



Bear Valley Basin

Groundwater Sustainability Agency

C/O City of Big Bear Lake, Department of Water
Attention: Reginald A. Lamson
PO Box 1929 Big Bear Lake, CA 92315

Big Bear Municipal Water District, at

40524 Lakeview Drive, Big Bear Lake, CA 92315

May 25th, 2017

at 4:30 pm

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability related modification or accommodation to participate in this meeting, please contact Reggie Lamson at (909) 866-5050. Requests must be made as early as possible and at least one full business day before the start of the meeting. Documents and material relating to an open session agenda item that are provided to the Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 41972 Garstin Drive, Big Bear Lake, CA 92315. The documents are also available at Big Bear Municipal Water District, 40524 Lakeview Drive, Big Bear Lake, CA 92315.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. INTRODUCTIONS

- a. Collection of Executed Joint Powers Agreements
- b. Collection of Board Member and Alternate Designations
- c. Collection of Initial Form 700s

4. ELECTION OF OFFICERS OF THE BOARD

5. PUBLIC COMMENTS This time is reserved for members of the public to address the Board relative to matters not on this agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person.

6. SPECIAL PRESENTATIONS REGARDING THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT

7. CONSENT CALENDAR – None

8. JOINT POWERS AGREEMENT FILING WITH THE SECRETARY OF STATE

9. PUBLIC HEARING TO CONSIDER RESOLUTION RE ELECTION OF BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY AS A GROUNDWATER SUSTAINABILITY AGENCY (GSA) FOR THE ENTIRETY OF THE BEAR VALLEY GROUNDWATER BASIN; AND APPROVAL OF RESOLUTION FOR BVBGSA TO ACT AS GSA; AND MAKE FINDING THE PROJECT IS EXEMPT FROM CEQA REVIEW PER SECTIONS 15061(b)(3) AND 15378(b)(5) OF THE STATE CEQA GUIDELINES

10. SET PRINCIPAL OFFICE OF THE AGENCY

11. DISCUSSION AND ADOPTION OF REGULAR MEETING SCHEDULE AND TIME

12. DISCUSSION AND ADOPTION OF RESOLUTION APPROVING ADMINISTRATION AND STAFFING OF THE AGENCY

a. ADMINISTRATOR AND STAFFING

b. LEGAL COUNSEL FOR THE AGENCY

13. DISCUSSION OF INITIAL CONFLICT-OF-INTEREST CODE ADOPTION AND SETTING OF HEARING DATE

14. PRELIMINARY DISCUSSION OF FUTURE ACTION ITEMS:

a. BUDGET

b. STAFFING OF GSA TASKS AND FUNDING OF SAME

c. BYLAWS

15. CLOSING COMMENTS This time is reserved for comments by Board members and/or staff and to identify matters for future Board business.

16. DATE AND TIME OF NEXT MEETING

17. CLOSED SESSION - None

18. ADJOURN

The Sustainable Groundwater Management Act

INTRODUCTION

In September of 2014, Governor Edmund G. Brown, Jr. signed a three-bill package known as the Sustainable Groundwater Management Act (SGMA). The Sustainable Groundwater Management Act:

Establishes a definition of “sustainable groundwater management”

Requires that a Groundwater Sustainability Plan be adopted for most groundwater basins in California

Establishes a timetable for adoption of Groundwater Sustainability Plans

Empowers local agencies to manage basins sustainably

Establishes basic requirements for Groundwater Sustainability Plans

Provides for a limited state role

What is SGMA

Sustainable Groundwater Management Act (SGMA) empowers local agencies to adopt groundwater management plans that are tailored to the resources and needs of their communities. Good groundwater management will provide a buffer against drought and climate change, and contribute to reliable water supplies regardless of weather patterns.

Definition of “Sustainable Groundwater Management”

The management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.

What Are Undesirable Results

“Undesirable results” are defined as follows, based on a “significant and unreasonable” standard:

- Chronic lowering groundwater level
- Seawater intrusion
- Degraded water quality
- Land subsidence
- Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses

Water Rights

The Act states that the intent of the Legislature is to “respect overlying and other proprietary rights to groundwater, consistent with section 1200 of the Water Code.”

The Act further states that it is in the intent of the Legislature to “preserve the security of water rights in the state to the greatest extent possible consistent with the sustainable management of groundwater.”

Additionally, the Act states that “nothing in this part or in any groundwater management plan adopted pursuant to this part, determines or alters surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.”

Agency Formation

Local Agencies have until June 30, 2017, to form a GSA.

- Any local agency or combination of local agencies overlying a groundwater basin may elect to be a Groundwater Sustainability Agency.
- Agencies that have been created by statute to manage groundwater are deemed the exclusive agencies to comply with the Act within their boundaries, unless the agency elects to opt out.
- A GSA may adopt rules, regulations, ordinances, and resolutions for the purposes of the Act.

Tools for GSAs

The Act gives local agencies new tools to manage groundwater sustainably.

