

MAIN SAN GABRIEL BASIN WATERMASTER

**JUDGMENT, EXHIBIT H (3)(d),
“THREE-YEAR PURCHASED
WATER PLAN”
(FY 2020-21 TO
FY 2022-23)**

September 2020

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BACKGROUND

On June 21, 2012, the Superior Court of the State of California for the County of Los Angeles (Court) approved certain proposed Judgment amendments. Some of these Judgment amendments help Watermaster address Supplemental Water supply concerns. One of the amendments, Exhibit H(3)(d), requires that "...on or before November 1 of each year, Watermaster shall prepare and distribute to the Responsible Agencies a three-year projection of its Supplemental Water purchases from each agency. Watermaster shall, to the extent feasible, coordinate the tentative schedule for delivery and payment of those purchases with each agency." The estimated water deliveries discussed in this Three-Year Plan are not considered an "order" by Watermaster, but are informational. Some of the considerations included in the Three-Year projection of Supplemental Water purchases are included below.

Judgment Amendment, Section 45(b)(7), allows Watermaster to "...levy an Assessment on all Pumping, as determined through Rules and Regulations ... to support the purchase, financing, and/or development of new or additional Supplemental Water sources, in cooperation with one or more Responsible Agencies as appropriate." Section 45(b)(7) established the "Water Resource Development Assessment" for the purchase or development of additional Supplemental Water supplies. Based on these Judgment amendments, Watermaster also amended its Rules and Regulations to include a policy/criteria to develop the "Three-Year Purchased Water Plan" (Three-Year Plan). Under Section 26(d)(5) of the Rules and Regulations, the first priority for spreading of Supplemental Water is "...Supplemental Water ordered by Watermaster from Responsible Agencies for direct delivery to the Basin as Replacement Water...". Recognizing many Producers currently pre-purchase Supplemental Water for delivery into their Cyclic Storage accounts, those pre-purchases are considered to have the same priority as Replacement Water.

Under normal procedures, following the end of each fiscal year (June 30th), Watermaster receives production data from Basin Producers and calculates the final Replacement Water obligation based on the prior fiscal year's over-production. Watermaster adopted Resolution No. 05-20-301 on May 13, 2020 (see Attachment A), which provides Producers an economic incentive to pre-purchase and deliver Supplemental Water into their Cyclic Storage accounts in advance of paying a potentially higher Replacement Water Assessment. In accordance with its Rules and Regulations, Watermaster provides a Statement of Assessments (including any Replacement Water Assessment) to each Producer by August 15th and all Assessments are due to Watermaster by September 20th.

Under Section 34(n) of the Judgment, Watermaster has the power to "...enter into appropriate contracts, to be approved by the Court, for utilization of Groundwater storage capacity of the Basin for cyclic or regulatory storage of Supplemental Water by parties and non-parties...which shall include provision for...Watermaster control of all spreading or injection and extraction scheduling and procedures for such stored water...". To better coordinate all Supplemental Water deliveries for replenishment (includes untreated imported water, or recycled water deliveries for Replacement Water, RDA Water, Responsible Agency cyclic storage, producer cyclic storage, MWD deliveries to its cyclic storage and/or deliveries pursuant to a Storage and Export Agreement) with the Responsible Agencies, on June 24, 2019, Watermaster provided the Responsible Agencies with a memorandum titled, "Supplemental Water Deliveries-Coordination Procedures" (see Attachment B).

In 2017, Watermaster and Upper San Gabriel Valley Municipal Water District (Upper District) negotiated the pre-delivery of 80,000 acre-feet of imported replenishment water from the Metropolitan Water District of Southern California (MWD), the Letter Agreement. All 80,000 acre-feet was to be stored in MWD's cyclic storage account. This pre-delivered MWD water would be paid for over a 5-year payment schedule (starting in December of fiscal year 2017-18), by

