

**MINUTES OF A REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
HELD WEDNESDAY, APRIL 4, 2012 AT 2:30 O'CLOCK P.M.**

A regular meeting of the Main San Gabriel Basin Watermaster was duly and regularly held in the Conference Room of the City of Azusa Light and Water Administration Facility, at 729 North Azusa Avenue, in the City of Azusa, County of Los Angeles, State of California, 91702, on Wednesday, April 4, 2012 at the hour of 2:30 p.m.

CALL TO ORDER

James Byerrum, Chairman, called the meeting to order and presided thereover.

ROLL CALL OF WATERMASTER MEMBERS

The following members of Watermaster were present on roll call:

PRESENT: Chet Anderson, Dan Arrighi, James Byerrum, Ed Chavez, Thomas Love, Pat Malloy, David Michalko, Michael Quinn, and Charles Trevino.

ABSENT: None

STAFF AND OTHERS PRESENT

Staff present at the meeting included: Tony Zampiello, Assistant Executive Officer; Fred Fudacz, Attorney; Stephen Johnson, Consulting Engineer; Wendy La, Staff Engineer; and Kelly Gardner, Administrative Coordinator.

Others present included: Ron Bow, Todd Brown, Mark Carney, Barbara Carrera, Shane Chapman, Jonathan Contreras, Ken Deck, Ken Herman, Dan Horan, Matt Lasecki, Ben Lewis, Ken Manning, Stephen Millard, Tim Miller, Lynda Noriega, Steve Patton, Henri Pellissier, James Prior, Martin Ray, and Tom Tait.

ADOPTION OF AGENDA

The Chairman asked if there were any changes to be made to the agenda. On motion made by Mr. Trevino, seconded by Mr. Arrighi and unanimously carried, the agenda was adopted as presented.

TIME RESERVED FOR PUBLIC COMMENT

No comments were offered.

CONSENT CALENDAR

On motion made by Mr. Trevino, seconded by Mr. Chavez, and unanimously carried, the following items were approved:

- a) Minutes of the Regular Meeting of Watermaster held March 7, 2012.
- b) Lists of Demands: Items 15292 through 15333 in the amount of \$293,761.05 on the Administrative Fund and Item 912 in the amount of \$78,868.84 on the Replacement Water Fund.
- c) Financial Statements, March 2012
- d) Stipulation re Intervention after Judgment of:
 - i) William B. Usrey

PRELIMINARY DETERMINATION OF OPERATING SAFE YIELD FOR FY 2012-13 THROUGH 2016-17

The Consulting Engineer stated that, pursuant to Section 43 of Watermaster's Judgment, a Preliminary Determination of the Basin's Operating Safe Yield (OSY) is to be made by each April Watermaster meeting, with the final determination to be made at the May meeting. He explained that the OSY is the amount of water which Watermaster determines can be pumped from the Basin before Replacement Water must be purchased.

The Consulting Engineer briefly reviewed hydrologic conditions, water in storage, rainfall activity and other considerations in determining the OSY, and stated that a more detailed report will be provided at the May meeting. He noted that his recommendation takes into consideration key components of review such as historic basin lows, rainfall, supplemental water supply and cyclic storage. The Consulting Engineer added that the Key Well elevation as of April 1, 2012 is 228.3 feet and declining by nearly one-half foot per week. He noted that the spreading grounds are dry and local storage is at minimum pool. He also stated that the Basin Water Management Committee held several technical workshops during this fiscal year to discuss the methodology in establishing the OSY and the effects it has on the Basin levels. Through these workshops, it was determined that moderation is very important, and that big swings up and down can have a lasting impact on the Basin.

Additionally, the Consulting Engineer stated that the Basin has received only about 50 percent of the average rainfall this year. He noted that so far, this has been a very dry year; therefore stormwater capture is considerably lower than last year at roughly 10% of average. Snowpack is less than 50 percent of average, which has a direct impact on the allocation of the State Water Project water.