- A GSA may conduct investigations to carry out the requirements of the Act.
- A GSA may require the registration of wells.
- A GSA may require the installation of water-measuring devices on all groundwater wells within the basin boundaries at the expense of the operator or owner.
- A GSA may require annual extraction statements or other reasonable method to determine groundwater extractions.
- A GSA may impose well spacing requirements and control extractions by regulating, limiting or suspending extractions from individual groundwater wells.
- A GSA may assess fees to establish and implement local groundwater management plans.
- Local agencies may request that the Department of Water Resources (DWR) revise the boundaries of a basin, including establishing new subbasins.

Creation of Groundwater Sustainability Plans

- GSAs must create and implement a GSP in each high- and medium-priority basin to meet the sustainability goal of the Act.
- GSAs in basins that are in “critical conditions of overdraft” must adopt a compliant plan by January 31, 2020.
- GSAs in all other high- and medium-priority basins must adopt a compliant plan by January 31, 2022.
- A plan may be a single plan covering the entire basin, a single plan covering the entire basin created by multiple agencies, or multiple plans created by multiple agencies.

GSP Contents

- A GSP must include:
 - A description of the physical setting and characteristics of the aquifer system
 - Historical data, groundwater levels, ground water quality, subsidence, groundwater surface water interaction, a discussion of historical and projected water demands and supplies.
 - A map that details the area of the basin and boundaries.
 - A map identifying existing and potential recharge areas that substantially contribute to the recharge of the basin.
 - Measurable objectives, as well as interim milestones in increments of five years, to achieve the sustainability goal in the basin within 20 years.
 - A planning and implementing horizon.
 - The monitoring and management of groundwater levels, water quality, groundwater quality degradation, and inelastic land surface subsidence.
 - A summary of the type of monitoring.
 - The monitoring protocols.

GSP CONTENTS

- A description of the consideration of other applicable local government plans and how the GSP may affect those plans.
- DWR may grant two five-year extensions upon a showing of good cause beyond the 20-year sustainability timeframe.
- DWR may grant an extension beyond the two five-year extensions, if the local agency demonstrates a need for an extension, has made progress toward meeting its sustainability goal and adopts a feasibility work plan for meeting the sustainability goal during the extension period.

DWR Evaluation and Assessment

DWR shall periodically review GSPs to evaluate whether they conform with the Act and are likely to achieve the sustainability goal.

If multiple plans are created for a basin, DWR shall evaluate whether the plans conform with the Act and together are likely to achieve the sustainability goal.

DWR shall evaluate whether a GSP adversely affects the ability of an adjacent basin to implement its GSP or impedes achievement of the sustainability goals in an adjacent basin.

Probationary Status

The State Water Resources Control Board (State Board) may designate a basin as “probationary” if, after consulting with DWR, it is found that a GSA has not been formed, a GSP has not been created, the GSP is inadequate or the GSP is not being implemented in a way that will lead to sustainability. “Sustainable groundwater management” means the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.”

State Board Intervention/Interim Plans

A GSA has 180 days to respond appropriately to the designation of “probationary status” before the State Board can move forward with the next step. Failure to respond to the deficiencies in the GSP could lead to limited state intervention and the development of a State Board- created interim plan.

The State Board may develop an “interim plan” for a probationary basin if at the end of the time provided for rectifying the deficiency the State Board, in consultation with DWR, determines that the local agency has not remedied the deficiency.

The State Board must exclude from probationary status any portion of a basin for which a GSA demonstrates compliance with the sustainability goal.

Before January 1, 2025, the State Board is prohibited from establishing an interim plan to remedy a condition where the groundwater extractions result in significant depletions of interconnected surface waters.

The State Board may adopt regulations to establish the allocation, administration or collection of fees in carrying out its duties.



Bear Valley Basin

Groundwater Sustainability Agency

*C/O City of Big Bear Lake, Department of Water
Attention: Reginald A. Lamson
PO Box 1929 Big Bear Lake, CA 92315*

May 26, 2017

Alex Padilla
Secretary of State of California
Office of Special Filings
PO Box 942877
Sacramento, CA 94277-0001

RE: Notice Of The Creation Of The “Bear Valley Basin
Groundwater Sustainability Agency”

Notice is hereby given of the creation of the “Bear Valley Basin Groundwater Sustainability Agency” (“Agency”), a joint powers authority established under Government Code sections 6507 and 6508 among the City of Big Bear Lake, Department of Water and Power, Big Bear City Community Services District, and Big Bear Municipal Water District (the “Members”). The Agency was formed by the Members for the purpose of groundwater management as a Groundwater Sustainability Agency (“GSA”) under the Sustainable Groundwater Management Act (“SGMA”). The Agency Board of Directors shall be responsible for the administration of the attached joint powers authority agreement (“Agreement”).