the Watermaster, using annual Replacement Water assessments, RDA funds within the Upper District and Three Valley's District (Responsible Agency) area and revenue from transfers into producer cyclic storage, and applying those funds to purchase the pre-delivered water on an annual basis. The agreed upon annual transfer from MWD's storage agreement to the Basin storage and payment for the pre-delivered MWD water was to be a minimum of 16,000 acre-feet per year for five consecutive years starting in fiscal year 2017-18. However, MWD was unable to deliver the full 80,000 acre-feet during fiscal year 2017-18 but instead delivered 58,517.5 acre-feet during fiscal year 2017-18 (which includes 5,000 acre-feet transferred from San Gabriel Valley Municipal Water District (San Gabriel District to MWD). Watermaster/Upper District made payment on 16,000 acre-feet in December 2017. The next scheduled payment on 16,000 acre-feet in December 2018 was deferred by one year so additional "wet" water could be delivered in 2018. As of June 30, 2018, MWD had 42,517.20 acre-feet in its Cyclic Storage account. Consequently, the remaining pre-purchase Letter Agreement payments were adjusted to 16,000 acre-feet in December 2019, 16,000 acre-feet in December 2020 and 10,517.5 acre-feet in December 2021.

In 2019, an extension to the MWD Letter Agreement was developed. Under the extension, MWD planned a new delivery of about 110,000 acre-feet to its Cyclic Storage account during calendar year 2019. The 110,000 acre-feet would be paid for over a similar 5-year payment schedule starting in December 2019. The agreed upon annual transfer from MWD's cyclic storage agreement to the Basin storage and payment for pre-delivered MWD water for five consecutive years starting in December 2019 is shown below. Also shown is a tabulation summary of the two agreed upon deliveries and annual payment schedule, in acre-feet. These cyclic storage deliveries and payments will be made by Watermaster to MWD, through Upper District and Three Valleys Municipal Water District (Three Valleys District).

| Dec 2017 | Dec 2018 | Dec 2019 | Dec 2020 | Dec 2021 | Dec 2022 | Dec 2023 |
|---------------|----------|---------------|---------------|---------------|---------------|----------------------------|
| 16,000 | 0 | 16,000 | 16,000 | 10,517.5 | 0 | 0 |
| - | - | 10,000 | 15,000 | 23,033.5 | 27,800 | 30,000 ^{1/} |
| 16,000 | 0 | 26,000 | 31,000 | 33,551 | 27,800 | 30,000^{1/} |

1/ Estimated

As part of the Pre-Purchase water shown above, Watermaster will purchase the Replacement Water Obligation water and the Resource Development Assessment water from Three Valleys District and Upper District, as Responsible Agencies.

Policy/Criteria for Three-year Purchased Water Plan

Exhibit M of Watermaster’s amended Rules and Regulations provides the policy/criteria for the “Three-year Purchased Water Plan,” and requires Watermaster to estimate Supplemental Water purchases from the Responsible Agencies for each of the three subsequent years. The policy/criteria indicate estimated Supplemental Water purchases may be based on the following:

- 1) *The first year shall be, at a minimum, the total Replacement Water requirement for the three Responsible Agencies (Upper District, San Gabriel District, and Three Valleys).*
- 2) *The second and third years may be estimated as follows:*
 - a) *Operating Safe Yield (OSY) established by Watermaster for the current fiscal year and next succeeding years;*
 - b) *Alternative projections of the OSY;*
 - c) *Evaluation of potential wet, average, and dry hydrologic conditions;*
 - d) *Future groundwater production provided by or estimated for each producer; and*

e) *Depending on Basin conditions, Watermaster may consider additional factors as necessary.*

As a result of the negotiated pre-delivery of significant MWD imported replenishment water by Watermaster, and subsequently transferred by MWD to Upper District and Three Valleys District, the above policy/criteria has been superseded by this important delivery of imported water to supplement local rainfall and runoff replenishment. Watermaster has considered the Replacement Water obligations, MWD Letter Agreement, Supplemental Water Reliability Storage Program, new Supplemental Water Stormwater Augmentation Program (RDA II) water, and the In-Lieu Program in this Three-Year Water Purchase Plan, as described below.

