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Oct. 4, 2019

Via Mail and Email

Eloise Berryman
Fee, Data Management and Statements Unit
Division of Water Rights
P. O. Box 2000
Sacramento, CA 95812-2000

Re: License 010584 (App A021901) – Moores Creek Tributary to Irish Gulch, Irish Beach, CA (Manchester, Mendocino County)

Amended Supplemental Objection to Change of Ownership - re: SWRCB Letter of July 31, 2018 proposing change of ownership of License

Dear SWRCB:

As the State Water Resources Control Board recalls, this matter was stayed subject to a Tolling Agreement graciously entered into with the SWRCB, the Irish Beach Water District, and Irish Beach Improvement Club in February 2019 to allow the District and the Club to attempt to negotiate a resolution over their dispute regarding License 010584 (A021901). That Tolling Agreement tolled all limitations periods applicable in this matter from August 20, 2018 to July 31, 2019. A further extension was signed by all parties including the SWRCB extending the Tolling period through Sept. 30, 2019. The District was not able to reach an agreement with the Irish Beach Improvement Club. The Tolling Period has now expired and the District therefore files this Supplemental Objection to the proposed change of ownership.

The District's Objection is timely. The original SWRCB period to file an objection ran 30 days beginning on July 31, 2018. (see Attachment A to the District's Supp. Objection). The Tolling Agreement preserved a portion of the objection period as it existed on August 20, 2019. Therefore, 9-days of the original objection period has

been specifically preserved, and therefore, District timely files the enclosed

Supplemental Objection to the SWRCB's proposed Change of Ownership of License

010584 (A021901) - Moores Creek Tributary to Irish Gulch, Irish Beach, CA.

Ideally, the District's Supplemental Objection and supporting evidence have

conclusively demonstrated the District's 40-year plus ownership of the License in

question, and the SWRCB should make such a finding. In the alternative, the

District requests that the SWRCB direct the District and IBIC to resolve this matter in

Superior Court pursuant to California Code of Regulations, Title 23, section 832

because there are a number of potentially impacted agreements, property

ownership issues, and land use entitlements that could be adversely impacted by

this matter. In an abundance of caution, the District has filed a declaratory relief

action in Sacramento Superior Court on this matter naming IBIC as defendant (with

the SWRCB as real party in interest) pursuant to section 832.

Please call me at 916 337-0361 or email me at matthew@mlelaw.com if you have

any questions. Copies of the District's Supplemental Objection is being provided to

IBIC and to Matthew Goldman at the Attorney General's office who has been

representing the SWRCB in this matter.

Very truly yours,

LAW OFFICES OF MATTHEW EMRICK

A Professional Corporation

Matthew Eurich

By:

Matthew L. Emrick

cc: IBIC

Matthew Goldman, Attorney General's Office

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Attorneys for Objecting Party,
Irish Beach Water District

BEFORE THE STATE WATER RESOURCES CONTROL BOARD

RE: License No. 010584; Application A021901; Moores Creek, Irish Beach, Mendocino County AMENDED SUPPLEMENTAL
OBJECTION OF IRISH BEACH
WATER DISTRICT TO PROPOSED
CHANGE OF OWNERSHIP OF
MOORES CREEK LICENSE;
DECLARATION OF MATTHEW
EMRICK IN SUPPORT THEREOF

TO CHANGE OWNERSHIP OF MOORES CREEK LICENSE FROM THE
DISTRICT TO IRISH BEACH IMPROVEMENT CLUB
(License No. 010584; Application A021901)

A. Introduction - The District's Supplmental Objection is Timely

This Supplemental Objection is submitted by the Irish Beach Water District in response to the July 2018 Request to Change Ownership with attached Request for Transfer by the Irish Beach Improvement Club ("IBIC") (see Attachment A to this Objection). The District's Supplemental Objection is timely pursuant to the Tolling

Agreement signed by the District, IBIC and the SWRCB which established a tolling period of August 20, 2018 to July 31, 2019. The parties further extended the Tolling Agreement to September 30, 2019 The Tolling Agreement "preserved" 10-days of the original Objection Period provided by the SWRCB with respect to IBIC's purported Change of Ownership Request/Request for Transfer (referred to in this objection as "Request for Transfer").

B. <u>Summary of District's Supplemental Objection</u>

The District owns the Moores Creek license (No. 010584; Application A021901) as well as Pomo Lake and the associated dam. IBIC's contention that it somehow "owns" the license as part of a property transfer that occurred in 1986 is absolutely false because IBIC's predecessor in interest had specifically transferred the lake, dam and the License (then a permit) to the District at least 13 years prior. The District therefore objects to any change of ownership of the license.

As discussed in more detail within this Supplemental Objection, the License belongs to the District because:

- The License is not a transferable appurtenance because the original developer ("Moores") had transferred the License (then a permit) to the District many years before the same Developer transferred any surrounding property to IBIC: The transfer to the District in 1973 from the original owner was recorded and approved by the SWRCB in writing. IBIC was fully aware of the District's ownership.
- The original Developer transferred Pomo Lake to the District along with all other water related facilities constructed and to be constructed when the District was

formed in 1967 as a condition of formation – again, many years before transferring any property to IBIC in 1986.

- The original owner/developer transferred the Moores Creek water right and lake to the District as enforceable conditions of development and annexation associated with the Irish Beach subdivision as required by Mendocino County. The water right license and lake were dedicated to public use by the District specifically by the original developer as part of the subdivision and annexation process and cannot be assigned to a private corporation such as IBIC.
- The original developers never reserved any water rights to themselves or to the property surrounding Pomo Lake now owned by IBIC.¹
- The District has all access rights by operation of law, dedication, and by specific directive under Water Code Section 35404.

As further set forth in this Supplemental Objection, the public interest is not served by IBIC owning the License and the information provided to the SWRCB in IBIC's "Request for Transfer" (see **Attachment A** to this Objection) is incorrect and not supported by evidence.

C. Overview of the District's Moores Creek Water Rights

This section sets forth the background facts demonstrating the District's ownership of the Moores Creek water right and license. These facts are supported by evidence (which is submitted with this Objection) as well as by the supporting declaration of Matthew Emrick.

¹ IBIC is not a homeowners' association or common development association. It is a member only corporation. Not all landowners in Irish Beach are members of IBIC. But all members of IBIC are landowners in the District.