With regard to Cyclic Storage, the Consulting Engineer reported that as a result of the Replenishment Rate Water made available last year, an increase was seen in the Cyclic Storage accounts, particularly in Producer accounts. Approximately 55,000 acre-feet was added to Producer Cyclic Storage accounts that will be used at a future time to off-set Replacement Water obligations.

The Consulting Engineer stated that regarding imported water deliveries to the Basin, going into the next fiscal year, Watermaster should expect less than 15,000 acre-feet to be delivered from the San Gabriel Valley Municipal Water District (SGVMWD) with a Replacement Water obligation of approximately 20,000 acre-feet. From the Upper San Gabriel Municipal Water District (USGVMWD), Watermaster may have the opportunity to purchase an additional 8,000 to 10,000 acre-feet of Tier 1 water, and from Three Valleys Municipal Water District (TVMWD), another 5,000 acre-feet. He also noted that the Metropolitan Water District will not have a Replacement Water Rate this year.

Finally, based on last year's recommendation of 210,000 acre-feet and current conditions, including a decline in Basin production, the Consulting Engineer stated that the Preliminary Determination of the OSY is 200,000 acre-feet for 2012-13, 190,000 acre-feet for 2013-14, 180,000 acre-feet for 2014-15, 170,000 acre-feet for 2015-16, and 160,000 acre-feet for 2016-17.

The Assistant Executive Officer stated that the final determination of the OSY will be held on May 2, and that copies of the Preliminary Determination Report will be mailed to all Parties.

WATER QUALITY MANAGEMENT ACTIVITIES

Application from Covina Irrigating Company for a Water Treatment Facility– The Consulting Engineer stated that Covina Irrigating Company (CICo) has submitted an application for the construction of a new Water Treatment Facility at its Baldwin Park Pumping Plant located at 15342 East Ramona Boulevard, in the City of Baldwin Park. The Treatment Facility will be designed to remove perchlorate from water pumped from the Baldwin wells using a single-use, ion exchange resin treatment technology.

He reported that the facility will be designed to treat all three wells at the site with a maximum flow capacity of 6,600 gallons per minute, or 10,560 acre-feet per year. From a historical perspective, these wells were “shut-down” in the 1980's due to VOC contamination. Then in the 1990's, Watermaster worked with CICo to perform some pump testing that allowed the wells to be returned to active status and produce water for supply purposes.

The Consulting Engineer referred to specific documents within the staff report that detail production and contamination records for the wells at this site. He also noted that there is no indication that this proposed facility will have a negative impact on the Baldwin Park Operable Unit.

Lastly, the Consulting Engineer stated that it is staff's recommendation that Watermaster approve Covina Irrigating Company's application to construct a new Perchlorate Treatment Facility at its Baldwin Park Pumping Plant, subject to conditions set forth in the staff report.

On motion made by Mr. Love, seconded by Mr. Arrighi, with Mr. Trevino abstaining, Watermaster approved Covina Irrigating Company's application to construct a new Water Treatment Facility at its Baldwin Park Pumping plant, subject to conditions stated in the staff report.

REPORT FROM ADMINISTRATIVE COMMITTEE

Mr. Arrighi reported that the Administrative Committee met on March 26, 2012 and discussed several items, one requiring Watermaster action today.

Recommendation to authorize Watermaster's participation in the San Gabriel Valley Water Educational Summit - Mr. Arrighi referred to the staff report and noted that Watermaster has been asked to participate as an event sponsor in the San Gabriel Valley Water Educational Summit as one of five lead agencies. Participation would include a financial donation. Mr. Arrighi stated it is anticipated that the 2012 summit will take place in the fall with subsequent years being held in the spring, therefore, if Watermaster elects to participate, staff will budget for two events in the 2012-13 fiscal budget.

He noted that the Committee discussed the possible benefits and financial impacts and decided to recommend that Watermaster approve participation in the event with the condition that staff stay directly involved to ensure that the funds are maximized.