SUPPLEMENTAL WATER RELIABILITY STORAGE PROGRAM (RDA)

The Supplemental Water Reliability Storage Program (RDA) provides a process for the Watermaster to generate funds to purchase and store Supplemental Water in the Basin to be used (applied) when there are limitations on the availability of Supplemental Water from the Responsible Agencies. As a result of the severe long-term drought conditions resulting in significant reductions on the quantity of local water replenishment to the Basin, Watermaster expanded RDA into the Supplemental Water Stormwater Augmentation Program (RDA II) described below.

SUPPLEMENTAL WATER STORMWATER AUGMENTATION PROGRAM (RDA II)

The Water Resource Development Assessment for Stormwater Augmentation Program (RDA II) was developed by the Watermaster to help manage Basin water supplies under the perceived “worst case” hydrologic conditions, which was assumed to be two additional consecutive 5-year droughts,

using the same hydrologic conditions as the recent FY 2011-12 through 2015-16 severe drought. Based upon ten (10) additional consecutive years of drought, the new RDA II Program is intended to purchase imported replenishment water (when available), for stormwater augmentation, to maintain the Baldwin Park Key Well (Key Well) elevation above 180 feet by the end of the tenth year. This Key Well elevation essentially ensures continued Basin water supply to the Basin Producers under a worst case, 15-year sustained drought. The RDA II Program has an assessment of \$140/AF on all FY 2019-20 production and is planned to increase to \$175/AF on all FY 2020-21 production. Watermaster will use the RDA II funds to purchase untreated imported water to replenish the Basin for the “general benefit” of all Producers within the Basin. Unlike the original RDA (Supplemental Water Replenishment Storage Program), which is a Watermaster pre-purchase of Replacement Water, the RDA II untreated imported water will supplement local stormwater replenishment, enhance overall Basin conditions, and have “no right of recovery” using a water right, by any Basin producer.

Funding for the RDA II Program is based on the current year’s production. For example, assessments on fiscal year 2019-20 production are levied in August 2020 and received by Watermaster by September 20, 2020. However, as described earlier, Watermaster has adopted a plan to purchase a minimum of 31,000 acre-feet in December 2020, 33,551 acre-feet in December 2021, 27,800 acre-feet in December 2022, and 30,000 acre-feet in December 2023, under the MWD Letter Agreement. This pre-delivered MWD water is purchased out of MWD’s Cyclic Storage account, and will be paid for by the Watermaster, primarily using funds from the Resource Development Assessments from Upper District and Three Valleys District producers. San Gabriel District is not a member of MWD and has its own water supply.

AVAILABILITY OF SUPPLEMENTAL WATER DURING FISCAL YEAR 2020-21

As a result of the water supply conditions in Northern California, the Department of Water Resources (DWR) established the calendar year 2020 Allocation of SWP water at 20 percent of the SWP contractors' Table A Entitlements.

FACTORS CONSIDERED FOR THIS THREE-YEAR PURCHASE PLAN

Projected Operating Safe Yield and Production for Replacement Water Obligation

For this Three-year Plan, the determination of Producer cyclic storage deliveries (in advance of an obligation) and Replacement Water (following the conclusion of a fiscal year after cyclic storage has been addressed) in the second and third year assumes an Operating Safe Yield of 150,000 acre-feet and production of 190,000 acre-feet.

During fiscal year 2015-16, the City of Azusa permanently transferred 3,359.79 acre-feet of Prescriptive Pumping Right (1.70000% of Pumper's Share) or 2,550 acre-feet of Production Right (OSY of 150,000 AF) to Azusa Valley Water Company. Consequently requiring San Gabriel District to deliver an additional Replacement Water of 2,550 acre-feet per year since fiscal year 2015-16. During fiscal year 2020-21, San Gabriel District adopted a resolution establishing water replenishment policy principles which will limit its obligation to replenish any member city's water overproduction to those scenarios where such water is used within San Gabriel District's service area and is not artificially increased by the permanent transfer or lease of the city's water rights to another entity which results in shifting additional Replacement Obligations to San Gabriel District. For this Three-Year Plan, it is assumed the City of Azusa will reverse

the permanent transfer to Azusa Valley Water Company during fiscal year 2020-21. Therefore, San Gabriel District's Replacement Water obligation will decrease by about 2,550 acre-feet per year starting in Year 2 (fiscal year 2021-22) of the Three-Year Plan.