The following information is provided to satisfy the requirements of Government Code, section 6503.5:

Name Of Public Agencies Party To The Agreement: City of Big Bear Lake, Department of Water and Power, Big Bear City Community Services District, and Big Bear Municipal Water District

Effective Date Of The Agreement: April 26, 2017

Statement Of The Purpose Of The Agreement: The Agency has been formed with the purpose and intent of jointly creating a separate legal entity to fulfill the role and legal obligations of a GSA, to include complying with SGMA and ensuring sustainable groundwater management throughout the Bear Valley Groundwater Basin (“Basin”), DWR Bulletin 118, No. 8-009. As required by SGMA, the Members intend to collaboratively develop, adopt, and implement a Groundwater Sustainability Plan for the Basin through the Agency in accordance with pertinent regulatory timelines. The geographic boundaries of the JPA and GSA formed herein include the entire Basin and are shown in the maps attached to the Agreement. The Agency may also act on behalf of the Members, as appropriate, in such other transactions, management actions, and projects as the Agency Board of Directors deems necessary to achieve and maintain sustainable groundwater management in the Basin.

Description Of Amendments To The Agreement: None at this time

A copy of the Agreement creating the “Bear Valley Groundwater Sustainability Agency” is attached hereto as Exhibit “1”. An additional copy of this Notice and the accompanying attachment is enclosed for the Secretary of State’s forwarding to the California State Controller.

Sincerely,

Reginald A. Lamson
Bear Valley Groundwater Sustainability Agency
Interim Administrator and
General Manager, City of Big Bear Lake
Department of Water and Power

cc: Kathleen Rollings-McDonald
Executive Officer
San Bernardino County LAFCO

PROCEDURE FOR PUBLIC HEARING

CHAIR:

This is the time and place set for a duly noticed Public Hearing regarding the proposed formation of a Groundwater Sustainability Agency for the Bear Valley Basin in accordance with the Sustainable Groundwater Management Act of 2014.

I declare this Public Hearing open and would ask a staff report on this proposed action.

CHAIR:

I would ask the Secretary of the Board how this hearing was noticed.

SECRETARY:

Notice of the public hearing was published in the Big Bear Grizzly in accordance with Water Code section 10723(b) and Government Code section 6066.

CHAIR:

If the Secretary of the Board has received any written protests to the proposal, I would ask her to provide copies thereof to the Board.

SECRETARY [EITHER]:

[No written protests to the proposal have been received.]

OR:

[Protests have been received from _____ property owners or residents within the boundaries of the Bear Valley Basin and copies thereof have been delivered to the Board.]

CHAIR:

Thank you. At this time, are there any members of the public who wish to speak on this matter? If so, please come forward to the podium, state your name and address for the record, and present your comments.

[Hear All Speakers]

Seeing no [further] speakers, I hereby declare the Public Hearing closed.

At this time we are ready to approve the following Resolution:

Resolution of the Bear Valley Basin Groundwater Agency to Act As the Groundwater Sustainability Agency; And Make Finding The Project Is Exempt From Further CEQA Review Per Sections 15061(B)(3) And 15378(B)(5) Of The State CEQA Guidelines

Is there a motion to adopt this resolution?

[AT THIS TIME, A MOTION IS MADE AND SECONDED AND THE RESOLUTION IS VOTED UPON.]

CHAIR:

[If Resolution is adopted] The Resolution that we have just adopted, elects the Bear Valley Basin Groundwater Authority to be the Groundwater Sustainability Agency for the Bear Valley Basin, and directs staff to submit an application to the California Department of Water Resources to become the GSA within thirty days.

We will now return to the next item on the Agenda.

RESOLUTION NO. _____

RESOLUTION OF INTENT OF THE BOARD OF DIRECTORS OF THE BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY, A JOINT POWERS AGENCY, TO BECOME THE GROUNDWATER SUSTAINABILITY AGENCY FOR THE BEAR VALLEY GROUNDWATER BASIN AND FINDING FORMATION OF THE GROUNDWATER SUSTAINABILITY AGENCY EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, in September 2014, the Sustainable Groundwater Management Act (“SGMA”) was signed into law, with an effective date of January 1, 2015, and codified at California Water Code, Section 10720 et seq; and

WHEREAS, the legislative intent of SGMA is to, among other goals, provide for sustainable management of alluvial groundwater basins and Basins defined by the California Department of Water Resources (“DWR”), to enhance local management of groundwater, to establish minimum standards for sustainable groundwater management, and to provide specified local agencies with the Agency and the technical and financial assistance necessary to sustainably manage groundwater; and

WHEREAS, Water Code section 10723(a) authorizes a “local agency” with water supply, water management or local land use responsibilities, or a combination of local agencies with such responsibilities overlying a groundwater basin, to decide to become a Groundwater Sustainability Agency (GSA) under SGMA; and

WHEREAS, the Bear Valley Basin Groundwater Sustainability Agency (“Agency”) is a “local agency” comprised of the Big Bear City Community Services District, the City of Big Bear Lake, Department of Water and Power, and the Big Bear Municipal Water District (each a “Member”) with “water management” responsibilities within the Bear Valley Groundwater Basin (DWR Bulletin 118, No. 8-009) (the “Basin”); and