 The 1960's – The Original Developers of Irish Beach subdivision submit their Application to appropriate water, form the District, and obtain a Permit for the storage of water on Moores Creek

In 1964, the original developers, William Moores, Sr. and Gertrude Moores ("Moores" or "Original Developers") purchased property along the Mendocino Coast just north of the town of Manchester and Irish Gulch Creek. Their intent was to create a residential development along the coast. (See Declaration of Matthew Emrick).

The Moores submitted two applications to divert water from two streams that ran through this property: Irish Gulch Creek and Moores Creek (Applications A021902 and A021901 respectively). Irish Gulch was originally designated for direct diversion for domestic use purposes whereas the Moores Creek application was for the storage of water for fire protection, recreational use, and intended for additional future water supply. The Moores Creek application specifically stated that the use and permit was intended to benefit ALL 250 lots in the original Irish Beach subdivision plan (not IBIC). (See Exhibit 1)

Following the applications, the Moores constructed certain parts of a water supply system to serve the subdivision as well as constructing the dam and pond on Moores Creek. (See Exhibits 2, 5, 6). In July 1966, the Moores entered into an agreement for the operation and maintenance of the subdivision's water supply system (existing and to be built) – including the operation and use of the Moores Creek storage reservoir (Pomo Lake). That agreement specified that the Moores as the developers would transfer their entire water supply system (including the storage reservoir) without charge to a California Water District – e.g. the District (See Exhibit 2).

On December 5, 1966, the Moores submitted an application to LAFCO to form the Irish Beach Water District. (See Exhibit 4) The purpose of the District was to own, operate and maintain the water supply system, which at that time included the Moores Creek Storage Reservoir. (See Exhibits 4-5). The District was formed in 1967 pursuant to the Moores petition application to LAFCO. (See Exhibits 4-5)

On November 30, 1967, the SWRCB approved the Moores Creek application (and the Irish Gulch Creek application) and issued a permit to the Moores on or about February 15, 1968 (at about this time Mr. William Moores Sr. passed away leaving his estate and water rights to his wife, Ms. Gertrude Moores). (See Exhibits 6-7)

2. The 1970's – The Moores transfer "All Rights" to the Moores Creek Permit to the District as a condition of development and annexation related to the development of the Irish Beach Subdivision (with SWRCB approval)

In or about 1972, Mrs. Moores sought to annex additional property to the District including development areas known as Unit 5, 7, and 8 (north of Irish Gulch) and Unit 6, south of Irish Gulch. (See Exhibit 8) As a condition of development and annexation, Mrs. Moores transferred her permit for Moores Creek (and for Irish Gulch) to the District in a written and recorded instrument. (See Exhibits 8-14, 17) The SWRCB specifically approved the transfer to the District in writing. (See Exhibit 15). Mrs. Moores also transferred all remaining water supply facilities in the Irish Beach subdivision to the District during the 1970's which had not previously been transferred along with all remaining water rights held by the Moores. (See Exhibits 8-17). The annexation and development would not have proceeded or been approved but for the transfer of these water rights and facilities to the District as required by Mendocino County and LAFCO.

No reservation or condition whatsoever was placed on the transfer of the Moores Creek Permit to the District by either the Moores or the SWRCB. (See Exhibits 8, 14). In 1976, the SWRCB issued the existing license to the District. (See Exhibit 16)

3. The 1980's – IBIC abandons its attempt to secure its own separate water right to

Moores Creek, and acknowledges the District as the owner of the License, Dam

and Pond

In the late 1970's, IBIC attempted to secure its own permit for a dam on Moores Creek upstream from Pomo Lake. (See Declaration of Matthew Emrick, IBIC SWRCB Application 25708). Although a permit was eventually issued by the SWRCB, IBIC revoked the permit on it own initiative due to lack of funding and inability to secure an engineer to build a separate lake for IBIC. (see June 24,1983 SWRCB Order revoking IBIC's Permit for Moores Creek in SWRCB file for Application 25708).

In or about 1986, the Moores purportedly transferred certain property surrounding Pomo Lake to IBIC. ² The transfer did not include any water rights – and could not since "all" of the Moores rights had been previously transferred to the District. (See Declaration of Matthew Emrick).³

² IBIC is a non-profit corporation, not a common interest development organization or a homeowners association. IBIC is a membership only organization and lacks the ability to assess properties in Irish Beach. Not all landowners in the Irish Beach subdivision are members of IBIC – but all landowners are entitled to service from the District.

³ There appears to be a question as to "what" was actually conveyed to IBIC in 1986. The property IBIC claims to own appears to have also potentially been previously dedicated to public use by the Moores as open space in 1973 as a condition of annexation for certain properties to the District. This issue appears in certain Mendocino County Board of Supervisors minutes obtained by the District. The District has chosen to reserve this issue at this time pending the need for further research.

4. 2018 to Present – IBIC Files a Request for Change/Transfer of Ownership to the SWRCB for the Moores Creek License without providing any information or notice to the District

On or about January of 2018, IBIC began to claim that it somehow owned the License, or that it should own the License – and not the District. From about January 2018 to about June 2018, IBIC provided the District with numerous documents and engaged in numerous conversations regarding ownership of the License. These documents and conversations in fact only confirmed that the District is the sole and exclusive owner of the License. To this date, IBIC has never provided the District with any documentation indicating it owns the License, the lake or the Dam. See Emrick Declaration.

IBIC's entire claim of alleged ownership of the License is based on the sole contention that Pomo Lake and the License had still somehow been owned by the Developer (Moores) when the surrounding Lake Parcel was transferred to IBIC in 1986 and somehow was a transferable appurtenance.⁴ The problem with IBIC's contention is that the same original owners had previously transferred all water rights to the District 14-years prior without reservation and as part of a dedicated to public use. See Emrick Declaration; Exhibits 8, 14, 15).

While the District completely rejected IBIC's purported claim of owning the License based on numerous different factual and legal basis, the District nevertheless sought to resolve the issue by making several different proposals to IBIC. IBIC rejected all of the

⁴ The original developers by this time now included Mrs. Gertrude Moores sons, Gordon and Bill (William) as well as the entity Mendocino Coast Properties.

District's proposals to resolve the matter and claimed to be the sole owner of the License. See Emrick Declaration.

