

Environmental Protection

State Water Resources Control Board



Division of Water Rights 1001 I Street, 14th Floor ◆ Sacramento, California 95814 ◆ 916.341.5300 P.O. Box 2000 ◆ Sacramento, California 95812-2000 Fax: 916.341.5400 ◆ www.waterrights.ca.gov

Arnold Schwarzenegger Governor

NOTICE OF PUBLIC HEARING

North Gualala Water Company

North Gualala River tributary to Gualala River then Pacific Ocean in Mendocino County

The State Water Resources Control Board will hold a Public Hearing to Determine Whether to Adopt a **Cease and Desist Order** and Impose an **Administrative Civil Liability Complaint** Against North Gualala Water Company

The Public Hearing will commence

on Wednesday, May 27, 2009 at 9:00 a.m. in the Coastal Hearing Room Joe Serna, Jr./Cal-EPA Building 1001 I Street, Second Floor Sacramento, CA

PURPOSE OF HEARING

The purpose of this hearing is for the State Water Resources Control Board (State Water Board or Board) to receive evidence relevant to determining whether to adopt, with or without revision, a draft Cease and Desist Order (CDO) and an Administrative Civil Liability (ACL) Complaint (Complaint) issued on October 24, 2008 against North Gualala Water Company (NGWC).

BACKGROUND

When the State Water Board determines that any person is violating, or threatening to violate certain water-right-related requirements, the Board may issue an order to that person to cease and desist from that violation. (Water Code § 1831, subds. (a), (d).) The State Water Board may issue such a cease and desist order only after notice and an opportunity for hearing. Unless the State Water Board receives a timely written request for a hearing, the State Water Board may adopt a CDO without a hearing.

California Environmental Protection Agency



Water Code section 1052, subdivision (b), provides that the State Water Board may administratively impose civil liability in an amount not to exceed \$500 for each day of an unauthorized diversion or use of water as defined in Water Code section 1052, subdivision (a). Water Code section 1055, subdivision (a), authorizes the Executive Director of the State Water Board to issue a complaint to any person on whom administrative civil liability may be imposed under section 1052.¹ If the recipients do not timely request a hearing, the Deputy Director for Water Rights may issue an order imposing administrative civil liability. (<u>State Water Board</u>. <u>Resolution 2007-0057</u>.)

On October 24, 2008, the Assistant Deputy Director for Water Rights issued the ACL Complaint and draft CDO against NGWC for the violation and threatened violation of the prohibition against unauthorized diversion and use of water under water right Permit 14853 (Application 21883). The basis of the Complaint and draft CDO is NGWC's alleged unauthorized diversion of water from the North Fork Gualala River tributary to the Gualala River in Mendocino County between 2004 and 2007 in violation of the terms and conditions of Permit 14853. The Complaint proposes imposition of liability in the amount of \$11,600. The draft CDO requires NGWC to comply with the terms and conditions of Permit 14853 with the corrective actions and time schedules specified in the draft CDO. A copy of the Complaint and the draft CDO are enclosed with this notice and can be found on the Division of Water Rights' website at: <u>http://www.waterrights.ca.gov/Hearings/ngwc.html</u>.

By letters received November 10 and 12, 2008, NGWC requested a hearing on the Complaint and draft CDO.

KEY ISSUES

- 1. Should the State Water Board adopt the draft CDO issued on October 24, 2008? If the draft CDO should be adopted, should any modifications be made to the measures in the draft order, and what would be the basis for such modifications?
- 2. Should the State Water Board order liability in response to the October 24, 2008 Administrative Civil Liability Complaint issued against NGWC? If the State Water Board orders liability, should the amount be increased or decreased, and if so, on what basis?

HEARING OFFICER AND HEARING TEAM

State Water Board Member Arthur G. Baggett, Jr., will preside as hearing officer over this proceeding. Other members of the Board may be present during the hearing. State Water Board staff hearing team members will include Marianna Aue, Staff Counsel; Ernest Mona, Water Resource Control Engineer; and Paul Murphey, Engineering Geologist. The hearing team is supervised by Charles Lindsay, Hearings Unit Chief; Les Grober, Hearings and Special Projects Program Manager; and Victoria Whitney, Deputy Director for Water Rights. The hearing team and their supervisors will assist the hearing officer and other members of the State Water Board throughout this proceeding.

¹ By memorandum dated May 17, 1999, the Executive Director of the State Water Board delegated this authority to the Chief of the Division (Deputy Director). This authority may be and has been redelegated to the Assistant Deputy Director for Water Rights.