Letter Agreement with MWD and Five-Year RDA II Assessment Plan to Fund Pre-Purchased MWD Water

As previously discussed, Watermaster, Upper District, and MWD have entered into a Cyclic Storage Agreement which allows MWD to deliver untreated imported water to the Basin in advance of demand for the water. Under the Letter Agreement, the tentative payment plan is to purchase water out of MWD Cyclic Storage account over five years (four years remaining), including 31,000 acre-feet in December 2020, 33,551 acre-feet in December 2021, 27,800 acre-feet in December 2022, and 30,000 acre-feet in December 2023. To ensure that this program works properly, the Operating Safe Yield for the Basin should not go any higher than the current 150,000 AFY through December 2023 or the RDA rate may need to be increased.

For the purpose of this Three-Year Plan, it is assumed a minimum of 31,000 acre-feet in December 2020 (Year 1), 33,551 acre-feet in December 2021 (Year 2), 27,800 acre-feet in December 2022 (Year 3), will be purchased and will include RDA II assessments to help fund the Letter Agreement water. Watermaster may borrow from other Watermaster accounts to complete the annual Letter Agreement water (purchase) and then repay those Watermaster accounts with future Resource Development Assessments.

For this Three-Year Plan, the first year purchases (in December 2020) is based on actual revenue from fiscal year 2019-20 production (about 190,000 acre-feet), while the following two years assumes production of 190,000 acre-feet.

In-Lieu Program

Watermaster has coordinated with producers to purchase additional treated imported water for direct delivery in-lieu of pumping groundwater, in an effort to reduce the amount of groundwater pumped from the Basin. For this Three-Year Plan, it is assumed there will be no In-lieu Program purchases because MWD has indicated there will be no shortages of water supply for the next three years, and it is more cost effective to deliver MWD water as replenishment water than as direct delivery.

MWD Water Supply Allocation Plan

For this Three-Year Plan, it is assumed MWD will have water supplies to meet member agency demands for the next three years, and there will be no Water Supply Allocation Plan by MWD for fiscal years 2020-21, 2021-22 and 2022-23. For purposes of this Three-Year Plan it is assumed the agreement to pay MWD for the pre-delivered MWD water also addresses the issue of MWD supply availability.

San Gabriel District's SWP Allocation

The SWP's annual allocation to its SWP contractors have been highly variable, and this trend is expected to continue. The SWP allocation was set at 20 percent for calendar year 2020 by DWR. Due to the 20 percent SWP allocation, San Gabriel District indicated they will be unable to deliver its RDA requirement during FY 20-21. Consequently, the San Gabriel District RDA requirement will be re-apportioned between Upper District and Three Valleys District. The San Gabriel District has indicated it expects to receive a 60 percent SWP allocation each year. Therefore, it is assumed for 2021 through 2023 San Gabriel District will have a SWP allocation of 60 percent and it is assumed San Gabriel District will be able to deliver its RDA requirement for FY 2021-22 and FY

2022-23. In addition, San Gabriel District has established a special rate of \$800 per acre-foot which will be used to purchase SWP water, in addition to its SWP annual allocation, to address its RDA II obligation.

THREE-YEAR PURCHASE PLAN

First Year – Fiscal Year 2020-21

Total Basin (all three Responsible Agencies) untreated imported water anticipated to be purchased during fiscal year 2020-21 is about 61,581 acre-feet, as shown on Table 1, which consists of about 11,069 acre-feet of Replacement Water to be delivered following the end of fiscal year 2020-21, about 3,000 acre-feet through USG-5, about 7,761 acre-feet of pre-delivery of Replacement Water into Producers' Cyclic Storage accounts, about 33,645 acre-feet for RDA II, 5,000 acre-feet transferred from San Gabriel District to MWD and about 1,106 acre-feet of San Gabriel District "Deferred Replacement Water" obligation. (11,069 + 3,000 + 7,761 + 33,645 + 5,000 + 1,106 = 61,581).