WHEREAS, sustainable groundwater management of groundwater basins designated by DWR as high and medium priority basins is required by SGMA; and

WHEREAS, the boundaries of the Agency overlie the Basin, which is not adjudicated and is designated by DWR as a medium priority basin; and

WHEREAS, California Water Code Section 10723.8 requires that a local agency deciding to serve as a GSA notify DWR within 30 days of the local agency’s decision to become a GSA authorized to undertake sustainable groundwater management within a basin; and

WHEREAS, California Water Code Section 10723.8 mandates that 90 days following the posting by DWR of the local agency’s decision to become a GSA, that entity shall be presumed to be the exclusive GSA for the area within the basin the agency is managing as described in the notice, provided that no other GSA formation notice covering the same area has been submitted to DWR; and

WHEREAS, the Agency intends to manage all portions of the Basin subject to SGMA under a groundwater sustainability plan (“GSP”); and

WHEREAS, in accordance with Section 10723(b) of the California Water Code, and Section 6066 of the California Government Code, a notice of public hearing was published in a newspaper serving the Big Bear area of San Bernardino County regarding the Agency’s intent to consider becoming a GSA for the Basin.

NOW, THEREFORE, THE AGENCY BOARD OF DIRECTORS HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals, and each of them, are true and correct, and are incorporated as terms of this resolution.

Section 2. The Agency Board of Directors hereby decides and determines that the Agency shall become the GSA for the entire Basin.

Section 3. Agency staff, or staff of one of the Agency Members on behalf of the Agency, shall submit to DWR, within thirty (30) days of the approval of this Resolution, all documentation and information required by Water Code section 10723.8 to support the Agency’s formation of a GSA over the Basin.

Section 4. The Agency Board of Directors hereby finds and determines that the approval of this Resolution and formation of the GSA is not a project pursuant to the California Environmental Quality Act (Pub. Resources Code, §§ 21000 et seq.) or the State CEQA Guidelines (14 Cal. Code Regs., tit. 14, §§ 15000 et seq.) (collectively, “CEQA”). Specifically, the Board finds that, because it is only electing to form the GSA for the entire Basin and not approving any specific projects or authorizing any further activities, formation of the GSA is not a project under State CEQA Guidelines section 15378 because there is no potential that formation of the GSA will result in either a direct physical change or reasonably foreseeable indirect change in the environment. The Board further finds that even if formation of the GSA constitutes a project under CEQA, it is exempt from CEQA review pursuant to State CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the formation of the GSA may have a significant effect on the environment. Finally, the Board finds that formation of the GSA is further exempt from CEQA review pursuant to State CEQA Guidelines sections 15307 and 15308 as an action authorized by state law and taken by a regulatory agency that will assure the maintenance, restoration, or enhancement of a natural resource and the environment.

Section 5. Staff is directed to file and post within five (5) business days a Notice of Exemption for this approval with the Clerk of the Board of Supervisors of San Bernardino County.

Section 6. The Board Secretary shall certify the adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 25th day of May, 2017, by the following
vote:

AYES:

NOES:

ABSENT:

PRESIDENT
BOARD OF DIRECTORS

ATTEST:

SECRETARY

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
ADOPTING ADMINISTRATON AND STAFFING FOR THE AGENCY**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BEAR VALLEY
BASIN GROUNDWATER SUSTAINABILITY AGENCY** as follows:

1. Purpose.

Recently, the Bear Valley Basin Groundwater Sustainability Agency ("Agency") was created by joint agreement. This resolution is to adopt the initial staff of the Agency.

2. Appointment of Administrator.

Pursuant to section 8 of the Joint Powers Agreement by and among the City of Big Bear Lake Department of Water and Power, Big Bear City Community Services District, and Big Bear Municipal Water District for the formation of a joint powers authority and management of the Bear Valley Groundwater Basin ("Agreement"), the Board hereby appoints Reggie Lamson as administrator for the Agency vested with all powers and responsibilities as set forth in that section, and any subsequently adopted bylaws.

3. Appointment of Legal Counsel.

Pursuant to section 15 of the Agreement, the law firms of Olivarez Madruga Lemieux O'Neill, LLP and Best Best & Krieger shall serve jointly as legal counsel for the Agency subject to the terms and conditions and waivers of the agreements attached to this resolution as Exhibit A. The administrator is authorized to execute these agreements, and any accompanying waivers of conflict of interest on behalf of the Agency.

PASSED, APPROVED AND ADOPTED on _____, 2017.

President

ATTEST:

Secretary

[SEAL]

**ATTORNEY RETAINER AGREEMENT
FOR AND BETWEEN OLIVAREZ MADRUGA LEMIEUX O'NEILL, LLP AND THE
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**

This Agreement ("Agreement") is made and entered into effective this 25th day of May, 2017, ("Effective Date") by and between Olivarez Madruga Lemieux O'Neill, LLP ("Attorney"), and the Bear Valley Basin Groundwater Sustainability Agency ("Client"). In this agreement, Attorney and Client are referred to individually as a "Party" and collectively as the "Parties."