On or about July 19, 2018, IBIC apparently contacted the SWRCB and claimed that IBIC was the sole owner of the License and requested that the ownership of the License be changed from the District to IBIC. IBIC never provided the District with any notice of its contact with the SWRCB or its intent to change the ownership of the District's water right. See Emrick Declaration.

On or about July 31, 2018, the SWRCB sent out a Notice ("Notice") to the District that IBIC had contacted them requesting that the ownership of the License be transferred from the District to IBIC. The SWRCB's Notice gave the District just 30-days from the date of the Notice to "object" to the proposed change of ownership. Because the Notice was not received by the District until August 11, 2018, the District was given just 19 days to respond. This Notice did not provide the District with any of the information provided by IBIC to the SWRCB regarding the basis of IBIC claim to own the License. This was the first time the District had any knowledge whatsoever that IBIC was attempting to obtain ownership of the District's License through the SWRCB. See Emrick Declaration.

The District timely filed written objections and protests opposing the proposed change of ownership set forth in the Notice from the SWRCB. The District also requested a hearing before the SWRCB took any action – but no hearing was ever granted. See Emrick Declaration.

On or about August 13, 2018, the District requested in writing that IBIC withdraw its request to the SWRCB to change ownership of the License to IBIC. On or about

August 16, 2018, IBIC informed the District that it was refusing to withdraw its request to the SWRCB to obtain ownership of the District's License. At no time during the 30-day objection period provided by the SWRCB did IBIC or the SWRCB ever provide the District with any of the information IBIC provided to the SWRCB. The first time the District ever received the information IBIC provided to the SWRCB was on September 15, 2018 - 15-days after the original close of the Objection period. See Emrick Declaration.

In February 2019, the SWRCB, IBIC and the District entered into an agreement to "Toll" the application of all time-limitations as of August 20, 2018. On August 20, 2018, the 30-day Objection period had not yet closed, and therefore, the Tolling Agreement preserved 10 additional days for the District to file Objections at the expiration of the tolling period – which would be October 10, 2019 (with the extension of the Tolling Agreement expiring on Sept.30, 2019). Pursuant to the tolling agreement the District provides this timely Supplemental Objection. See Emrick Declaration.

D. The District owns the Moores Creek License and Pomo Lake

The District owns the License, dam and pond. These rights and facilities were all conveyed to the District by the original landowner/developers as conditions of formation, development and annexation. This was all done by way of a legally enforceable public process relating to the development of the Irish Beach subdivision <u>years</u> before the developer transferred any property to IBIC as demonstrated by the supporting evidence provided in this document.

Under applicable California law, water rights can generally attach as appurtenances to property and transfer with that property accordingly. However,

appropriative water rights such as the License at issue in this case can be transferred separately from the underlying property. *McDonald v. Bear River & Auburn Water and Min Co.* 13 Cal. 220, 221 (1859); *Joerger v Pacific Gas & Electric Co.* 207 Cal. 8, 34 (1929). The "water right" is a separate estate in real property distinct from the property on which the water is diverted and property upon which the water is used. *Stratton v. Mt. View Water Co.*, 94 Cal.App. 188, 191 (1928).

When an appropriative water right is transferred separately from the underlying property to another party (e.g. to the District), that water right carries with it all "incidents necessary for the use and enjoyment of the water right." This includes access all rights and all rights to use any facilities associated with the water right. *Piazza v. Schaefer* 255 Cal. App. 2d 328 (1967). The law is described as follows:

A transfer of real property [e.g. water rights] passes all easements attached thereto, and creates in favor thereof an easement to use other real property of the person whose estate is transferred in the same manner and to the same extent as such property was obviously and permanently used by the person whose estate is transferred, for the benefit thereof, at the time when the transfer was agreed upon or completed.

No specific Deed, agreement, or document is required to transfer all necessary easements and other rights of use.⁵ Whatever is necessary for the use and enjoyment

⁵ See *Piazza v. Schaefer* 255 Cal. App. 2d 328 (1967). In this case, the trial court found that a landowner granted a water right by the original owner on separate property retained all rights of use and access to a lake on the original owners' property.

[&]quot;The trial court found in substance that the only source of water for respondents was the lake on appellants' ranch, and that the lake source was reasonably necessary for the use and enjoyment of Lots 2, 3 and 5. They were only required to show that the lake source was reasonably necessary to the beneficial enjoyment of their lands. . . . From this evidence the court could infer that the lake was the most reliable source of a steady supply of water and that it was reasonably necessary for the use and enjoyment of respondents' property."

of the water right is automatically transferred with the water right.⁶ Rubio Canon v. Everett 154 Cal. 29 (1908),

In addition, when a water right is transferred from a developer/landowner to a public Water District, as in this case, the transfer severs that water right from the underlying property forever to be held by the District for the benefit of all property owners within the District. The water right becomes an asset of the District held in trust for all landowners. *Madera Irr. Dist. v. All Persons*, 47 Cal. 2d 681 (1957). The underlying property has rights to the water only as a landowner within the District equal to all other landowners for use - and no longer as the owner of the water right. *Aitchison v. Bank of America*, 8 Cal.2d 400 (1937), [landowner conveyed all water rights to the Merced Irrigation District and severed such rights from the underlying property to be held by the Water District].

As discussed in detail above, Mrs. Gertrude Moores transferred the original Moores Creek Permit along with all related rights to the Irish Beach Water District in 1973. The transfer was in writing, recorded and approved by the State Water Resources Control Board — and was a required condition of development and annexation. Before the transfer, Mrs. Moores and her attorney wrote a number of letters to the District and LAFCO setting forth specifically that it was her intent to transfer all of these rights solely to the District without any reservation. As a result, pursuant to applicable law, all facilities, easements, access rights, and other rights necessary for the use and enjoyment of the

⁶ See: Civil Code Sec. 1104, Silveira v. Smith 198 Cal. 510 (Cal. 1926); Wright v. Best, 19 Cal. 2d 368 (Cal. 1942); Mount Carmel Fruit Co. v. Webster, 140_Cal._183 (1903); South Tule etc. Ditch Co. v. King, 144_Cal._450 (1904); Jersey Farm Co. v. Atlanta Realty Co., 164_Cal._412 (1912); Piazza v. Schaefer 255 Cal. App. 2d 328 (1967);; A. Hamburger Sons, Inc. v. Lemboeck 20 Cal. App. 2d 565 (1937); Rubio Canon v. Everett 154 Cal. 29 (1908)

Moores Creek Permit were transferred to the District - directly and by operation of law. Piazza v. Schaefer 255 Cal. App. 2d 328 (1967); Rubio Canon v. Everett 154 Cal. 29 (1908),.