Upper District has an obligation to deliver and/or transfer from its Cyclic Storage account about 42,031 acre-feet consisting of 3,000 acre-feet deliveries through USG-5 for the Cooperative Water Exchange Agreement, about 7,761 acre-feet of pre-delivery of Replacement Water into Producers' cyclic storage accounts (**This assumes Producers will purchase an equal amount that was deducted from cyclic storage accounts for Replacement Water obligation. Those purchases/deliveries may occur as a transfer from Upper District's or MWD's Cyclic Storage account and not be a "wet" delivery**) and about 31,270 acre-feet of RDA II. It is assumed Upper District will deliver its full obligation of 42,031 acre-feet (3,000 + 7,761 + 31,270 = 42,031).

Three Valleys District has an obligation to deliver about 2,375 acre-feet which consists of about 2,375 acre-feet of RDA II water to be delivered in fiscal year 2020-21. It is assumed Three Valleys will deliver its full obligation.

Pursuant to MWD Letter Agreement, Upper District and Three Valleys District needs to purchase 31,000 acre-feet by December 2020. It is assumed this will be accomplished from Upper District's RDA II requirement of about 31,270 acre-feet. The remaining 2,375 acre-feet of Three Valleys District's RDA II requirement and 7,761 acre-feet of pre-delivery of Replacement Water into Producers' Cyclic Storage accounts can be applied to next year's MWD Letter Agreement requirement.

San Gabriel District has an obligation to deliver about 17,175 acre-feet consisting of about 11,069 acre-feet of Replacement Water to be delivered by the end of fiscal year 2020-21, 5,000 acre-feet to be transferred to MWD, and 1,106 acre-feet deferred Replacement Water (described below). In addition, due to the Net Interagency Transfer Adjustment, Upper District and Three Valleys District had negative balances for Replacement Water obligations. In accordance with Section 27, Paragraph (h)(3) of Watermaster's Rules and Regulations, "All adjustments shall be accumulated in a Deferred Replacement Water Requirement Account for each of the Responsible Agencies. ..." At the end of fiscal year 2019-20, San Gabriel District has a deferred Replacement Water obligation of about 2,823 acre-feet. It is anticipated Watermaster will fund the deferred deliveries through the In-Lieu fund. As of September 20, 2020, the In-Lieu fund may be used to purchase about 1,106 acre-feet from San Gabriel District.

San Gabriel District had about 10,400 acre-feet in its Cyclic Storage account at the beginning of fiscal year 2020-21. If SWP allocation for 2021 is assumed to be 60 percent (17,300 acre-feet), it is assumed San Gabriel District

will deliver the 17,300 acre-feet by June 2021, and meet its obligation to deliver about 17,175 acre-feet.

Second Year - Fiscal Year 2021-22

Total Basin (all three Responsible Agencies) untreated imported water anticipated to be delivered during fiscal year 2021-22 is about 67,900 acre-feet, as shown in Table 2, which consists of about 20,600 acre-feet of Replacement Water to be delivered following the end of fiscal year 2021-22, about 3,000 acre-feet through USG-5, about 38,400 acre-feet for RDA II, 5,000 acre-feet transferred from San Gabriel District to MWD, and about 900 acre-feet of San Gabriel deferred Replacement Water obligation. $(20,600 + 3,000 + 38,400 + 5,000 + 900 = 67,900)$.

Upper District has an obligation to deliver and/or transfer from its storage account about 44,400 acre-feet consisting of 3,000 acre-feet deliveries through USG-5 for the Cooperative Water Exchange Agreement, about 10,300 acre-feet of Replacement Water obligation through USG-3 (**assumes Producers will purchase an equal amount deducted from Cyclic Storage accounts**), and about 31,100 acre-feet of RDA II. It is assumed Upper District will deliver its full obligation. $(3,000 + 10,300 + 31,100 = 44,400)$.