SEPARATION OF FUNCTIONS

A staff prosecutorial team will be a party in this hearing. State Water Board prosecutorial team members will include David Rose, Staff Counsel; Chuck Rich, Senior Water Resource Control Engineer; and Laura Lavallee, Water Resource Control Engineer. The prosecution team is supervised by John O'Hagan, Enforcement Section Manager; and James Kassel, Assistant Deputy Director for Water Rights.

The prosecution team is separated from the hearing team, and is prohibited from having *ex parte* communications with the hearing officer, other members of the State Water Board, and members of the hearing team regarding substantive issues and controversial procedural issues within the scope of this proceeding. This separation of functions also applies to the supervisors of each team.

HEARING PARTICIPATION

IF YOU WANT TO TAKE PART IN THE EVIDENTIARY HEARING, you should carefully read the enclosure entitled "Information Concerning Appearance at Water Right Hearings." As stated in that enclosure, everyone wishing to present evidence at the hearing must submit a **Notice of Intent to Appear**, which must be **received** by the State Water Board no later than the deadline listed below. If NGWC fails to submit a Notice of Intent to Appear by the deadline specified in this notice, the State Water Board will deem their request for a hearing regarding both the CDO and the ACL to be withdrawn, and both actions may be imposed without further notice.

Within one week after the deadline for Notices of Intent to Appear, the State Water Board will mail out a list of those who have indicated a desire to participate in the hearing and a copy of all Notices of Intent to Appear that were timely received by the State Water Board. The list is provided in order to facilitate exchange of written testimony, exhibits and witness qualifications in advance of the hearing. Only parties and other participants who are authorized by the hearing officer will be allowed to present evidence. Copies of witnesses' proposed **testimony**, **exhibits**, **lists of exhibits**, **qualifications**, **and statement of service** must be **received** by the State Water Board and served on each of the parties who have indicated their intent to appear, no later than the deadline listed below.

12 Noon, Wednesday, March 25, 2009	Deadline for receipt of Notice of Intent to Appear.
12 Noon, Wednesday, May 6, 2009	Deadline for receipt and service of witnesses' proposed testimony, exhibits, lists of exhibits, qualifications, and statement of service.

SUBMITTALS TO THE WATER BOARD

Notices of Intent to Appear, written testimony, and other exhibits submitted to the State Water Board should be addressed as follows:

Division of Water Rights State Water Resources Control Board Attention: Ernest Mona P.O. Box 2000 Sacramento, CA 95812-2000

> Phone: (916) 341-5359 Fax: (916) 341-5400

Email: <u>wrhearing@waterboards.ca.gov</u> With Subject of "NGWC ACL/CDO Hearing"

IF YOU HAVE ANY QUESTIONS

During the pendency of this proceeding, and commencing no later than the issuance of this notice, there shall be no *ex parte* communications between State Water Board members or State Water Board hearing team staff and any of the other participants, including members of the prosecution team regarding substantive or controversial procedural matters within the scope of the proceeding. (Gov. Code, §§ 11430.10-11430.80.) Questions regarding non-controversial procedural matters (Gov. Code, § 11430.20, subd. (b)) should be directed to Staff Counsel Marianna Aue at (916) 327-4440, or by e-mail to <u>maue@waterboards.ca.gov</u> or Staff Engineer Ernest Mona at (916) 341-5359, or by e-mail to <u>emona@waterboards.ca.gov</u>.

PARKING, ACCESSIBILITY AND SECURITY

The enclosed maps show the location and parking for the Joe Serna Jr./Cal-EPA Building in Sacramento. The Joe Serna Jr./Cal-EPA Building is accessible to people with disabilities. Individuals who require special accommodations at the Joe Serna Jr./Cal-EPA Building are requested to contact Catherine Foreman, Office of Employee Assistance, at (916) 341-5881.

Due to enhanced security precautions at the Cal-EPA Headquarters Building, all visitors are required to register with security staff prior to attending any meeting. To sign in and receive a visitor's badge, visitors must go to the Visitor and Environmental Services Center, located just inside and to the left of the building's public entrance. Depending on their destination and the building's security level, visitors may be asked to show valid picture identification. Valid picture identification can take the form of a current driver's license, military identification card, or state or federal identification card. Depending on the size and number of meetings scheduled on any given day, the security check-in could take up to fifteen minutes. Please allow adequate time to sign in before being directed to the hearing.