Mr. Byerrum introduced Mr. David DiPinto to provide an informational overview of the San Gabriel Valley Water Educational Summit. Mr. DiPinto expressed his appreciation to Watermaster and all of the other agencies who have offered their support for this event. He stated that the idea of this summit has been in the works for more than a year with the intent of getting the people of the San Gabriel Valley together in anticipation of an upcoming Water Bond. Mr. DiPinto noted that similar events are held annually in both Orange and San Bernardino Counties, and have proven to be quite successful in serving the water educational needs of the surrounding area, and promoting outreach to various stake holders from the public, to the media. He noted that with today's approval by Watermaster, there will be five lead agencies in agreement to sponsor the event.

Mr. Byerrum thanked Mr. DiPinto, and agreed that having the five lead agencies support an event like this reaches a broader spectrum of the community. He noted his appreciation to the San Gabriel Valley Municipal Water District for initiating this summit.

Mr. Trevino stated that having a unified voice in the San Gabriel Valley is very important, especially when addressing issues such as the State Water Bond.

On motion made by Mr. Arrighi, seconded by Mr. Trevino, and unanimously carried, Watermaster approved participation in the San Gabriel Valley Water Educational Summit.

REPORT FROM BASIN WATER MANAGEMENT COMMITTEE

Mr. Malloy reported that the Basin Water Management Committee (BWMC) met on March 14, 2012 and discussed several items, none requiring Watermaster action. He stated that one of the items discussed was an update on the activities of the Stormwater Ad Hoc Committee. He noted that the committee was formed to review and initiate potential stormwater capture projects that have a direct benefit to the groundwater basin. Mr. Malloy also stated that staff worked closely with the Stetson Engineers (Consulting Engineer) to identify and prioritize potential project areas in conjunction with the Los Angeles County Department of Public Works (LACDPW). Mr. Malloy noted that the Ad Hoc Committee has completed the tasks assigned to them and distributed a copy of the project priority list. He expressed his appreciation to Mr. Bob Bowcock – Ad Hoc Committee

Chair, Stetson Engineers, and the members of the Ad Hoc Committee for their time and dedication to the Committee.

Additionally, Mr. Malloy reported that the BWMC discussed the development of a Watermaster Database. He stated that the Committee recommended that staff contact LDC, the firm that is currently under contract to manage a similar database for the Baldwin Park Operable Unit about possibly expanding its database to include the entire basin.

Lastly, Mr. Malloy stated that staff provided the Committee with an update on the Judgment Amendment process noting that staff is moving forward gathering declarations of support from the Parties, Producers and Responsible Agencies for submission to the Court in the next couple of months.

The Consulting Engineer clarified the ranking criteria relative to Miller Pit stating that it is currently privately owned; however, there are ongoing discussions between the owners, the County and Watermaster regarding its project potential.

Mr. Byerrum asked if the Watermaster Database discussions included any input from the Water Quality Authority (WQA), TVMWD, and USGVMWD as they were initially working with Watermaster to develop a Basin-wide database. Mr. Malloy stated that, at this time, as a result of Committee discussions, only Watermaster has been involved in the consideration of the LDC expansion of the database; however, he invited the representatives of these agencies to attend the next BWMC meeting and participate in the discussion.

REPORT FROM FINANCE COMMITTEE

Mr. Michalko reported that the Finance Committee met on March 22, 2012. He referred to the staff report and budget included in the packet and stated that no action is required by Watermaster.

Review of preliminary draft administration budget for FY 2012-13 – Mr. Michalko reviewed the preliminary draft administration budget for FY 2012-13, noting that the draft is based upon an assumption of 240,000 acre-feet of production in the Basin during FY 2011-12. The proposed Administration Assessment is to remain at \$13.00 per acre-foot of production.

Additionally, Mr. Michalko pointed out that the funding for the San Gabriel Valley Water Educational Summit has been included and noted a few additions and increases to the engineering portion of the budget to address the required Salt and Nutrient Plan, the possible database development, and such issues as legal representation for the Santa Ana Sucker and Southwestern Willow Flycatcher critical habitat designations.

Lastly, Mr. Michalko stated that the next Finance Committee meeting is scheduled for April 24, 2012 at 2:30 p.m. in the Watermaster Office and invited anyone with questions or concerns to attend.