AGREEMENT

1. Services to be Rendered. Attorney shall provide legal advice on contractual, statutory, regulatory, and any other legal matters. This advice will include, without limitation, reviewing contracts, meeting agendas and notices, providing legal opinions and resolutions, reviewing policies and procedures, generally supervising and coordinating litigation, or specialized legal advice, involving Client and special counsel retained to represent Client on a specific case or issue. If called upon, Attorney may advise the Client Board of Directors and its Chief Executive Officer/Administrator and staff on matters as requested, and represent Client, its officers and its employees in litigation in any of the courts of this state or federal court. Upon request, Attorney will also attend Client board meetings and closed sessions as legal advisor to Client.

2. Client Duties. Client shall provide such assistance, information, cooperation, and access to books, records, and other information as is necessary for Attorney to effectively and efficiently render its services under this Agreement to Client. Client shall comply with this agreement and timely pay Attorney's bills for fees, costs, and expenses in accordance with this Agreement.

3. Compensation to Attorney. Attorney services are provided as "in kind" services from the Big Bear Municipal Water District. A copy of each invoice will also be provided to the Client. Client shall not be obligated to pay Attorney for the cost of this work unless Client elects to do so.

4. Term. This Agreement shall be deemed in full force and effect as of the Effective Date and shall remain in effect until terminated as hereinafter provided, with the exception that the Conflict of Interest Waiver provision in Section 6 of this Agreement and the Indemnity provision in Section 8 of this Agreement shall indefinitely survive the termination of this Agreement.

5. Attorney Representations. Attorney makes the following representations which are agreed to be material to and form a part of the inducement for this Agreement:

(a) Attorney has the expertise, support staff, and facilities necessary to provide the services described in this Agreement.

(b) Attorney shall diligently provide such legal services as are necessary and assigned by Client in a timely and professional manner in accordance with the terms and

conditions stated in this Agreement, will comply with all ethical duties, and will maintain the integrity of the attorney-client relationship. Attorney shall have the sole discretion to assign or reassign individual attorneys to represent Client.

6. Conflict of Interest Waiver. The Client has requested that Attorney provide legal services as set forth in Section 1, including advice related to the Sustainable Groundwater Management Act (“SGMA”), on behalf of the Client. Attorney has potential interests adverse to Client by reason of its joint representation of the Big Bear Municipal Water District. The Attorney is governed by specific rules relating to its representation of clients where it has a relationship with both parties and therefore a potential conflict of interest. Rules 3-310(A), (B), (C), and (E) of the Rules of the Professional Conduct of the State Bar of California (CPRC) govern conflicts of interest. This Agreement advises Client of a potential conflict of interest in Attorney’s proposed representation of the Client as described herein and, by its signature to this Agreement as set forth below, to request Client’s informed written consent to waive such a potential conflict of interest and to the representation of the Client as described herein.

As counsel working on groundwater and general public agency governance matters, the services of the Attorney have and will include attending meetings and reviewing and drafting agreements and other documentation related to groundwater within the subject basin and SGMA. Part of these services may require meetings and discussions with local agency members of the Client, including the Big Bear Municipal Water District.

At this time, Attorney believes that it may competently represent the Client on such matters as specified in Section 1, including but not limited to, groundwater and SGMA matters and still maintain a duty of loyalty to the Big Bear Municipal Water District arising from its work for the Big Bear Municipal Water District. Attorney does not believe that it has obtained any confidential information from the Big Bear Municipal Water District which is material to its representation of the Client as specified herein. However, if an actual conflict should arise related to the same issue in which Attorney has represented the Big Bear Municipal Water District in which (i) Attorney could not maintain its duty of loyalty to the Big Bear Municipal Water District and to the Client, (ii) the issue of dispute is substantially related to the same issue in which Attorney has represented the Client, or (iii) Attorney has obtained any confidential information from Client which is material in its representation of the Big Bear Municipal Water District, Attorney would require the additional written consent of Client. All parties acknowledge that conflict of interest waiver contained in these provisions satisfies the requirements of section 15 of the Joint Powers Agreement by and among the City of Big Bear Lake Department of Water and Power, Big Bear City Community Services District, and Big Bear Municipal Water District for the formation of a joint powers authority and management of the Bear Valley Groundwater Basin.

In the event of a conflict of interest, or for any other reason Attorney deems appropriate, Attorney reserves the right to discontinue some, or all, of the legal services provided to and for Client after notice to and consultation with Client.

CRPC 3-310(F) requires written consent when a lawyer is paid by another party to represent a client. The Client acknowledges Big Bear Municipal Water District will be responsible for paying Attorney invoices for services on behalf of Client.

7. Negation of Partnership. In the performance of legal services under this Agreement, Attorney shall be, and acknowledges that Attorney is, in fact and law,

an independent contractor and not an agent or employee of Client. Attorney has and retains the right to exercise full supervision and control of the manner and methods of providing services to Client under this Agreement.

