

# EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

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## *AGENDA OF JULY 22, 2020*

### *REGULAR MEETING*

**TO:** Shiva Frentzen, Chair, and  
Members of the El Dorado County Local Agency Formation  
Commission

**FROM:** José C. Henríquez, Executive Officer

**PREPARED BY:** Erica Sanchez, Assistant Executive Officer

#### **AGENDA ITEM #11A: OTHER BUSINESS – LEGISLATION**

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#### **RECOMMENDATION**

Staff recommends that the Commission receive the following update on the 2019-2020 Legislative Session, including the attached summary of LAFCO-related legislation and the authorized June 24, 2020 letter of Support for Senate Bill 625 (Bradford), regarding the Central Basin Municipal Water District. No Commission action is requested.

#### **REASON FOR RECOMMENDED ACTION AND BACKGROUND**

The 2020 legislative agenda is largely focused on the COVID-19 response, the State budget deficit, wildland fire protection and mitigation, and homelessness and housing initiatives. Legislators have been requested to significantly reduce the number of bills introduced, leaving the status of several former bills of interest to LAFCO unclear at this time as many of the bills that originated in the first half of the legislative session have been abandoned in the process. CALAFCO has reduced the number of bills it is currently following to 12 pieces of legislation, at least half of which have not had any substantial movement since 2019 and are not expected to be acted upon in 2020. The CALAFCO daily legislative report (July 13, 2020) is included as ***Attachment D***.

#### **SB 625 (Bradford) – Central Basin Municipal Water District: receivership.**

SB 625 is a gut and amend bill that was introduced in its current form on May 26, 2020. SB 625 proposes to place the long-troubled Central Basin Municipal Water District into receivership until the local LAFCO of Los Angeles County can study, gather input, and make recommendations on the governance structure for how to move the District forward.

Specifically, SB 625 would remove the existing board of directors of the Central Basin Municipal Water District (CBMWD), cancel the November 2020 director election, and appoint the Water Replenishment District of Southern California (WRD) as the receiver over CBMWD, vested with all necessary powers to take control of the District. The bill would also require the Los Angeles LAFCO to conduct a municipal service review of CBMWD to seek ideas for governance of CBMWD through a public process, and to report the results of those activities to the Legislature.

Because the bill includes an urgency provision, if it is approved and signed into law, it would take effect immediately.

*Central Basin Municipal Water District Background*

The Central Basin MWD is a wholesale water agency that sells water to public systems that serve drinking water to the people of Southeast Los Angeles County. The District has a history of disfunction and allegations of corruption, resulting in an inability to function as an effective board. A 2015 State Auditor audit of the CBMWD made multiple negative findings against the District, concluding that the board's poor leadership, decision making and oversight hindered the district's ability to meet its responsibilities. The audit discovered that the board violated state law in creating a \$2.75 million trust fund, gave its members benefits in excess of \$2800 per month, inappropriately avoided public bidding of contracts, mismanaged contracts, and hired unqualified staff.

At the recommendation of the State Auditor, the Legislature reformed the District board in 2016, by adding 3 appointed representatives of the district's customers, leading to an 8-member board, requiring 5 directors to take action (AB 1794, Garcia). In January 2020, one director resigned and four directors "claimed control of the district," arguing that because one director had resigned, the board had only 7 members. This minority, however, has continued to fail to take action to address the District's financial crisis.

*Los Angeles LAFCO Request for SB 625 Support*

On June 13, LA LAFCO reached out to other LAFCOs to request support letters for SB 625, as amended on June 8. Due to the time-sensitive nature of the request, Chair Frentzen authorized your Executive Officer to send a letter in support on June 24, included as **Attachment A**. SB 625 also has support from Los Angeles County, the Central Basin Water Association (the cities, districts, investor-owned utilities, and mutual water companies which purchase water from the Central Basin MWD), the California Association of Mutual Water Companies, the California Water Association and CALAFCO. Senator Bradford's Fact Sheet on SB 625 and the bill text are included as **Attachments B and C**.

Attachments

Attachment A: Signed Letter in Support of SB 625

Attachment B: SB 625 Fact Sheet

Attachment C: SB 625, as Amended June 8, 2020

Attachment D: CALAFCO Daily Legislative Report as of 7-13-2020