In response to a question from Mr. Byerrum, Mr. Michalko stated that the final determination of the 2012-13 Watermaster Budget will be made at the May 2, 2012 meeting.

INFORMATION ITEMS

The following items listed on the agenda for information of Watermaster were noted, and

ordered received and filed:

- a) Temporary assignment or lease of 8.88 AF Production right from Susan Andrade to San Gabriel Valley Water Co. for FY 2011-12
- b) Transmittal of SGVMWD monthly report for February 2012
- c) Various newspaper articles

ATTORNEY'S REPORT

The Attorney reported that regarding the South El Monte Operable Unit (SEMOU) litigation, there was a status conference scheduled for March 26, 2012 before Judge Collins; however it was cancelled at the request of the mediator and rescheduled for April 9, 2012. He stated that there are several settlements in principle that seem to be maturing and others that have signed agreements awaiting final Court approval. Once these are completed, the Attorney reported that Los Angeles County will drop out of the litigation and will relieve Watermaster of the obligation to defend. He noted that TDY Teledyne, the last remaining defendant that has sued Watermaster, has made significant progress with the Water Entities and the Environmental Protection Agency, and is expected to have a settlement agreement in place soon. The Attorney also reported that the insurance carrier for the SEMOU case is current with payment distributions, approximately \$428,000 to offset the legal billing.

Regarding the spent resin disposal method for the Baldwin Park Operable Unit treatment plants, the Attorney reported that the single-pass method wherein the resin has the potential to pick up naturally occurring radioactive material (NORM) which may preclude incineration as a disposal option. He will continue to work with the Producers, CR's and the Consulting Engineer to achieve a resolution that will satisfy all involved, while remaining in compliance with regulatory statutes.

The Attorney also reported that a new issue has arisen within this operable unit relating to nitrate treatment. He reported that under the settlement agreement, Nitrates are not listed as a chemical of concern, although site SA-1 has been using the ICEP process which also treats the nitrates present in the water. Now that the resin change has been proposed to alleviate the perchlorate waste into the brine line, various agencies are concerned that the single-pass method will not remove nitrates; therefore the water delivered will contain nitrates. He reported that an independent arbitrator commissioned CDM Engineering (CDM) to study the issue and provide a recommendation for consideration. CDM's recommendation has been rejected by the CR's, who have instead come up with a counter proposal recommending that the water with nitrate presence be delivered to Suburban Water System where it can then be "blended" down to a servable level. The Attorney stated that this proposal conflicts with the settlement agreement so he will stay involved and keep Watermaster informed of any updates.

Additionally, the Attorney reported that he is still waiting for the revised report from the Trustee relative to the Crown City Plating litigation. He stated that he will provide final settlement information to the Board as soon as the revised report is received.

The Attorney also reported that, with regard to the Judgment Amendments, the legal

documentation has all been drafted and is now being circulated to the appropriate agencies for action. He stated that the Responsible Agencies have all been contacted and asked to submit declarations of support for the Amendments. In the meantime, he reported that staff is working on drafting letters of support to be distributed to the Parties for inclusion in the complete Court submittal. He stated that once the documents have been obtained, he will petition the Court for a hearing date that will be at least 35 days after the initial contact.

Lastly, the Attorney discussed the pending endangered species issues. Relative to the Santa Ana Sucker, Watermaster has been contemplating a lawsuit to challenge the critical habitat designation along the West Fork of the San Gabriel River. He and Watermaster staff have solicited support from Los Angeles County who operate the dams along the river and are arguably the most impacted agency by the designation, but have not been successful in receiving any confirmation of its intent to join the effort. The Attorney stated that the initial intent was to have Watermaster and Los Angeles County join the Santa Ana River Water Entities litigation but that group has moved ahead to the records certification phase. The Court set a date of June 18, 2012 as the deadline for all Summary Judgment Motions to be filed, with a trial date of September 11, 2012. He also stated that he has received a copy of the Recovery Plan Outline from the Field Office of the Fish and Wildlife Service indicating a desire to explore modifications to dam operations relating to water regime changes and sediment management changes that enhance the viability of the SAS. He noted that regardless of the ability to partner with the County, Watermaster will participate in the discussions relative to this outline.