Attorney retains full supervision and control over the employment, direction, compensation, and discharge of all persons assisting Attorney in the provision of services under this Agreement. With respect to Attorney's employees, Attorney shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes (whether federal, state or local), and compliance with any and all other laws regulating employment.

8. Indemnification and Insurance.

(a) Client agrees that Attorney shall be treated as an "employee" for purposes of Government Code sections 995 - 996.6, and shall provide a defense and indemnity of Attorney pursuant to the provisions of the Government Code.

(b) Attorney represents it is self-insured for Professional Liability, General Liability, Automobile Liability and Workers' Compensation.

9. Termination. Either Party may at its election terminate this Agreement by providing the other part with written notice of said election. A Notice of Termination will be deemed effective thirty (30) days after personal delivery, or thirty-five (35) days after mailing by regular U.S. Mail, postage prepaid. In the event this Agreement is terminated by either Party, Attorney shall submit to Client a final status report on any pending matters and shall deliver to Client all files, memoranda, documents, evidence, exhibits, correspondence and other items generated in the course of performing this Agreement, within twenty-one (21) days after the effective date of any written Notice of Termination. Client may, upon making a good faith determination and if the best interests of Client so require, terminate this Agreement and suspend all further work by Attorney effective immediately upon personal delivery of a Notice of Termination to Attorney, at which time Attorney's obligations upon termination as above stated shall be performed by Attorney.

10. Ownership and Inspection of Files. All files, pleadings, reports, exhibits, evidence, and other items generated or gathered in the course of providing services to Client under this Agreement are and shall remain the property of Client, and shall be returned to Client upon termination of this Agreement, except that Client shall have no right to obtain Attorney work product from Attorney except as otherwise provided by law. The provisions of this paragraph shall continue to survive after termination of this Agreement.

11. Notices. All notices required or provided for in this Agreement shall be provided to the Parties at the following addresses, by personal delivery or deposit in the U.S. Mail, postage prepaid, registered or certified mail, addressed as follows:

To Attorney: W. Keith Lemieux, Esq.
Olivarez Madruga Lemieux O'Neill, LLP
4165 E. Thousand Oaks Blvd., Suite 350
Westlake Village, CA 91362

To Client: Bear Valley Basin Groundwater Sustainability Agency
P.O. Box 2863
Big Bear Lake, CA 92315-2863
Mike Stephenson, General Manager

The Parties may, if necessary, amend this Agreement to indicate a change of address by ten (10) days written notice to the other Party, said notice to be given in the manner above described. Nothing in this Agreement shall be construed to prevent or render ineffective delivery of notices required or permitted under this Agreement by leaving such notice with the receptionist or other person of like capacity employed by either Party.

12. Entire Agreement. This document contains the entire agreement of the Parties relating to the services, rights, obligations and covenants contained herein and assumed by the Parties respectively. No inducements, representations, or promises have been made, other than those recited in this Agreement. No oral promise, modification, change, or inducement shall be effective or given any force or effect, and all changes or modifications to this Agreement shall be made in and reduced to writing, duly signed and agreed to by both Parties.

13. Modification. This Agreement may be amended at any time by formal written agreement of the Parties.

14. Partial Invalidity. Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of the United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the Parties intended to enter into in the first place.

15. Waiver. No waiver of a breach or provision of this Agreement shall constitute a waiver of any other breach or provision. The Parties' failure to enforce at any time, or from time to time, any provision of this Agreement shall not be construed as a waiver thereof. The remedies herein reserved shall be cumulative and additional to any other remedies in law or equity.

The Parties have executed this Agreement as of the Effective Date.

**OLIVAREZ MADRUGA
LEMIEUX O'NEILL, LLP**

**BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY
AGENCY**

By: W. Keith Lemieux
Its: Partner

By: _____
Its: Chairman, Board of Directors

Indian Wells
(760) 568-2611
Irvine
(949) 263-2600
Los Angeles
(213) 617-8100
Ontario
(909) 989-8584



BEST BEST & KRIEGER
ATTORNEYS AT LAW

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Walnut Creek
(925) 977-3300
Washington, DC
(202) 785-0600

Steve Anderson
(951) 826-8279
steve.anderson@bbklaw.com

May 25, 2017

VIA FIRST CLASS MAIL

President, Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
c/o Reggie Lamson
City of Big Bear Lake
Department of Water and Power
41972 Garstin Drive
P.O. Box 1929
Big Bear Lake, CA 92315

Re: Engagement of Best Best & Krieger LLP

Dear President, Board of Directors, Bear Valley Basin JPA:

ABOUT OUR REPRESENTATION

Best Best & Krieger LLP is pleased to represent the Bear Valley Basin Groundwater Sustainability Authority ("Bear Valley GSA") regarding general counsel and water issues, including Sustainable Groundwater Management Act (SGMA) matters. This letter constitutes our agreement setting the terms of our representation.

CONFIDENTIALITY AND ABSENCE OF CONFLICTS

An attorney-client relationship requires mutual trust between the client and the attorney. It is understood that communications exclusively between counsel and the client are confidential and protected by the attorney-client privilege.