When the surrounding Property was purportedly transferred from the Moores to IBIC in 1986 (see footnote 3, above), the water rights and lake were no longer transferrable appurtenances because they had all been previously transferred to the District many years before without any reservation by the original owner of the IBIC property. In sum, the Moores no longer owned these water rights and facilities, and therefore, they could not be transferred to IBIC as an appurtenance because they were already owned by the District for many years prior (and IBIC was fully aware of this fact).

In addition, the transfer of the License, Dam and water rights to the District was a condition of annexation and development approval by LAFCO and the County. Those approvals serve as a public dedication of the License and Lake to be held in trust by the District for the benefit of all landowners.⁸

Further, before the transfer of the License to the District in 1973, the original developers had already transferred Pomo Lake and associated facilities to the District in 1967 as part of the formation of the District. The SWRCB does not possess the power to

⁷ As a practical matter, any claim IBIC might possibly have had to any water right in 1986 is long time barred by the Statute of limitations, prescription, dedication to a public use, intervening public use, and the doctrine of laches.

⁸ This was the original intent of the Moores – e.g. to transfer all water rights and facilities associated with Moores Creek to the District. The original permit application (Exhibit 1) specifies that the Moores Creek water right was appropriated by the Moores for the specific purpose of serving the entire development. The developer agreement to create the District specifically states that Pomo Lake was anticipated to be used as a future regulating reservoir in connection with the Irish Gulch Water Right (Exhibit 2). The Moores agreed that all of their water facilities at that time (e.g. Pomo Lake and the dam) would be transferred to the District as part of its formation.

divest another public agency of its ownership of real property, easements or water facilities without compensation.

In sum, the District owns the License and Pomo Lake. The original developers and owners of the original permit and lake transferred all rights and facilitates associated with Moores Creek to the District years before the Developers purportedly transferred the surrounding property to IBIC (see **Exhibits 2, 14, 17, 18**). Neither the water rights nor the lake were transferrable appurtenances in 1986.⁹

E. IBIC is Prohibited by Law from owning the License

IBIC is prohibited by law from owning the license for the following reasons:

- 1. The transfers of the water rights and water facilities by the Developers to the District were made enforceable conditions of annexation and development by the County and LAFCO in the 1960's and 1970's. They remain conditions that attach to each parcel in the District. *City of Berkeley v. 1080 Delaware, LLC* (2015) 234 Cal.App.4th 1144. In other words, the condition that the District own the Moores Creek water right is an enforceable, binding covenant on all properties within the District including any properties allegedly owned by IBIC.
- 2. The License, water rights, and facilities were **owned and used** for over 40 years by the District for the benefit of all landowners in the District. Those rights and facilities

The SWRCB and its staff made this exact finding on several different occasions during the 1970's. The SWRCB and staff found that the District was the owner of the lake and License. The SWRCB and staff determined that the Moores who owned the IBIC parcel at this time were NOT the owners of the License and lake because they had already transferred them to the District. SEE the SWRCB file and field reports for the IBIC License revoked in 1983 (application 25708) specifically finding that both the present License and Pomo Lake were owned by the District and not the Moores or IBIC. (See for example Exhibit 18). Again, because the Moores did not own the License or the lake, they could not legally pass these as "transferable" appurtenances to IBIC. The Moores had already transferred all their rights to the District without reservation.

were publicly dedicated by the developers through the subdivision and annexation process to be held by the District. Such publicly dedicated property cannot become privately held without specific legal process (and it is doubtful such a publicly dedicated water source can become privately held by a ministerial change of ownership process). Leavitt v. Lassen Irrigation District 157 Cal. 82 (1909); Madera Irr. Dist. v. All Persons, 47 Cal. 2d 681 (1957). IBIC is a private, non-profit corporation. IBIC is not a homeowners' association or similar entity. Not all landowners in the District belong to IBIC. Transferring the license to IBIC is not only prohibited by law, it invalidly deprives District landowners of their beneficial use of, and rights to, the publicly dedicated Moores Creek water supply and facilities.

3. Even if IBIC could somehow hold such public rights, IBIC is prevented from providing water for any public use within an existing public water district by the Anti-Duplication of Service statutes, unless it compensates the District accordingly. Public Utilities Code sec. 1501-1505. IBIC has not compensated the District or offered to do so.

F. It is not in the Public Interest for IBIC to own the License

The use of water pursuant to the State permitting system must be applied to a reasonable and beneficial use – and must be in the public interest. Water Code 1257; National Audubon Soc. v Superior Court 33 Cal.3d 419 (1983) ["In exercising its sovereign power to allocate water resources in the public interest, the state is not confined by past allocation decisions which may be incorrect in light of current knowledge or inconsistent with current needs."]. In the present case, it is not in the public interest to transfer the License from the District to IBIC:

As noted, IBIC is a private corporation. Not all landowners in the District are members of IBIC. The transfer would deprive such non-IBIC landowners of the benefits of the Moores Creek water right they have held as beneficial owner for the past 40 years. The original application for the Moores Creek permit clearly indicates it was to be a right held for the benefit of all property owners in the District – and not by a private corporation.

The water right could no longer be used for potential future domestic use. IBIC is a private company without ownership of any distribution system, easements or water treatment plant. It has no power to condemn easements or other property necessary for the distribution of water – and no power to assess properties for public improvements. As also noted, IBIC is legally prohibited from distributing water within the District under both the anti-duplication statutes (Public Utilities Code sec. 1501-1505).and under the conditions of subdivision and annexation which made the District the **sole** water providing entity within the Irish Beach subdivision.

