

**MINUTES OF A REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
HELD WEDNESDAY, OCTOBER 2, 2013 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, October 2, 2013 at the hour of 2:30 p.m.

CALL TO ORDER

James Byerrum, Chair, 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, Anthony Fellow, Garry Hofer, David Michalko, Richard Rich and Charles Trevino

ABSENT: Thomas Love

STAFF AND OTHERS PRESENT

Staff present at the meeting included: Anthony Zampielo, Executive Officer; Kelly Gardner, Assistant Executive Officer; Fred Fudacz, Attorney and Kevin Smead, Consulting Engineer.

Others present included: Jennifer Aguilar, Dennis Ahlen, Bob Bowcock, Barbara Carrera, Ted Carrera, Ken Deck, Myra Evangelista, Dan Horan, Shawn Igoe, Ben Lewis, Jr., Claudine Meeker, Lynda Noriega, Steve Patton, Jim Prior, Tom Tait and Che Venegas.

ADOPTION OF AGENDA

The Chair asked if there were any changes to be made to the agenda. On motion made by Mr. Trevino, seconded by Mr. Anderson 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. Arrighi, seconded by Mr. Trevino, and unanimously carried, the following items were approved:

- a) Minutes of the Regular Meeting of Watermaster held September 4, 2013.
- b) Lists of Demands: Items 16027 through 16064 in the amount of \$391,113.04 on the Administrative Fund, and Items 939 and 940 in the amount of \$538,385.05 on the Replacement Water Fund
- c) Financial Statements, September 2013
- d) Stipulation re Intervention after Judgment of:
 - i. Ralph E. Munoz

REPORT FROM ADMINISTRATIVE COMMITTEE

Mr. Arrighi referred to a written Committee report that is included in the board packet. He reported that the Administrative Committee met on September 17, 2013, to discuss two items, one of which requires Watermaster action. He stated that the Committee reviewed drafts of updated cyclic storage agreements between Metropolitan Water District (MWD) and their member agencies; Three Valleys Municipal Water District (TVMWD), and Upper San Gabriel Valley Municipal Water District (USGVMWD).

Mr. Arrighi noted that, as stated in the Committee report, a legal review of the agreements was completed and the consensus of the Committee and Watermaster's Attorney was that Watermaster approve the renewal of MWD cyclic storage agreements with Watermaster for TVMWD and USGVMWD. Action was deferred to the next agenda item.

AUTHORIZATION TO EXECUTE EXTENSION AGREEMENTS FOR MWD CYCLIC STORAGE ACCOUNTS

The Executive Officer presented the following two items for Watermaster approval:

MWD/TVMWD/Watermaster agreement to store up to 40,000 acre-feet - As noted in Section H of the Seventh Amendment to the Cyclic Storage Agreement, the Parties entered into the Agreement for the purpose of giving MWD the right to store up to 40,000 acre-feet of State Water Project (SWP) water in the Basin. The terms of the Seventh Amendment are for five years.

On motion made by Mr. Arrighi, seconded by Mr. Rich, and unanimously carried, Watermaster authorized the extension agreement for the MWD/TVMWD/Watermaster Cyclic Storage Agreement for a period of five years, to expire on June 30, 2018.

MWD/USGVMWD/Watermaster agreement to store up to 100,000 acre-feet - As noted in Section H of the Ninth Amendment to the Cyclic Storage Agreement, the Parties entered into the Agreement for the purpose of giving MWD the right to store up to 100,000 acre-feet of SWP water in the Basin. The terms of the Ninth Amendment are for five years.

On motion made by Mr. Arrighi, seconded by Mr. Anderson, and unanimously carried,

Watermaster authorized the extension agreement for the MWD/USGVWD/Watermaster Cyclic Storage Agreement for a period of five years, to expire on June 30, 2018.

AUTHORIZATION TO EXECUTE EXTENSION AGREEMENT FOR VALENCIA HEIGHTS WATER COMPANY CYCLIC STORAGE ACCOUNT

The Executive Officer reported that Valencia Heights Water Company has requested an extension agreement to the terms of its Individual Producer Cyclic Storage Account, currently set to expire on November 5, 2013. He stated that this is a routine item, and no additional storage has been requested by Valencia Heights Water Company.