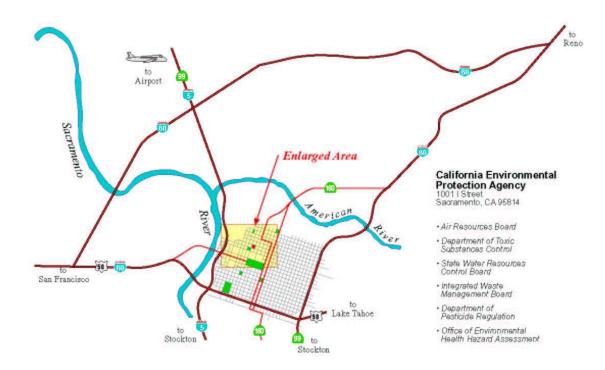
February 23, 2009

Date

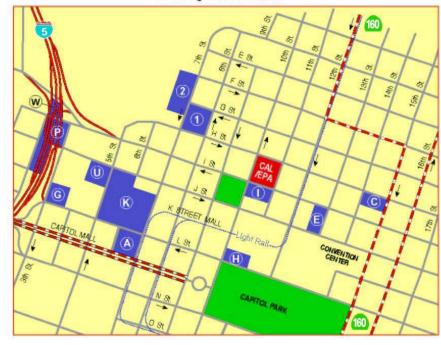
Enclosures

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Jeanine Townsend Clerk to the Board



Parking Lot Locations



Parking Lot Locations Lot 1 (7th & G St.) Lot 2 (7th & G St.) Lot A (7th & Capitol) Lot C (14th & H St.) Lot G (3r d & L) Lot H (10th & L) Lot I (10th & L, 11th & I) Lot K (6th & J/L, 7th & K) Lot P (2nd & I) Lot U (5th & J) Lot W (2nd & I St.)

INFORMATION CONCERNING APPEARANCE AT WATER RIGHT HEARINGS

The following procedural requirements will apply and will be strictly enforced:

 HEARING PROCEDURES GENERALLY: The hearing will be conducted in accordance with the procedures for hearings set forth at California Code of Regulations, title 23, sections 648-648.8, 649.6 and 760, as they currently exist or may be amended. A copy of the current regulations and the underlying statutes governing adjudicative proceedings before the State Water Board is available upon request or may be viewed at the State Water Board's web site: <u>http://www.waterboards.ca.gov/laws_regulations</u>.

Each party has the right to call and examine witnesses, introduce exhibits, cross-examine opposing witnesses on any matter relevant to the issues even if that matter was not covered in the direct examination, impeach any witness, rebut adverse evidence, and subpoena, call and examine an adverse party or witness as if under cross-examination. The hearing officer may extend these rights to a non-party participant or may limit the participation of a non-party participant.

Any requests for exceptions to procedural requirements shall be filed in writing with the State Water Board and served on the parties. To provide time for other participants to respond, the hearing officer will rule on procedural requests filed in writing no sooner than fifteen days after receiving the request, unless an earlier ruling is necessary to avoid disrupting the hearing.

2. **PARTIES:** The parties are the North Gualala Water Company and the Prosecution Team for the State Water Board. Other persons or entities wishing to participate as parties may do so only if authorized by the hearing officer. Only parties and other participants who are authorized by the hearing officer will be allowed to present evidence.

A person or entity that appears and presents only a policy statement will not be allowed to make objections, offer evidence, conduct cross-examination, make legal argument or otherwise participate in the evidentiary hearing. The rules for policy statements are discussed below.

3. NOTICE OF INTENT TO APPEAR: Participants in this hearing must file either an electronic copy or a paper copy of a Notice of Intent to Appear, which must be **received** by the State Water Board no later than **the deadline prescribed in the Hearing Notice.** Failure to submit a Notice of Intent to Appear and exhibits in a timely manner may be interpreted by the State Water Board as intent not to appear. Any faxed or emailed Notices of Intent to Appear must be followed by a mailed or delivered hard copy with an original signature.