Three Valleys District has an obligation to deliver about 5,000 acre-feet which consists of about 2,700 acre-feet of pre-delivery of Replacement Water into Producers' Cyclic Storage accounts and about 2,300 acre-feet of RDA II water. It is assumed Three Valleys will deliver its full obligation.

Pursuant to MWD Letter Agreement, Upper District and Three Valleys District needs to purchase 33,551 acre-feet by December 2021. It is assumed this will be accomplished from Upper District's RDA II requirement of about 31,100 acre-feet and Three Valleys District's RDA II requirement of about 2,300

acre-feet. The remaining balance of 151 acre-feet can be purchased using pre-delivery of Replacement Water into Producers' Cyclic Storage accounts.

San Gabriel District has an obligation to deliver about 18,500 acre-feet consisting of about 7,600 acre-feet of Replacement Water to be delivered by the end of fiscal year 2021-22, about 5,000 acre-feet of RDA II water 5,000 acre-feet to be transferred to MWD, and about 900 acre-feet of deferred Replacement Water (described below). At the end of fiscal year 2020-21, San Gabriel District will have a deferred Replacement Water obligation balance of about 1,800 acre-feet. It is anticipated Watermaster will fund the deferred deliveries through the In-Lieu fund. As of September 20, 2021, the In-Lieu fund may be used to purchase about 900 acre-feet from San Gabriel District.

San Gabriel District will have about 10,500 acre-feet in its Cyclic Storage account at the beginning of fiscal year 2021-22. If SWP allocation for 2022 is assumed to be 60 percent (17,300 acre-feet), it is assumed San Gabriel District will deliver the 17,300 acre-feet by June 2022, and meet its obligation to deliver about 18,500 acre-feet.

Third Year - Fiscal Year 2022-23

Total Basin – (all three Responsible Agencies) untreated imported water anticipated to be delivered during fiscal year 2022-23 is about 73,900 acre-feet, as shown in Table 3, which consists of about 27,900 acre-feet of Replacement Water to be delivered following the end of fiscal year 2022-23, about 3,000 acre-feet through USG-5, about 37,100 acre-feet for RDA II, 5,000 acre-feet transferred from San Gabriel District to MWD, and about 900 acre-feet of San Gabriel Deferred Replacement Water obligation. $(27,900 + 3,000 + 37,100 + 5,000 + 900 = 73,900)$

Upper District has an obligation to deliver and/or transfer about 50,700 acre-feet consisting of 3,000 acre-feet deliveries through USG-5 for the Cooperative Water Exchange Agreement, about 17,600 acre-feet of Replacement Water obligation through USG-3 (**assumes Producers will purchase an equal amount deducted from Cyclic Storage accounts**), and about 30,100 acre-feet of RDA II. It is assumed Upper District will deliver its full obligation. (3,000 +17,600 + 30,100 = 50,700).

Three Valleys District has an obligation to deliver about 4,900 acre-feet which consists of about 2,700 acre-feet of pre-delivery of Replacement Water into Producers' Cyclic Storage accounts and about 2,200 acre-feet of RDA II water. It is assumed Three Valleys will deliver its full obligation.

Pursuant to MWD Letter Agreement, Upper District and Three Valleys District needs to purchase 27,800 acre-feet by December 2022. It is assumed this will be accomplished from Upper District's RDA II requirement of about 30,100 acre-feet.

San Gabriel District has an obligation to deliver about 18,300 acre-feet consisting of about 7,600 acre-feet of Replacement Water to be delivered by the end of fiscal year 2022-23, about 4,800 acre-feet of RDA II water, 5,000 acre-feet to be transferred to MWD, and about 900 acre-feet of deferred Replacement Water (described below). At the end of fiscal year 2021-22, San Gabriel District will have a deferred Replacement Water obligation balance of about 900 acre-feet. It is anticipated Watermaster will fund the deferred deliveries through the In-Lieu fund. As of September 20, 2022, the In-Lieu fund may be used to purchase about 900 acre-feet from San Gabriel District.