On motion made by Mr. Trevino, seconded by Mr. Anderson, and unanimously carried, Watermaster authorized the extension agreement for the Valencia Heights/Watermaster Cyclic Storage Agreement for a period of five years, to expire on November 5, 2018.

REPORT FROM BASIN WATER MANAGEMENT COMMITTEE

Mr. Michalko reported that the Basin Water Management Committee met on September 11, 2013 and discussed a number of items, one of which requires Watermaster action. He stated that a written Committee Report is included in the board packet for review by those interested in the other items. Additionally, Mr. Michalko noted that the Ad Hoc Committee met recently to continue moving forward with the development of procedure setting criteria for implementation of the Resource Development Assessment.

Review of the Three-year Purchased Water Plan - Mr. Michalko deferred discussion on this item to the Executive Officer. The Executive Officer presented a report subsequent to the report from the Basin Water Management Committee.

Renewal of York Engineering, LLC Contract for BPOU Air Quality Monitoring – Mr. Michalko reported that, as stated in the Committee Report, Watermaster maintains professional service contracts on behalf of the Baldwin Park Operable Unit (BPOU). Yorke Engineering, LLC (Yorke) provides air quality monitoring for the BPOU and the contract is due for renewal. He noted that based on favorable feedback from staff and Water Entities, the Committee recommends that Watermaster approve the renewal of the professional services agreement with Yorke for Calendar Year (CY) 2014. According to the proposal provided by Yorke, there will be no increase in costs, or changed to the scope of work, for air quality monitoring for CY 2014.

On motion made by Dr. Fellow, seconded by Mr. Trevino, and unanimously carried, Watermaster authorized the renewal of the York Engineering, LLC contract for BPOU air quality monitoring for CY 2014.

RECEIVE AND FILE THREE-YEAR PURCHASED WATER PLAN FOR FY 2013-14 TO 2015-16

The Executive Officer provided a detailed overview of the Three-year Water Plan (Plan), including how it relates to Watermaster's responsibilities under the revised Judgment. He

noted the various criteria for pre-purchases, and estimated that Watermaster will purchase approximately 26,000 acre-feet of supplemental water in FY 2013-14, its first year of implementation. In FY 2014-15, and subsequent years, Watermaster intends to purchase 40,000 acre-feet. The Executive Officer stated that there are many assumptions yet to be determined for the third year of the Plan, including availability of water.

Additionally, the Executive Officer explained that the criteria also include Key Well projections, taking into consideration rainfall and statistical averages. Lastly, he stated that the Plan will be updated and reviewed by the Board each year.

On motion made by Mr. Michalko, seconded by Mr. Arrighi, and unanimously carried, Watermaster received and filed the Three-year Purchased Water Plan.

REPORT FROM FINANCE COMMITTEE

Mr. Rich reported that the Finance Committee met on September 23, 2013 and discussed two items requiring Watermaster action.

Review of Draft Audit Report for Fiscal Year 2012-13 – Mr. Rich stated that the Committee reviewed the audit of Watermaster's financial statements for Fiscal Year (FY) 2012-13 as presented by Vicenti, Lloyd & Stutzman, LLP (VLS). He stated that the Committee recommends that Watermaster receive and file the audit report.

On motion made by Mr. Rich, seconded by Mr. Trevino, and unanimously carried, Watermaster received and filed the audit report as presented by VLS.

Reaffirm Cash Investment Policy – Mr. Rich reported that, as required each year, the Finance Committee has also reviewed the Watermaster's Cash Investment Policy. He stated that the consensus of the Committee was to recommend that Watermaster approve and reaffirm the Cash Investment Policy.

On motion made by Mr. Byerrum, seconded by Mr. Trevino, and unanimously carried, Watermaster reaffirmed its Cash Investment Policy.

