting the changed composition of the parties to the Stipulated Judgment and their
26 respective obligations.

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7.2.2. Claims by and Against Non-Parties

Nothing in this Stipulated Judgment shall expand or restrict the rights, remedies or defenses available to any party in raising or defending against claims made by any non-party.

7.2.3. Claims Between Parties on Matters Unrelated to the Stipulated Judgment

Nothing in this Stipulated Judgment shall either expand or restrict the rights or remedies of the parties concerning any subject matter that is unrelated to the use of the Basin for extraction as allocated and equitably managed pursuant to this Stipulated Judgment.

7.3. Water Quality

Nothing in the Basin Plan shall be interpreted as relieving any party of its responsibilities to comply with state or federal laws for the protection of water quality or the provisions of any permits, standards, requirements or orders promulgated thereunder.

7.4. Severability

The parties agree that if any provision of the Basin Plan or the Stipulated Judgment is held to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

7.5. Duty to Cooperate

The parties agree not to oppose, or in any way encourage or assist any other party in opposing or challenging, any action, approval or proceeding necessary to obtain approval or make effective the provisions of the Basin Plan or the Stipulated Judgment.

7.6. Stipulating Parties under Public Utilities Commission Regulation

To the extent allowed by law, GSWC shall comply with the Stipulated Judgment, the Basin Plan, and Basin Management Committee decisions and orders prior to obtaining California Public Utilities Commission (CPUC) approval. If the CPUC fails to approve GSWC’s participation or fails to provide approval of rate adjustments necessary for GSWC to participate in the Basin Management Committee or any project set forth in the Basin Plan where the Basin Management Committee has been unable to secure a community-wide funding mechanism, GSWC shall promptly provide the parties notice of such PUC ruling and any party may seek any

1 and all appropriate remedies under the Court’s reserved jurisdiction provided in Section 7.1
2 above.

3 **7.7. Designation of Address for Notice and Service**

4 Each party shall designate the name, address, and email address, if any, to be used for
5 purposes of all subsequent notices and service either by its endorsement on the Stipulated
6 Judgment for entry of judgment or by a separate designation to be filed within thirty days after
7 approval of the Basin Plan by the Court/Stipulated Judgment has been entered. This designation
8 may be changed from time to time by filing a written notice with the Basin Management
9 Committee. Any Party desiring to be relieved of receiving notices may file a waiver of notice on
10 a form to be provided by the Basin Management Committee. The Basin Management Committee
11 shall maintain at all times a current list of parties to whom notices are to be sent and their
12 addresses for purposes of service. The Basin Management Committee shall also maintain a full
13 current list of names and addresses of all parties, including parties who later stipulate to
14 judgment, or their successors. Copies of such list shall be available to any person. If no
15 designation is made, a party’s designee shall be deemed to be, in order of priority: (i) the party’s
16 attorney of record; (ii) if the party does not have an attorney of record, the party itself at the
17 address on the Basin Management Committee list.

18 **7.8. Intervention After Entry of Stipulated Judgment**

19 Any person who is not a party or successor to a party, who uses or proposes to use
20 groundwater from the Basin, may seek to become a party to the Stipulated Judgment through a
21 stipulation for intervention entered into with the Basin Management Committee, or by filing a
22 motion with the Court. The intervening party shall provide evidence of groundwater production
23 during the period of 2008 through the end of the calendar year prior to the date of the request for
24 intervention, to the extent available. The stipulation or motion must state in which pool the
25 intervening party belongs, property owned, place of use, purposes of use, location of wells, and
26 historical use. The Basin Management Committee may execute said stipulation on behalf of the
27 other parties but such stipulation shall not preclude a party from opposing such intervention at the
28 time of the Court hearing. Any stipulation for intervention must be filed by the Basin Manage-

1 ment Committee with the Court, which will consider an order confirming the requested
2 intervention following thirty (30) days' notice to the parties. Thereafter, if approved by the
3 Court, such intervenor shall be a party bound by the Stipulated Judgment and subject to any and
4 all Basin Plan requirements and entitled to the rights and privileges conferred by the Basin Plan.

5 **7.9. No Loss/Abandonment of Rights**

6 It is in the interest of reasonable beneficial use of the Basin and its water supply that no
7 party be encouraged to take and use more water in any year than is actually required. Failure to
8 produce all of the water to which a party is entitled under its Pool shall not, no matter how long
9 continued, be deemed or constitute an abandonment of such party's right, in whole or in part.

10 **7.10. Headings**

11 The section headings contained in this Stipulated Judgment are for reference purposes
12 only and shall not affect the meaning or interpretation of this Stipulated Judgment.

14 Dated: September ___, 2015

COUNTY OF SAN LUIS OBISPO

16 By: _____
17 RITA L. NEAL
18 TIMOTHY MCNULTY
19 Attorneys for Defendant, County of San
20 Luis Obispo

20 Dated: September ___, 2015

BROWNSTEIN HYATT FARBER
SCHRECK, LLP

22 By: _____
23 ROBERT J. SAPERSTEIN
24 Attorneys for Defendant Golden State
25 Water Company

26 [Signatures continued on the following page.]

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Dated: _ September __, 2015

BEST BEST & KRIEGER

By: _____
ERIC L. GARNER
SARAH CHRISTOPHER FOLEY
Attorneys For Plaintiff, Los Osos
Community Services District

SHIPSEY & SEITZ

By: _____
MICHAEL W. SEITZ
Attorneys for Plaintiff, Los Osos
Community Services District

Dated: _ September __, 2015

ADAMSKI MOROSKI MADDEN
CUMBERLAND & GREEN LLP

By: _____
Jeffrey A. Minnery
Attorneys for Defendant, S&T Mutual
Water Company

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EXHIBIT 1
Updated Basin Plan for the Los Osos Groundwater Basin

[see link to Updated Basin Plan at www.SLOCountyWater.org/site/Water Resources/LosOsos]

EXHIBIT 2
Basin Plan Area

[see Updated Basin Plan for Map of the Basin]

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