IBIC has indicated to the District it does not want the District to use water under the License for fire protection purposes claiming that the District has no such powers – even though the District presently provides water for municipal purposes including fire protection¹⁰ and is the existing sole provider of water for fire protection purposes within the Irish Beach subdivision. This would deprive the community of a valuable

Title 23, Calif. Code Reg. § 663. Municipal Use. Municipal use means the use of water for the municipal water supply of a city, town, or other similar population group, and use incidental thereto for any beneficial purpose. Water Code 35401 grants the District the power to provide water for municipal purposes. The original assignment of the Moores Creek Permit from the Moores to the District was to provide fire protection within the District and such assignment was specifically approved by the County and LAFCO.

source of water for fire protection. IBIC has no facilities to provide water for fire protection purposes and is not approved to provide water for fire protection purposes.

Further, it is the District's understanding that in March 2019, IBIC members apparently approached a local fire protection district to propose the possibility that Pomo Lake be deemed no longer necessary for fire protection purposes. At this same time, other members of IBIC incorrectly alleged to the District that Pomo Lake can no longer be used as a source of water for fire protection purposes unless the County somehow gives its approval to the District. Given the recent fires in this state, and the heavily timbered location of Irish Beach, it is potentially catastrophic for IBIC to attempt to deprive landowners of Irish Beach of this valuable use of water for fire protection.

The District does not presently have sufficient water supply for full buildout of the Irish Beach subdivision. Groundwater on the Mendocino Coast is scarce. With the implementation of In-Stream Flow Policy for the Northern California Coastal region, it is difficult to obtain new permits for water appropriations, and extremely difficult to impossible to construct an on-stream dam. The District currently has water supply for about 320 developed parcels. Presently, there are about 205 developed parcels. Full build-out is estimated at about 480 connections.¹²

The District has a LAFCO approved agreement with Redwood Coast Fire Protection District under which the District is designated as **the sole provider** of water for fire protection purposes within the District. Transfer of the License to IBIC, and IBIC's attempts to extinguish or limit fire protection as a beneficial use under the Moores Creek license, jeopardizes the safety of everyone in Irish Beach and the District's ability to perform under the LAFCO Agreement.

Unfortunately, and due to circumstances beyond the control of the District, development in the Irish Beach subdivision has been very slow. This has placed certain burdens on the District to develop and provide water.

The loss of a "potential future water supply" source such as the Moores Creek and a facility such as Pomo Lake could result in future building moratoriums, rationing and significant decline in property values within Irish Beach — especially for unconnected parcels. While the present License does not permit domestic use, the potential to use Moores Creek as a potential future domestic water source dates back to the formation of the District in 1967 (see Exhibits 2 and 5 for example). The financial burden to secure an alternative water supply source to Moores Creek would be placed on the landowners in the District at a potential cost of hundreds of thousands to perhaps even millions of dollars. As far as the District has been able to learn, IBIC has not performed any analysis of the financial impacts on local home and land owners of the transfer of a publicly held water right to a private corporation.

Also, as the District's exhibits demonstrate, there are a number of written instruments that could be adversely impacted by a transfer in ownership of the publicly dedicated License to IBIC. Some of the District's other water supply sources have a similar history of being dedicated to the District separate from the underlying or surrounding properties. Adopting such a policy is not only contrary to law, but could put the District's entire water supply system at risk.

In sum, any transfer of the publicly dedicated Moores Creek License to a private organization with limited, dues-based membership such as IBIC would not be consistent with the public interest of putting the water resources of the state to their fullest beneficial use. It also invalidly deprives landowners of a publicly dedicated water right that has existed for over 40 years and for which they are the beneficial owners.

G. The information IBIC provided to the SWRCB is Incorrect

As noted, at no time during the SWRCB original 30-day period provided to object to the "Change of Ownership" process, did IBIC ever provide the District with a copy of the information IBIC provided to the SWRCB relating to IBIC's request for transfer. The first time the District ever saw a copy of the information provided by IBIC to the SWRCB was on or about September 15, 2018 – 15 days after the close of the objection period. When IBIC eventually presented the District with their "Request for Transfer" submittal to the SWRCB (15 days after the close of the objection period), it could quickly and definitively be determined to contain incorrect information and invalid legal conclusions. IBIC did not provide any documents in support of its Notice of Transfer indicating any ownership of any water right. Some of the more significant misstatements by IBIC are set forth below - along with the District's responses (see Attachment A – Information provided to SWRCB by IBIC):

1. IBIC Contends: The Moores did not grant the District access to Pomo Lake.

District Response: Absolutely incorrect. As noted above, when a water right is conveyed separately from the property as in this case, the conveyance includes all rights of access as by operation of law (see discussion above and footnotes 4 and 5 supra). This rule is over 100 years old and codified in the Civil Code. The Moores had access at the time of the transfer to the District, and so, the District does also. The District also has statutorily granted rights of access under Water Code 35404 to any property in the District. The Original Developers/Moores conveyed all of their water facilities to the District. Such transfers included all access rights held by the Moores related to those facilities by operation of law as explained above. The District

has exercised these rights of access since obtaining Pomo Lake in 1967 and since obtaining the original permit in 1973. The District also has water supply facilities on the surrounding IBIC property to supply water to IBIC thus giving the District full access to that property. In sum, the District has legal access by grant, dedication, operation of law, and specific statutorily granted access and exercised such access for 40 years.

2. IBIC Contends: The assignment of the Water Right to the District somehow was "in error" because IBIC had a lease with Moores to use and maintain Pomo Lake and this lease somehow demonstrates the Moores intended that IBIC own the water right.

<u>District's Response</u>: Incorrect. Mrs. Moores expressed in writing on numerous occasions to LAFCO, Mendocino County, and to the District that it was her express intent to assign all water rights to the District – not to IBIC. And in fact, this is exactly what she did. She did this because such assignment was condition of annexation of certain Moores owned properties to the District required by LAFCO and the County. The written assignment from Mrs. Moors conveyed "All Rights" to the license to the District reserving <u>NO</u> rights to the Moores or IBIC. This assignment was recorded and accepted and approved by the SWRCB. Irish Beach Subdivision would not exist but for the transfer of the Moores Creek water right to the District. (see Exhibits 2, 8, 14).

3. IBIC Contends: The SWRCB should have never issued a License to the District in 1976, because IBIC alleges the District did not own Pomo Lake, did not have access to Pomo Lake and was not assigned "maintenance" responsibilities to Pomo Lake by the Moores.

