WHEREAS, the District is required by State law to adopt rules and regulations for the equitable distribution of water within the District.

WHEREAS, the IID Board desires to develop and implement a plan for the equitable apportionment of water in the event that, in any year, the expected demand for water is likely to exceed the supply expected to be available to the District (referred to herein as a supply/demand imbalance or "SDI" condition).

WHEREAS, on August 31, 2004, the Board adopted Resolution 14-2004, which directed the General Manager of the District to report to the Board the manner in which existing rules and regulations governing the equitable distribution and use of water within the IID service area needed to be modified to accommodate changed conditions resulting from the implementation of the Quantification Settlement Agreement and related agreements (collectively, "QSA").

WHEREAS, the Board commissioned an extensive study by Dr. Michael Hanemann and Bennett Brooks to evaluate potential equitable apportionment methods under an SDI condition.

WHEREAS, such study involved public meetings and facilitated discussions with a stakeholder group comprised of local agricultural, business and government leaders and culminated in a Draft Final Report entitled "Equitable Distribution of Water" dated August 22, 2006 ("Hanemann Report").

WHEREAS, on October 10, 2006, the General Manager recommended development of an equitable apportionment plan which allocates water for agricultural purposes using a "straight-line" method (i.e., each qualifying acre within the District receives the same amount), together with an internal exchange program regulating the transfer of rights to use such allocations ("Equitable Distribution Plan").

WHEREAS, at the direction of the General Manager, IID staff has prepared an Initial Study to evaluate the potential environmental effects of such Equitable Distribution Plan in accordance with the California Environmental Quality Act ("CEQA"), and, on October 24, 2006, IID filed a Notice of Intent to adopt a negative declaration and released a draft Negative Declaration ("Draft Negative Declaration") for a 30-day public review period.

WHEREAS, IID staff has prepared a final Negative Declaration ("Final Negative Declaration"), a copy of which is attached hereto as Attachment A.

WHEREAS, the IID Board has reviewed and considered the analysis provided in the Hanemann Report, the General Manager's recommendations, the Initial Study, the Draft Negative Declaration and public comments received thereon, and the Final Negative Declaration.
J. WHEREAS, the Board wishes to approve the Final Negative Declaration, authorize the General Manager to develop the Equitable Distribution Plan based on his recommendations, and authorize implementation of the Plan.

K. WHEREAS, the issue of the equitable apportionment of water by an irrigation district in times of shortage is addressed in the California Water Code, at Sections 22250 through 22264. Pursuant to Sections 22261 and 22262, the establishment of an equitable apportionment system, including the assignment within the district of apportioned water under Section 22251, does not authorize the sale of any water right or transfer any water right owned by the district. Further, Water Code Section 22231 does not authorize the assignment of apportioned water outside the district.

NOW, THEREFORE, be it hereby resolved as follows:

1. The IID Board has determined that an apportionment plan applicable during an SDI condition should be adopted, in order to satisfy the District's obligation under the California Water Code to provide for the equitable distribution of water within the District.

2. In order to comply with CEQA:
   a. The Board has reviewed the Initial Study relating to the proposed Equitable Distribution Plan and the Draft Negative Declaration, which indicates that the Plan will not have a significant effect on the environment.
   b. The Board has reviewed and considered the comments received on the Draft Negative Declaration.
   c. The Board has reviewed and considered the Final Negative Declaration attached to this Resolution as Attachment A.
   d. The Board finds that: (i) the Final Negative Declaration provides a sufficient assessment of the environmental impacts of the proposed Equitable Distribution Plan pursuant to CEQA; (ii) although the Final Negative Declaration incorporates changes to the Draft Negative Declaration, none of those changes constitutes a "substantial revision" requiring recirculation pursuant to the criteria set forth in CEQA Guidelines Section 15073.5; (iii) the Final Negative Declaration reflects the Board's independent judgment and analysis; and (iv) on the basis of the whole record (a copy of which shall be maintained by the General Manager), there is no substantial evidence that the proposed Equitable Distribution Plan will have a significant effect on the environment.
   e. The Board hereby approves and adopts the Final Negative Declaration.

3. The IID Board hereby approves the development and implementation of the Equitable Distribution Plan, including the following elements:
   a. Water shall be apportioned among agricultural users using the straight-line method of allocation, based upon the ease of implementation and efficiency of this method.
b. Transfer of the right to use such apportionments among agricultural users shall be permitted, subject to reasonable terms and conditions.

4. The IID Board hereby directs the General Manager to prepare the rules and regulations necessary or appropriate to implement the Equitable Distribution Plan within the District. The General Manager is authorized to finalize the Equitable Distribution Plan, so that water users will be made aware of, and be able to rely upon, the rules and regulations which will be used in the future when an SDI occurs. Finally, the General Manager is authorized to implement the Plan in the event of an SDI condition.

PASSED AND ADOPTED this 28th day of November, 2006.

IMPERIAL IRRIGATION DISTRICT

President

Secretary