The Notice of Intent to Appear must state: (1) the name and address of the participant; (2) the name of each witness who will testify on the participant's behalf; (3) a brief description of each witness' proposed testimony; and (4) an estimate of the time (not to exceed 20 minutes) that the witness will need to present a brief oral summary of their testimony. The witness's testimony must be submitted in writing as described in section 4 below. Participants who do not intend to present a case-in-chief but wish to cross-examine witnesses or present rebuttal should so indicate on the Notice of Intent to Appear. Participants who decide not to present a case-in-chief after having submitted a Notice of Intent to Appear should notify the State Water Board and the other participants as soon as possible. In order to expedite the exchange of information and lower the cost of participating in the hearing, the State Water Board encourages participants to submit written policy statements, written opening statements, written testimony, exhibits, and an Exhibit Identification Index to the State Water Board in electronic form. In addition, participants may exchange the foregoing documents in electronic form. Hearing participants are not required to submit these documents in electronic form or accept electronic service; however, those who choose to submit these documents electronically must comply with the requirements described in section 5, below. If you are willing to accept electronic media service in lieu of receiving hard copies of items, please check the appropriate box on the Notice of Intent to Appear.

The State Water Board will mail a service list of parties to exchange information to each person who has submitted a Notice of Intent to Appear. The service list will indicate which participants agreed to accept electronic service. If there is any change in the hearing schedule, only those persons or entities that have filed a Notice of Intent to Appear will be informed of the change.

4. WRITTEN TESTIMONY AND OTHER EXHIBITS: Exhibits include written testimony, statements of qualifications of expert witnesses, and other documents to be used as evidence. Each participant proposing to present testimony on factual or other evidentiary matters at the hearing shall submit such testimony in writing.² Written testimony shall be designated as an exhibit, and must be submitted with the other exhibits. Oral testimony that goes beyond the scope of the written testimony may be excluded. A participant who proposes to offer expert testimony must submit an exhibit containing a statement of the expert witness's qualifications.

Each participant shall submit to the State Water Board either: <u>seven paper copies</u> of each of its exhibits; or <u>five paper copies</u> and <u>one electronic copy</u> of each of its exhibits. All **electronic and paper copies must be received by the State Water Board no later than the deadline stated in the hearing notice.** Each participant shall also serve a copy of each exhibit on every participant on the service list. Participants may serve those parties who agree to electronic service with an electronic copy of exhibits. Participants must serve paper copies of exhibits on those participants who do not agree to electronic service. Hearing participants who intend to make only policy statements are not required to exchange information and will not receive copies of written testimony or exhibits from the parties.

With its exhibits, each participant must submit to the State Water Board and serve on the other participants a completed Exhibit Identification Index. If possible, each participant should submit to the State Water Board and serve on the other participants an electronic copy, as well as a paper copy of the Exhibit Identification Index. Please see section 5 for details regarding electronic submissions.

A statement of service with manner of service indicated shall be filed with each participant's exhibits. The exhibits and indexes for this hearing, and a statement of service, must be <u>received</u> by the State Water Board and served on the other participants no later than the deadline prescribed in the Hearing Notice.

² The hearing officer may make an exception to this rule if the witness is adverse to the participant presenting the testimony and is willing to testify only in response to a subpoena or alternative arrangement. In such a case, the hearing officer may allow presentation of the oral direct testimony without requiring written testimony.

The following requirements apply to exhibits:

- a. Exhibits based on technical studies or models shall be accompanied by sufficient information to clearly identify and explain the logic, assumptions, development, and operation of the studies or models.
- b. The hearing officer has discretion to receive in evidence by reference relevant, otherwise admissible, public records of the State Water Board and documents or other evidence that have been prepared and published by a public agency, provided that the original or a copy was in the possession of the State Water Board before the notice of the hearing is issued. (Cal. Code Regs., tit. 23, § 648.3.) A participant offering an exhibit by reference shall advise the other participants and the State Water Board of the titles of the documents, the particular portions, including page and paragraph numbers, on which the participant relies, the nature of the contents, the purpose for which the exhibit will be used when offered in evidence, and the specific file folder or other exact location in the State Water Board's files where the document may be found.
- c. A participant seeking to enter in evidence as an exhibit a voluminous document or database may so advise the other participants prior to the filing date for exhibits, and may ask them to respond if they wish to have a copy of the exhibit. If a participant waives the opportunity to obtain a copy of the exhibit, the participant sponsoring the exhibit will not be required to provide a copy to the waiving participant. Additionally, such exhibits may be submitted to the State Water Board in electronic form, using a file format readable by Microsoft Office 2003 software.
- d. Exhibits that rely on unpublished technical documents will be excluded unless the unpublished technical documents are admitted as exhibits.
- e. Participants submitting large format exhibits such as maps, charts, and other graphics shall provide the original for the hearing record in a form that can be folded to 8 ½ x 11 inches. Alternatively, participants may supply, for the hearing record, a reduced copy of a large format original if it is readable.
- 5. ELECTRONIC SUBMISSIONS: Participants are encouraged to submit the following documents to the State Water Board in electronic form: written opening statements; written policy statements; written testimony; exhibits; and Exhibit Identification Indexes. In addition, the foregoing documents may be served electronically on those participants who have agreed to accept electronic service. Paper copies of all other documents must be submitted to the State Water Board and served on the other parties, unless the hearing officer specifies otherwise.