<u>District's Response</u>: Incorrect. At the same time the Moores owned the property surrounding Pomo Lake (now owned by IBIC) the Moores transferred the original

Permit, all other water rights they held, and all water-related facilities to the District (from about 1967 through 1979). The Moores could not assign any rights or facilities to IBIC in 1986, because the Moores had already assigned all such rights and facilities to the District many years prior. In its simplest legal terms, the Moores could not transfer anything – directly or as an appurtenance – to IBIC that the Moores no longer owned because they had already been transferred to the District (especially a transfer that was part of a land development and annexation approval).

It is the District's position that any change of ownership of a water right from the District to IBIC based upon false and incorrect information would be void and contrary to the public interest.

H. Conclusion

The District owns the License as a matter of law. It could not lawfully be transferred to IBIC as an appurtenance because it is owned by the District. A great injustice would be done by transferring the ownership of a publicly dedicated water source to a private entity pursuant to a ministerial process. The District respectfully requests that the Change of Ownership request be denied.

The mechanism being applied here by the SWRCB has the potential for broader application that could cause uncertainty as to the security of many existing publicly dedicated water rights. While the transfer of water rights as an appurtenance is recognized by the District, the doctrine does not allow the transfer of property not presently owned by the landowner as the SWRCB appears to be allowing in this

The Moores transferred Pomo lake to the District in 1967 pursuant to the formation of the District via LAFCO (see Exhibits 2-5) and the Moores Creek Permit to the District in 1973. All remaining water rights and water facilities owned by the Moores were transferred to the District between 1973 and 1979 (Exhibits 14, 17, 18).

situation. Many public agencies own Licenses, permits and facilities on underlying property owned by private third parties. Applying the same principle at issue in this case to those situations would mean that public water rights depended upon by hundreds to millions of citizens in this State face the possibility of becoming privately held by underlying landowners.¹⁴ Not only is this contrary to the public interest, as explained in this brief, it is contrary to controlling law.

Respectfully submitted,

Oct. 3, 2019

DECLARATION OF MATTHEW EMRICK

- I, Matthew Emrick, declare as follows:
- 1. Qualifications: I am an attorney licensed to practice in the state of California (No. 148250). I have specialized in water law, land use law, and CEQA for over 28 years. I have performed numerous water rights investigations and due diligence research over the years for public entities, private corporations, and agricultural operations throughout the state. I have also given numerous seminars on water rights throughout the state.

For example, the US Bureau of Reclamation owns water facilities and permits for water diversion located on land owned by Clifton Court LP in the southern Delta (a client of mine). Clifton Court LP is selling this property. Will the new owner of the underlying private property acquire all of the Bureau's rights and facilities located on that property as appurtenances? Under the SWRCB's application of its regulations, this would appear that would be the case. Under applicable law, however, the answer would be "no" because Clifton Court does not own the Bureau's rights and facilities and so they cannot pass as appurtenances.

I am General Counsel to Irish Beach Water District. I have worked with the District since 2006 on various issues including a specific directive to research all of the District's water rights. Over the past year, I have spent over 250 hours researching the District's Moores Creek License (Application 21901). I have reviewed documents from the SWRCB, the Coastal Commission, Mendocino County, Mendocino LAFCO, Irish Beach Water District (District) and Irish Beach Improvement Club (IBIC). I have specific experience with respect to the devaluation of property due to the loss of water supply sources as is the situation in the present case.

- 2. I have personal knowledge of the facts and documents set forth in the District's Supplemental Objection and could competently testify as to these matters if called as a witness. All of the attached documents as Exhibits 1 to 18 are true and correct copies of the original documents obtained by myself during my investigation and research from the files of the District, the SWRCB, Mendocino County and LAFCO.
- 3. Irish Beach Water District was formed in 1967 pursuant to a formation petition and LAFCO application filed by the original developers in 1966. See true and correct copies of related documents submitted with this Declaration as **Exhibits 2. 4 and 5**. The two original water supply sources for the District were Irish Gulch Creek and Moores Creek (Applications 21902 and 21902). See true and correct copies of related documents submitted with this Declaration as **Exhibits 2, 6, 10, and 11**. Since that time, the District has constructed 3 wells for backup use, conjunctive use, and potential future uses. The District presently has excess source capacity for existing hook-ups (205 connections), but lacks source capacity for full build out of the Irish Beach Subdivision (approx. 480 connections). Construction within the Irish Beach Subdivision has been slow much

slower than originally anticipated in the 1960's when the subdivision was first permitted

by Mendocino County. Future additional source capacity without challenging and the

burden would fall on existing landowners of developed (or to be developed properties)

not IBIC.

4. The Moores Creek License is approved for recreation and fire protection uses.

The License has however always been seen as a potential back-up source for Irish Gulch

both by the original Developer and the District. See for example Exhibit 2, in which the

Pomo Lake storage reservoir on Moores Creek was envisioned by the original developers

as a regulating and holding reservoir for water from Irish Gulch. The District provides

water for fire protection, which is a critical necessity in the heavily forested ridge area of

Irish Beach. IBIC does not provide any water for fire protection or have the means do so.

5. Based on my research, the timeline and facts relating to the Moores Creek

Water Right and License as set forth in the District's Supplemental Objection are true and

correct as to my knowledge, belief, and research. These facts and supporting documents

provide that the District owns the License and Pomo Lake.

I declare under penalty of perjury under the laws of the State of California that

the foregoing is true and correct. Signed on Oct. 3, 2019 in El Dorado Hills, CA 95762.

Matthew Enrick

Matthew Emrick

ATTACHMENT A

IBIC Letter to SWRCB

Irish Beach Improvement Club

A Not-For-Profit Community Service Organization



PO Box 237 Manchester, California 95459 707-353-0453

Purks, Recreution & Private Gated Reach Access

State Water Resources Control Board Division of Water Rights P.O. Box 2000 Sacramento, ('A 95812.

Attached please find our completed Change of Ownership Form for Water Diversion License 10564. Also attached is a copy of the Grant Deed for the property location (the subject purcels are Parcel B and Parcel One recorded on pages 708 and 709 of Book 1599 in Mendocino County Records).

Altached to the Change of Ownership Form is an explanation of our request as cited in response to box 5 on the form. If there are any questions please contact me at the below indicated phone number or email addresses.