With regard to the Southwestern Willow Flycatcher, a tentative critical habitat designation affects the San Gabriel River area from Morris Dam to Santa Fe Dam. A biological consultant has been engaged to map the vegetation that impacts the habitat of the Flycatcher and found that it corresponds dramatically with water recharge areas. Staying ahead of this process is imperative to making sure that critical habitat designations do not interfere with water supply needs. He will work to set up a meeting with field office representatives and keep the Board updated on any progress.

ENGINEER'S REPORT

Regarding hydrology in the Basin, the Consulting Engineer reported that as of March 23, 2012, the Baldwin Park Key Well elevation was 228.7 feet, continuing to drop approximately one-half foot per week.

The Consulting Engineer stated thanks to recent storms, the inflow into San Gabriel Dam had gone up to 150 cubic feet per second, but has since settled back down to 35 cfs.

Lastly, the Consulting Engineer reported that all five landfills in the Basin have been inspected, and all were found to be operating normally with no violations to report.

EXECUTIVE OFFICER'S REPORT

The Assistant Executive Officer reported that a written summary of the Engineer's Report will be included in the agenda packet from this point forward, for better communication of the current facts and figures.

Additionally, the Assistant Executive Officer reported that the National Park Service is working on a designated National Recreation Area along the upper area of the San Gabriel. He stated that Watermaster has provided comments on the alternatives and met with Steve Evans, a representative of the Friends of the River group. He stated that Watermaster is working to make sure that any designation doesn't hinder the right to divert and/or spread water. He also noted that the County Sanitation District has concerns about its treatment plant and solid waste facilities that may fall within the designated area. The Assistant Executive Officer reported that it is unlikely that any legislation regarding this matter would be introduced during this session, and that staff will continue to meet with Mr. Evans to ensure that water operations are considered before making any final decisions.

The Assistant Executive Officer distributed copies of a staff report detailing outside activities, committees, and task groups that Watermaster staff is involved with. He stated that he will include this in the agenda packet from here forward.

Lastly, the Assistant Executive Officer reported that staff will add an item for action to the May meeting to address the need to change the July meeting date due to the July 4th Holiday.

REPORT FROM RESPONSIBLE AGENCIES

Mr. Trevino reported that representatives from the Main San Gabriel Basin Watermaster and the Water Quality Authority gave a presentation on the U. S. EPA superfund operable units within the Basin that addressed water quality issues, estimated cost for capital, treatment and remediation as well as sources of funding for the operable units. He thanked Tony Zampiello and Ken Manning for an excellent presentation.

Additionally Mr. Trevino reported that the USGVMWD Board voted Donald L. Dear to serve as its representative to the Local Agency Formation Commission. He also reported that Turf Removal Funding Requests were approved for MillerCoors and Duarte High School.

Lastly, Mr. Trevino reported that the USGVMWD Board passed two Resolutions; 1) Initiating Proceedings for the Establishment of a Water Availability Standby Charge for Fiscal Year 2012-13, and 2) the Nomination of Shane Chapman as the Region 8 Board Candidate.

COMMENTS FROM WATERMASTER MEMBERS

Mr. Love thanked the Assistant Executive Officer for providing an agenda cover memo with the packet. He also thanked the Consulting Engineer for a very detailed report.

ADJOURNMENT

The Chairman asked if there were other business to come before Watermaster, and there being none, upon motion duly made by Mr. Love, seconded by Mr. Michalko, and unanimously carried, the meeting was adjourned to the next regular meeting of Watermaster on Wednesday, May 2, 2012, at 2:30 p.m. in the Conference Room of the City of Azusa Light and Water Administration Facility at 729 North Azusa Avenue, Azusa, CA 91702.

SECRETARY'S SIGNATURE

DAN ARRIGHI

ATTEST:

JAMES BYERRUM
CHAIRMAN