ATTORNEY'S REPORT

The Attorney reported that a proposed settlement in principle is still in place with regard to the South El Monte Operable Unit (SEMOU) insurance claim. He stated that Watermaster directed the insurance company to draft an agreement. The Attorney noted that the parties involved have tentatively agreed to terms. He will provide additional information on this matter once he receives the agreement.

Additionally, the Attorney reported again that the agreement with Citizens Business Bank (CBB) to establish a line of credit is scheduled to go before the Court on October 22, 2013 for approval.

ENGINEER'S REPORT

The Consulting Engineer reported that, as of September 20, 2013, the Key Well elevation was 196.3 feet, reflecting a rate of decline of 0.4 feet from the prior week, compared to 0.6 feet the week before. The reduction in decline is due to new imported water to the Basin. He stated that the Historic Low for the Basin is 189.2 feet, set in December of 2009.

The Consulting Engineer also reported that inflow into the San Gabriel Reservoir continues to be very low, resulting in only about 12,000 acre-feet of water is in canyon storage. Total canyon storage capacity is 84,000 acre-feet. Additionally, the Consulting Engineer reported briefly on total water production and stated that 245,600 acre-feet was produced in FY 2012-13 compared to 239,000 acre-feet in FY 2011-12.

Lastly, the Consulting Engineer reported that all five landfills were inspected and found to be operating normally with no violations. He referred to a written report included in the board packet that includes additional water supply and rainfall information.

EXECUTIVE OFFICER'S REPORT

The Executive Officer's referred his Outside Activities Report that is included in the board packet. He highlighted a number of the activities that staff has engaged in over the past month, including a number of presentations given to outside organizations. Additionally, the Executive Officer reported that staff is preparing comments on the California Department of Public Health's proposed maximum contaminant level for hexavalent chromium in drinking water. The letter will be submitted by the end of the week.

REPORT FROM RESPONSIBLE AGENCIES

Dr. Fellow reported on behalf of the USGVMWD. He provided a written copy of his report that highlighted recent activities. Dr. Fellow noted that USGVMWD canceled its regular board meeting scheduled for September 17, 2013. At the October 1, 2013 regular meeting, the Board took action on one item:

- a) Amendment to Cyclic Storage Agreement between MWD, USGVMWD and Watermaster.

Mr. Dan Horan, reporting on behalf of TVMWD, stated that TVMWD received and filed its Financial Audit for FY 2012-13.

REPORT FROM OUTSIDE COMMITTEE LIASONS

Mr. Anderson, Mr. Arrighi and Mr. Michalko referred to written reports delivered to Watermaster.

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 168 AF Base Annual Diversion right and 168 AF Carry-over right from Harry Rosedale to Canyon Water Company for FY 2013-14
- b) Temporary assignment or lease of 26.41 AF Production right and 29.34 AF Carry-over right from William McIntyre to Canyon Water Company for FY 2013-14
- c) Temporary assignment or lease of 585.81 AF Production right from Cadway, Inc. to California Domestic Water Company for FY 2013-14
- d) Temporary assignment or lease of 3,567.68 Carry-over right from Co-Tenancy of Laurence R. Pellissier Irrevocable QTIP trust, et al, to California Domestic Water Company for FY 2013-14
- e) Temporary assignment or lease of 145.84 AF Prescriptive Pumping right from Jeffrey Kirklen to California Domestic Water Company for FY 2013-14 through FY 2027-28
- f) Temporary assignment or lease of 70 AF Production right from Hemlock Mutual Water Company to Valley County Water District for FY 2013-14 through FY 2014-15
- g) Notice of Change of Designee for the City of Monrovia to Mark Clifford Carney
- h) Notice of Change of Designee for MillerCoors, LLC to Carol Cauthen
- i) SGVMWD transmittal of monthly report for August 2013
- j) Various newspaper articles

COMMENTS FROM WATERMASTER MEMBERS

No comments were offered.

ADJOURNMENT

The Chair asked if there were other business to come before Watermaster, and there being none, the meeting was adjourned to the next regular meeting of Watermaster on Wednesday, November 6, 2013, 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
CHAIR