Thank You

Dean Wolfe

ean walfe President, Irish Beach improvement Club

(707) SS2: 2729

dpsymoligengasm

ibicbod@mcn.org

Request to Transfer the Moores Reservoir Diversion License from the Irish Beach Water District to the Irish Beach Improvement Club

Moores Reservoir Water Diversion License

Currently the water diversion license (#10564, dated Jan. 1976) for Moores Reservoir in Irish Beach (also know as Pomo Lake) is held in the name of the Irish Beach Water District (Water District). The Water District does not now own and never has owned the land on which the reservoir water diversion exists. The Water District does not have a legal right-of-access (easement) for the water diversion.

The Irish Beach Improvement Club (Improvement Club) was assigned the responsibility for maintenance and care of the Moores Reservoir water diversion by the land owner, Moores, in leases dating back to the 1960s. The Improvement Club was deeded complete ownership of the property in 1966 by the Moores. For over 50 years the Improvement Club has cared for and maintained the Moores Reservoir water diversion.

The licensed purpose of Moores Reservoir is primarily recreation, the mission of the Improvement Club. The Water District has no identified Water District use for Moores Reservoir consistent with the water diversion license.

Proposal/Request

After extensive review, it is our opinion that there is unnecessary confusion regarding roles and responsibilities for the Moores Reservor Water Diversion. It is requested that Water Diversion License \$10564 be transferred from the Water District to the legal property owner, the Irish Beach Improvement Club. The State Water Resources Control Board, Division of Water Rights (WRCB), Change of Ownership Form is attached.

Background:

Application (#21901) for the Moores Reservoir water diversion permit was made by the then
property owner (Moores) in September 1964. The Moores developed the water diversion, built the
dam and appurtenances, and filled the reservoir.

The Moores leased the Moores Reservoir property to the Improvement Club in April 1967 and
granted access rights to the Improvement Club. The lease specified that the Improvement Club
maintain and care for reservoir (aka Pomo Lake). This lease was reissued 3 times with the latest dated
April 15, 1971.

The permit (#15579) for the Water Diversion was issued by the WRCB to the Moores in February

4. In 1973 the Moores, while retaining property ownership, assigned the water diversion permit to the Water District. However, the Moores did not grant property ownership or a right-of-access to the Water District. The Moores had already assigned access rights and responsibilities to the Improvement Club. It is our opinion that the assignment of the water diversion license to the Water District was an error. This assignment to the Water District was not consistent with the Moores intent, as documented in the lease to the Improvement Club, and their ultimate granting of the Deed to the property to the Improvement Club. Because of these facts, the assignment of the Moores Reservoir water diversion in 1973 to the Water District would more appropriately be considered an assignment of the Water District as an agent for the property owner at that time, the Moores.

In January 1976 the WRCB issued Water Diversion License #10564 to the Water District who did not
own the Moores Reservoir property, did not have a documented right-of access, and was not assigned any
responsibilities for Moores Reservoir maintenance by the property owner/permittee Moores.

6. In 1986 the Moores deeded ownership of the Moores Reservoir property to the Improvement Club consistent with their stated and documented intent for the Improvement Club to maintain and cure for the reservoir. Unfortunately, the WRCB was not informed of the change of property atomership in 1986 as required in WRCB procedures.

Signed by

Irish Beach Improvement Club (Current Property Owner)

Mendocino Coast Properties (Former Property Owner)

3/8/18 3/8/18

AGREEMENT

Article 1. Definitions.

- 1.1 Definitions. The following words and terms shall have the following meanings for the purposes of this Agreement, terms otherwise not defined herein shall be given their usual and customary meaning.
- 1.1.1 Effective Date refers to the first day of the Fiscal Year following the finalization of the LAFCO authorization permitting the collection of Redwood Coast's Special Fire and Rescue Service Tax in the Territory of Irish Beach, provided, however, the provisions in Articles 2 and 3 shall be effective upon execution of this Agreement by Redwood Coast and Irish Beach.
- 1.1.2 LAFCO refers to the Mendocino County Local Agency Formation Commission formed pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act, Government Code §§ 56000, at seq.
- 1.1.3 Special Fire and Rescue Service Tax refers to the Special Tax established by Redwood Coast's Ordinance 2001-01 establishing a special tax.
- 1.1.4 Territory of Irish Beach refers to:

PARCEL ONE

BEGINNING at a ¼ inch pipe set to mark the North 1/4 comer of section 6, Township 13 North, Range 16 West, Mount Diablo Meridian; thence South 0° 12' East, along a fence 1303.26 feet to a 3/4 inch pipe; thence North 89° 56' East a distance of 959 feet to the center of Irish Gulch; thence downstream along the center of Irish Gulch to the high water mark of the Pacific Ocean; thence Northerly along the high water mark of the Pacific Ocean to a point from which a 3/4 inch pipe beans South 89° 55' East 510 feet, more or less, said pipe being North 70 ° 51' 20" West 4011.66 feet from the 1/4 corner between Section 31, Township 14 North, Range 16 West, Mount Diablo Meridian and Section 6, Township 13 North, Range 16 West, Mount Diablo Meridian; thence from said point South 89° 55' East, 510 feet, more or less to the said pipe; thence continuing South 89° 55' East, along a fence 2,200 feet to a 3/4 inch pipe; thence South 0° 12' East along a fence 1,244.02 feet to a 3/4 inch pipe; thence continuing South 0° 12' East along the said fence 70.25 feet to a 3/4 inch pipe; thence North 89 ° 56' East along a fence 1,585.15 feet to the point of beginning.

PARCEL TWO

Beginning at a 3/4 inch pipe, set to mark the NE corner of the SW 1/4 of the NE 1/4 of Section 6, Township 13 North, Range 16 West, from which the North 1/4 corner of Section 6 bears North 45° 29' 57" West, 1,857.16 feet; thence South 0° 12' East, 65 feet to the center of Irish Gulch; thence down stream along the center of Irish Gulch to a point which bears South 89° 56' West and is 325 feet distant from the point of beginning; thence North 89° 56' East 325 feet to the point of beginning and containing 0.6 acres, more or less.

documentation of fire hydrant tests. After the Effective Date, any fire hydrants installed at the request of Redwood Coast shall be installed and maintained pursuant to an agreement to be reached between Irish Beach and Redwood Coast, which agreement may, but not necessarily, be identical to the foregoing arrangement for ownership and maintenance of existing fire hydrants.