San Gabriel District will have about 9,300 acre-feet in its Cyclic Storage account at the beginning of fiscal year 2022-23. If SWP Allocation for 2023 is assumed to be 60 percent (17,300 acre-feet), it is assumed San Gabriel District

will deliver the 17,300 acre-feet by June 2023, and meet its obligation to deliver about 18,300 acre-feet.

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**TABLE 1
THREE-YEAR WATER SUPPLY PURCHASES FROM
YEAR 1 - FISCAL YEAR 2020-21
(ACRE-FEET)**

| Agency | Replacement Water 1/ | | Pre-delivery for Replacement Water | | RDA II | | San Gabriel District Deferred Replacement Water Obligation | | Total Supplemental Water Purchases | | | | |
|------------------------|---------------------------------------|----------------------------------|---------------------------------------|----------------------------------|------------------|----------------------------------|--|----------------------------------|------------------------------------|----------------|-----------------|------------------------|----------|
| | Delivered/ Deducted from Cyclic | Accum. Undelivered Balance | Delivered/ Deducted from Cyclic | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Deducted from Cyclic | Wet Deliveries | Total Purchased | Undelivered Balance | |
| Upper District | 0 | 0 | 7,761 | 0 | 31,270 | 0 | -- | -- | 39,031 | 3,000 | 42,031 | 2/ | 0 |
| Three Valleys District | 0 | 0 | 0 | 0 | 2,375 | 0 | -- | -- | 2,375 | 0 | 2,375 | | 0 |
| San Gabriel District | 11,069 | 0 | 0 | 0 | 0 | 0 | 1,106 | 1,717 | 17,175 | 0 | 17,175 | 3/ | 0 |
| Total | 11,069 | 0 | 7,761 | 0 | 33,645 | 0 | 1,106 | 1,717 | | | 61,581 | | 0 |

Notes:
1/ Assumes OSY of 150,000 and Production of 190,000
2/ Includes 3,000 acre-feet through USG-5 as "wet deliveries."
3/ Includes 5,000 acre-feet to be transferred to MWD.

**TABLE 2
THREE-YEAR WATER SUPPLY PURCHASES FROM
YEAR 2 - FISCAL YEAR 2021-22
(ACRE-FEET)**

| Agency | Replacement Water 1/ | | RDA II | | San Gabriel District Deferred Replacement Water Obligation | | Total Supplemental Water Purchases | | | | |
|------------------------|---------------------------------------|----------------------------------|------------------|----------------------------------|--|----------------------------------|------------------------------------|----------------|---------------|------------------------|----------|
| | Delivered/ Deducted from Cyclic | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Deducted from Cyclic | Wet Deliveries | Purchased | Undelivered Balance | |
| Upper District | 10,300 | 0 | 31,100 | 0 | -- | -- | 41,400 | 3,000 | 44,400 | 2/ | 0 |
| Three Valleys District | 2,700 | 0 | 2,300 | 0 | -- | -- | 5,000 | 0 | 5,000 | | 0 |
| San Gabriel District | 7,600 | 0 | 5,000 | 0 | 859 | 859 | 18,459 | 0 | 18,459 | 3/ | 0 |
| Total | 20,600 | 0 | 38,400 | 0 | 859 | 859 | | | 67,859 | | 0 |

Notes:

1/ Assumes OSY of 150,000 and Production of 190,000. Assumes Producers will deliver equal amount deducted.

2/ Includes 3,000 acre-feet through USG-5.

3/ It is assumed San Gabriel District will deliver 17,280 AF (60% of SWP Entitlement). Includes 5,000 acre-feet to be transferred to MWD.