To also assure mutuality of trust, we have maintained a conflict of interest index. The California Rules of Professional Conduct defines whether a past or present relationship with any party prevents us from representing Bear Valley GSA. Similarly, Bear Valley GSA will be included in our list of clients to ensure we comply with the Rules of Professional Conduct with respect to Bear Valley GSA.



BEST BEST & KRIEGER
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We have checked the following names against our client index: Big Bear Municipal Water District, Big Bear City Community Services District (BBCCSD), City of Big Bear Lake, Department of Water and Power (DWP), United States Forest Service, United States Fish and Wildlife Service, California Department of Fish and Game, and County of San Bernardino. Please review the list to see if any other persons or entities should be included. If you do not tell us to the contrary, we will assume that this list is complete and accurate. Based upon the above list, we will be asking you to sign conflict waiver letters due to BBK's current and ongoing representation of BBCCSD and DWP as general counsel.

YOUR OBLIGATIONS ABOUT FEES AND BILLINGS

The California Rules of Professional Conduct, Rule 3-310(F), requires written consent when a lawyer is paid by another party to represent a client. Both BBCCSD and DWP are responsible for paying our invoices. However, we understand that, unless and until the Board of Directors of the Bear Valley GSA directs otherwise, BBCCSD and DWP will pay BBK for our services rendered on behalf of Bear Valley GSA. Accordingly, BBK will bill each of the BBCCSD and DWP one-half of the time spent advising the Bear Valley GSA at the current legal counsel billing rates charged to each of BBCCSD and DWP. Upon request, BBK will also provide a courtesy copy of the bills for such work to the Bear Valley GSA. Unless otherwise directed by the Board of Directors of the Bear Valley GSA, attorney services are provided to the Bear Valley GSA as "in kind" service from BBCCSD and DWP, shared equally. BBK does not perceive that this payment arrangement will interfere with BBK's independence or professional judgment or with the attorney-client relationship with the Bear Valley GSA, BBCCSD and DWP. Your initials below constitute consent to payment by another party and acknowledgment of full disclosure in compliance with the requirements of Section 3-310 of the California Rules of Professional Conduct.

Initials: _____

The memorandum attached to this letter describes other aspects of our firm's billing policies. You should consider this memorandum part of this agreement as it binds both of us. For that reason, you should read it carefully.



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INSURANCE

We are also pleased to let you know that Best Best & Krieger LLP carries errors and omissions insurance with Lloyd's of London. After a standard deductible, this insurance provides coverage beyond what is required by the State of California.

NEW MATTERS

When we are engaged by a new client on a particular matter, we are often later asked to work on additional matters. You should know that such new matters will be the subject of a new signed supplement to this agreement. Similarly, this agreement does not cover and is not a commitment by either of us that we will undertake any appeals or collection procedures. Any such future work would also have to be agreed upon in a signed supplement.

HOW THIS AGREEMENT MAY BE TERMINATED

You, of course, have the right to end our services at any time. If you do so, you will be responsible for the payment of fees and costs accrued but not yet paid, plus reasonable fees and costs in transferring the case to you or your new counsel. By the same token, we reserve the right to terminate our services to you upon written notice, order of the court, or in accordance with our attached memorandum. This could happen if you fail to pay our fees and costs as agreed, fail to cooperate with us in this matter, or if we determine we cannot continue to represent you for ethical or practical concerns.

CLIENT FILE

If you do not request the return of your file, we will retain your file for five years. After five years, we may have your file destroyed. If you would like your file maintained for more than five years or returned, you must make separate arrangements with us.

THANK YOU

On a personal note, we are pleased that you have selected Best Best & Krieger LLP to represent you. We look forward to a long and valued relationship with you and appreciate your confidence in selecting us to represent you in this matter. If you have any questions at any time about our services or billings, please do not hesitate to call me.



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If this letter meets with your approval, please sign and date it, and return the original to us. Unless you sign, date and return the original, we will not represent you in any capacity, and we will assume that you have made other arrangements for legal representation. Please also keep a copy of the signed letter for your records.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve Anderson', with a long, sweeping horizontal line extending to the right.

Steve Anderson
of BEST BEST & KRIEGER LLP

AGREED AND ACCEPTED:

By: _____

President
Board of Directors
Bear Valley Basin
Groundwater Sustainability
Authority

Dated: _____

BEST BEST & KRIEGER LLP'S BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounting Receivable Department. Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement letter with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .3 hour) and letters (minimum .5 hour), and on an actual basis for all other work. Our attorneys are currently billed at rates from \$225 to \$625 per hour, and our administrative assistants, research assistants, paralegals and law clerks are billed at rates from \$105 to \$275 per hour. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement letter.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement letter, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

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May 17, 2017

VIA ELECTRONIC MAIL

President, Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
c/o City of Big Bear Lake
Department of Water and Power
41972 Garstin Drive
P.O. Box 1929
Big Bear Lake, CA 92315

Re: Conflict Waiver

Dear President, Board of Directors:

The Big Bear City Community Services District (BBCCSD), the Big Bear Municipal Water District and the City of Big Bear Lake Department of Water and Power (DWP) recently entered into a joint powers agreement forming the Bear Valley Basin Groundwater Sustainability Agency ("Bear Valley GSA"). The Bear Valley GSA is a legal entity separate from the DWP and BBCCSD. By this letter, we seek the consent of the Bear Valley GSA to allow Best Best & Krieger LLP (BBK) to represent Bear Valley GSA as legal counsel and to waive the potential conflicts of interests described below.