Any documents submitted or served electronically must be in Adobe[™] Portable Document Format (PDF), except for Exhibit Identification Indexes, which may be in a version supported by Microsoft Excel or Word. Electronic submittals to the State Water Board of documents less than 11 megabytes in total size (incoming mail server attachment limitation) may be sent via electronic mail to: <u>wrhearing@waterboards.ca.gov</u> with a subject of "North Gualala Water Company ACL and CDO Hearing." Electronic submittals to the State Water Board of documents greater than 11 megabytes in total size should be sent by regular mail in PDF format on compact disk (CD[™]) media. Electronic service on participants shall be in the same format as submittals to the State Water Board, and should be submitted to the other participants to the e-mail address provided on the Notice of Intent. Participants who agree to electronic service may request that specific documents be provided to them in paper copy, or by mail on CD. Requests should be made to the participant who submitted the document, not to the State Water Board. Participants who receive such a request shall provide a paper copy of the requested document within five days of the date the request is received. The State Water Board will post a list of all exhibits submitted for the hearing on its website at: http://www.waterrights.ca.gov/Hearings/ngwc.html.

- 6. ORDER OF PROCEEDING: The State Water Board member serving as hearing officer will follow the Order of Proceedings specified in California Code of Regulations, title 23, section 648.5. Participants should take note of the following additional information regarding the major hearing events. The time limits specified below may be changed by the hearing officer, at his discretion, as a result of the pre-hearing conference.
 - a. Policy Statements Within the Evidentiary Hearing: Pursuant to California Code of Regulations, title 23, section 648.1, subdivision (d), the State Water Board will provide an opportunity for presentation of non-evidentiary policy statements or comments by interested persons who are not hearing participants. Policy statements will be heard at the start of the hearing, immediately after a hearing officer identifies the parties and other participants. Policy statements are subject to the following provisions in addition to the regulation:
 - i. Policy statements are not subject to the pre-hearing requirements noted above for testimony or exhibits, except that persons wishing to make policy statements are requested to file a Notice of Intent to Appear, indicating clearly an intent to make only a policy statement.
 - ii. The State Water Board requests that policy statements be provided in writing before they are presented. Please see section 5, above, for details regarding electronic submittal of policy statements. Oral summaries of the policy statements will be limited to five minutes or such other time as established by the hearing officer.
 - b. Presentation of Cases-In-Chief: Each participant may present a case-in-chief addressing the key issues identified in the hearing notice. The case-in-chief will consist of any opening statement provided by the participant, oral testimony, introduction of exhibits, and cross-examination of the participant's witnesses. The hearing officer may allow redirect examination and recross examination. The hearing officer will decide whether to accept the participant's exhibits in evidence upon a motion of the participant after the case-in-chief has been completed.
 - i. **Opening Statements:** At the beginning of a case-in-chief, the participant or the participant's attorney may make an opening statement briefly and concisely stating the objectives of the case-in-chief, the major points that the proposed evidence is intended to establish, and the relationship between the major points and the key issues. Oral opening statements will be limited to 20 minutes per participant. A participant may submit a written opening statement. Please see section 5, above, for details regarding electronic submittal of written opening statements. Any policy-oriented statements by a participant should be included in the participant's opening statement.