- 3.4 Access. Irish Beach shall provide to Redwood Coast the means to access all locked areas within Irish Beach, including the fire house building, roadways to the beach area where residential structures are located, and to the area commonly known and referred to as the "Acreage."
- 3.5 Lense of Forestview Road Building. Upon the Effective Date, the lease agreement attached hereto as Exhibit "A" and incorporated herein by this reference shall be deemed to be effective.

Article 4. Miscellaneous Provisious.

- 4.1 No Assignment or Delegation. No party may assign my of its rights under this Agreement, voluntarily or involuntarily, whether by operation of law, or any other manner. No party may delegate any performance under this Agreement. Any purported assignment of rights or delegation of performance in violation of this section is void.
- 4.2 Successors and Assigns. This Agreement is binding upon and inures to the benefit of the parties and their respective permitted successors and assigns.
- 4.3 No Third Party Beneficiaries. This Agreement does not and is not intended to confer any rights or remedies upon any Person other than the Redwood Coast Fire Protection District and the Territory of Irish Beach.
- 4.4 Choice of Law. The laws of the State of California govern this Agreement.
- 4.5 Arbitration and Dispute Resolution. Any controversy or claim arising out of or relating to this Agreement is to be resolved by arbitration. The arbitration is to be held by a panel of three (3) arbitrators, each of whom must be independent of the parties. No later than fifteen (15) days after the arbitration begins, each party shall select an arbitrator and request the two selected arbitrators to select a third, neutral arbitrator. If the two arbitrators fail to select a third arbitrator on or before the tenth (10th) day after the second arbitrator was selected, either party is entitled to request the Presiding Judge of the Mendocino County Superior Court to appoint the third neutral arbitrator. Before commencement of the hearing, each arbitrator must provide an oath or undertaking of impartiality and disclosure of all relationships with the parties. Either party is entitled to seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or properties of that party. By doing so, that party does not waive any right or remedy under this Agreement. The interim or provisional relief is to remain in effect until an arbitral tribunal is established, at which time, the arbitral tribunal shall have authority to terminate, modify, or continue any interim or provisional relief. Any arbitration proceeding under this Agreement must be commenced no later than one (1) year after the

PARCEL THREE

Any property annexed to Irish Beach after April 4, 1967.

1.1.5 Territory of Redwood Coast shall mean:

The boundaries of the district include Irish Gulch and the Irish Beach Subdivision as the northerly boundary, the South Coast Fire Protection District at Iverson Road as the southerly boundary, McAlfister Ridge and Hanes Ridge and the Anderson Valley Community Services District as the easterly boundary, and the Pacific Ocean as the westerly boundary.

Article 2. Property Tax and Revenue Agreement

- 2.1.Application of Special Fire and Rescue Service Tax in Irish Beach. The Special Fire and Rescue Service Tax shall apply to the Territory of Irish Beach at the earliest practicable time following the earliest of either: (1) approval by LAFCO of the Amendment to the Sphere of Influence to include the Territory of Irish Beach within the Sphere of Influence of Redwood Coast; or (2) approval by LAFCO of an annexation by Redwood Coast of the Territory of Irish Beach for fire protection, prevention, suppression, emergency medical, hazardous materials response and search-and-rescue services.
- 2.2 Property Tax Exchange Agreement. The Property Tax Exchange Agreement for the Change of Organization contemplated berein shall provide that all property tax revenue apportioned to and received from Irish Beach Properties shall be payable to Redwood Coast Fire Protection District.
- 2.3 No Bonded Indebtedness. Redwood Coast warrants that on the Effective Date it will have no bonded indebtedness which would be applicable to the Territory of Irish Beach.

Article 3. Operational Agreements.

- 3.1. Transfer of Assets. Upon the effective data of this Agreement, Irish Beach shall transfer to Redwood Coast the following items of personal property: nine (9) Motorola Minitor II pagers; two (2) Bendix King handheld radios; two (2) Maxon handheld radios; one (1) Semiautomatic Heartstart 3000 Laerdal defibrillator, 1977 Van Pelt Pumper Truck with a 500 gallon tank, fully equipped, including a Bendix King radio; 1989 Chevrolet Silverado Response Truck with a 250 gallon tank, fully equipped, including an ICOM radio; and assorted hand tools, medical supplies, hoses, turnouts and safety gear.
- 3.2 Volunteer Firefighters, Irish Beach shall encourage Irish Beach Volunteer Firefighters to apply to Redwood Coast as volunteer firefighters.
- 3.3 Water Lines and Hydrant System. Irish Beach shall maintain ownership of its water system, including its distribution lines and fire hydrants. Irish Beach shall perform annual testing and

ATTACHMENT B Exhibits

Irish Beach Water District INDEX of Exhibits

Exhibit No.	Description
1	1964 Permit Application – 21901
2	1966 Developer Agreement for Water Distribution of intent to transfer all water facilities to the District
3	1966 SWRCB Field Investigation re: Permit App. 21901
4	1966 Developer LAFCO App to form District and transfer facilities to District.
5	1967 District formation approval by LAFCO
6	1967 SWRCB Decision 1288 approving Moores Creek Permit
7	1967 Moores Creek SWRCB Permit
8	1972 Letters from Developer to LAFCO of intent to transfer Permit (Application – 21901) to District
9	1972 Developer LAFCO Application to annex additional land to the District for development
10	1972 Developer Letter to LAFCO re: application to annex additional land to the District for development
11	1972 District Resolution approving Developer LAFCO App to annex additional lands to the District and transfer Moores Creek and Irish Gulch Permits to the District
12	1972 Letter from County to LAFCO re: annexation of additional lands to the District emphasizing need for sufficient water resources for development.
13	1972 LAFCO resolution approving annexation pursuant to Moores application and transfer of water rights to District
14	1973 Developer transfer of Moores Creek SWRCB Permit to the District

15	1973 Letter from SWRCB approving transfer of Moores Creek Permit to the District.
16	1976 Moores Creek License issued to District
17	1979 Developer transfer of remaining water facilities, easements and water rights to the District.
18	1978 – SWRCB Field Visit re: IBIC application 25708 determining that the District owns the license and the lake – and IBIC or Developer (Moores).