The Bear Valley GSA Board of Directors has retained BBK as co-legal counsel to the GSA. At the same time, BBK also currently serves as general counsel to the DWP and BBCCSD. As a result of our relationship with these clients, the potential exists that the Bear Valley GSA's interests could conflict with those of DWP and BBCCSD during implementation of the requirements of the Sustainable Groundwater Management Act (SGMA), creating a conflict of interest for BBK. When a potential or actual conflict of interest exists, we are required to inform you about our representation of our other client, discuss with you the potential impact of our representation, and obtain your informed written consent to proceed. If you consent and sign this letter, you will be consenting to allow BBK to represent DWP and BBCCSD while at the same time BBK represents Bear Valley GSA despite the conflict issue described in this letter.

RULES OF PROFESSIONAL CONDUCT

Rule 3-310 of the California Rules of Professional Conduct provides in pertinent part:



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- (C) A member [of the Bar] shall not, without the informed written consent of each client:
- (1) Accept representation of more than one client in a matter in which the interests of the clients potentially conflict; or
 - (2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or
 - (3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.

OUR REPRESENTATION

As noted, BBK represents the DWP and BBCCSD as general counsel. BBK also expects to serve as legal counsel to the Bear Valley GSA. Thus, BBK will be representing the DWP, BBCCSD and the Bear Valley GSA regarding implementation of SGMA. Although the respective interests of the DWP, BBCCSD and the Bear Valley GSA are likely to be aligned, there is a possibility that a conflict may develop. If a conflict arises, such as the parties engaging in a dispute regarding actions to be taken under SGMA, BBK will not and cannot represent the Bear Valley GSA, BBCCSD or DWP in the dispute; however, we would continue to represent the DWP, BBCCSD and the Bear Valley GSA independently on other matters.

ADVERSE CONSEQUENCES

We are obligated to inform you of any actual or reasonably foreseeable adverse effects of this representation. It is possible that:

- We may not be able to present the appropriate position, claims or defenses for a client in order to avoid taking adverse positions to the other client.
- We may be tempted to favor the interests of one client over the interests of another client.
- We may be restricted from forcefully advocating a client's position for fear of alienating the other client.
- We may impair the position, claims or defenses of one client because of an adverse position we take for another client.



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- Disputes may arise between both clients regarding tactics, objectives or resolution of this matter because of our joint representation of both clients.
- Our exercise of independent judgment to the Bear Valley GSA may be impaired or clouded by our relationship with the BBCCSD and DWP.
- We may be forced to withdraw from representing the Bear Valley GSA, BBCCSD or DWP because of disputes or further conflicts of interest which could increase either or both clients' attorney's fees and costs.
- There may be an appearance of impropriety in our representation of both clients simultaneously.

YOUR CONSENT

We ask that you sign this letter consenting to our representation of the Bear Valley GSA as described in this letter. Furthermore, should an actual conflict arise between the Bear Valley GSA and either or both DWP or BBCCSD, we ask that your signature confirms the Bear Valley GSA's consent to our continued representation of DWP and BBCCSD on other unrelated matters.

It is understood that this consent will not waive any protection you may have with regard to attorney-client communications with us in other matters. Those communications will remain confidential and will not be disclosed to any third party without your consent.

I believe that you are familiar with the factual background in this matter, and I have given you a sufficiently detailed description for obtaining informed written consent. However, if you believe there is any other information that you or I need to have before such consent can be granted, please let me know immediately.

In the event that circumstances change or we become aware of new information that requires a new consent from the parties, you will be notified of that fact promptly, and continued representation will be subject to the informed written consent of involved parties. Likewise, if you learn of any new circumstances that may affect this matter and the circumstances of this waiver, please let us know promptly.

I should emphasize that you are entitled to and should consider obtaining an independent legal opinion regarding the advisability of signing this consent form.

Your execution of this consent form will constitute an acknowledgment of full disclosure and the Bear Valley GSA's consent to our representation of DWP and BBCCSD in compliance



BEST BEST & KRIEGER LLP
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with the requirements of Section 3-310 of the California Rules of Professional Conduct previously quoted in this letter.

If you have any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve Anderson', followed by a long horizontal flourish.

Steve Anderson
of BEST BEST & KRIEGER LLP

AGREED AND ACCEPTED:

By: _____
President, Board of Directors
Bear Valley Basin Groundwater
Sustainability Agency

Dated: _____