- ii. **Oral Testimony:** All witnesses presenting testimony shall appear at the hearing. Before testifying, witnesses shall swear or affirm that the written and oral testimony they will present is true and correct. Written testimony shall not be read into the record. Written testimony affirmed by the witness is direct testimony. Witnesses will be allowed up to 20 minutes to summarize or emphasize their written testimony on direct examination.³ Each participant will be allowed up to two hours total to present all of its direct testimony.⁴
- iii. Cross-Examination: Cross-examination of a witness will be permitted on the party's written submittals, the witness' oral testimony, and other relevant matters. If a participant presents multiple witnesses, a hearing officer will decide whether the participant's witnesses will be cross-examined as a panel. Cross-examiners initially will be limited to one hour per witness or panel of witnesses. The hearing officer has discretion to allow additional time for cross-examination if there is good cause demonstrated in an offer of proof. Any redirect examination and recross-examination permitted by a hearing officer will be limited to the scope of the cross-examination and the redirect examination, respectively. Witnesses may be cross-examined on relevant subjects that are not covered in the direct testimony. (Gov. Code, § 11513, subd. (b).) Ordinarily, only a participant or the participant's representative will be permitted to examine a witness, but a hearing officer may allow a participant to designate a person technically gualified in the subject being considered to examine a witness. State Water Board members and the State Water Board's counsel may ask questions at any time, and the State Water Board members and staff may crossexamine any witness.
- c. **Rebuttal:** After all participants have presented their cases-in-chief and their witnesses have been cross-examined, the hearing officer will allow participants to present rebuttal evidence. Rebuttal evidence is new evidence used to rebut evidence presented in another participant's case-in-chief. Rebuttal testimony and exhibits need not be submitted prior to the hearing. Rebuttal evidence is limited to evidence that is responsive to evidence presented in a case-in-chief, and it does not include evidence that should have been presented during the presenter's case-in-chief. It also does not include repetitive evidence. Cross-examination of rebuttal evidence will be limited to the scope of the rebuttal evidence.
- d. **Closing Statements and Legal Arguments:** At the close of the hearing or at other times if appropriate, the hearing officer may allow oral arguments or set a schedule for filing briefs or closing statements. If the hearing officer authorizes the participants to file briefs, five copies of each brief shall be submitted to the State Water Board, and one copy shall be served on each of the other participants on the service list. A participant shall not attach a document of an evidentiary nature to a brief unless the document is at the time in the evidentiary hearing record or is the subject of an offer of the document in evidence. Every participant filing a brief shall file a statement of service with the brief, indicating the manner of service.

³ The hearing officer may allow additional time for the oral direct testimony of the witness if the witness is adverse to the participant presenting the testimony and the hearing officer is satisfied that the participant could not produce written direct testimony for the witness.

⁴ The hearing officer may, for good cause, approve a party's request to use more than two hours total to present direct testimony during the party's case-in-chief.

- 7. EX PARTE CONTACTS: During the pendency of this proceeding, commencing no later than the issuance of the Notice of Hearing, there shall be no *ex parte* communications between either State Water Board members or State Water Board hearing team staff and supervisors, and any of the other participants, including the members of the prosecution team and their supervisors, regarding substantive or controversial procedural issues within the scope of the proceeding. (Gov. Code, §§ 11430.10-11430.80.) Communications regarding non-controversial procedural matters are permissible and should be directed to staff on the hearing team, not State Water Board members. (Gov. Code, § 11430.20, subd. (b).) A document regarding *ex parte* communications entitled "Ex Parte Questions and Answers" is available upon request or from our website at: http://www.waterboards.ca.gov/laws_regulations/docs/exparte.pdf.
- 8. **RULES OF EVIDENCE:** Evidence will be admitted in accordance with Government Code section 11513. Hearsay evidence may be used to supplement or explain other evidence, but over timely objection shall not be sufficient in itself to support a finding unless it would be admissible over objection in a civil action.

NOTICE OF INTENT TO APPEAR

plans to participate in the water right hearing regarding

(name of party or participant)

Cease and Desist Order and Proposed Administrative Civil Liability

North Gualala Water Company North Gualala River tributary to Gualala River then Pacific Ocean in Mendocino County

scheduled to commence May 27, 2009

Check all that apply:

□ I/we intend to present a policy statement only.

□ I/we intend to participate by cross-examination or rebuttal only.

□ I/we agree to accept electronic service of hearing-related materials.

□ I/we plan to call the following witnesses to testify at the hearing.

NAME	SUBJECT OF PROPOSED TESTIMONY	ESTIMATED LENGTH OF DIRECT TESTIMONY	EXPERT WITNESS (YES/NO)

(If more space is required, please add additional pages or use reverse side.)

Name, Address, Phone Number and Fax Number of Attorney or Other Representative:

Signature:	Dated:	
Name (Print):		
Mailing Address:		
Phone Number: ()	Fax Number: ()	
E-mail:		

Cease and Desist Order and Proposed Administrative Civil Liability Hearing

North Gualala Water Company North Gualala River tributary to Gualala River then Pacific Ocean in Mendocino County

scheduled to commence May 27, 2009

Exhibit Identification Index

PARTICIPANT: _____

Exhibit Identification Number	Exhibit Description	Status of Evidence		
		Introduced	Accepted	By Official Notice