**TABLE 3
THREE-YEAR WATER SUPPLY PURCHASES FROM
YEAR 3 - FISCAL YEAR 2022-23
(ACRE-FEET)**

| Agency | Replacement Water 1/ | | RDA II | | San Gabriel District Deferred Replacement Water Obligation | | Total Supplemental Water Purchases | | | | |
|------------------------|---------------------------------------|----------------------------------|------------------|----------------------------------|--|----------------------------------|------------------------------------|----------------|---------------|------------------------|----------|
| | Delivered/ Deducted from Cyclic | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Accum. Delivered | Accum. Undelivered Balance | Deducted from Cyclic | Wet Deliveries | Purchased | Undelivered Balance | |
| Upper District | 17,600 | 0 | 30,100 | 0 | -- | -- | 47,700 | 3,000 | 50,700 | 2/ | 0 |
| Three Valleys District | 2,700 | 0 | 2,200 | 0 | -- | -- | 4,900 | 0 | 4,900 | | 0 |
| San Gabriel District | 7,600 | 0 | 4,800 | 0 | 859 | 0 | 18,259 | 0 | 18,259 | 3/ | 0 |
| Total | 27,900 | 0 | 37,100 | 0 | 859 | 0 | | | 73,859 | | 0 |

Notes:

1/ Assumes OSY of 150,000 and Production of 190,000. Assumes Producers will deliver equal amount deducted.

2/ Includes 3,000 acre-feet through USG-5.

3/ It is assumed San Gabriel District will deliver 17,280 AF (60% of SWP Entitlement). Includes 5,000 acre-feet to be transferred to MWD.

ATTACHMENT A

1 Section 5. There is hereby fixed, established, and levied, a Water Resource Development
 2 Assessment "RDA" of One Hundred Forty Dollars (\$140.00) per acre-foot on all Production from the
 3 Basin during Fiscal Year 2019-20 and One Hundred Seventy-Five Dollars (\$175.00) per acre-foot on
 4 all Production from the Basin during Fiscal Year 2020-21, in accordance with Resolution No. 12-16-
 5 281 as described in Attachment "B" (schedule) of this Resolution, except that such RDA Assessment
 6 shall not be applicable to the non-consumptive use portion of an Overlying Right. Watermaster shall
 7 annually determine the RDA applicable to the current production year and estimate the same for the
 8 next succeeding four years. Said determination shall be made in April of each year, and in accordance
 9 with Section 18(e) of Watermaster's Rules and Regulations and adopted in May of each year.

10 Section 6. There is hereby fixed, established, and levied a Make-Up Water Assessment in
 11 the amount of Zero Dollars (\$0.00) per acre-foot on all Production from the Basin during Fiscal Year
 12 2019-20, to meet the said expenses associated with the lower area obligation under the Long Beach
 13 Judgment.

14 Section 7. There is hereby fixed, established, and levied the Replacement Water
 15 Assessments on Excess Production from the Basin during Fiscal Year 2019-20, and 2020-21, from
 16 within each of the three Responsible Agencies within the Basin as referenced, below.

| Production Based Assessments | | |
|--|-------------------------------------|-------------------------------------|
| Assessment Description | 2019-20 Amount per Acre-Foot | 2020-21 Amount per Acre-Foot |
| In Lieu Assessment | \$8.00 | Not determined at this time. |
| Administration Assessment | \$17.00 | Not determined at this time. |
| Water Resource Development Assessment | \$140.00 | \$175.00 |
| Make-Up Water Assessment | \$0.00 | Not determined at this time. |
| Other Assessment as may be determined by Watermaster Board pursuant to the Amended Judgment. | Not determined at this time. | Not determined at this time. |

| Replacement Water Assessments | | |
|-------------------------------|------------------------------|------------------------------|
| Assessment Description | 2019-20 Amount per Acre-Foot | 2020-21 Amount per Acre-Foot |
| SGVMWD | \$200.00 | \$200.00 |
| TVMWD | \$855.00 | \$877.00 |
| USGVMWD | \$958.00 | \$980.00 |

Section 7. Description of Assessments:

In-Lieu Assessment

Watermaster entered into the Alhambra Exchange Agreement on March 24, 1975 establishing the Basin-wide In-Lieu Assessment. The City of Alhambra agreed to forgo pumping its wells and take direct treated water through an MWD connection for the benefit of the Basin as a whole. The In-Lieu Assessment applies to all Pumping except for the non-consumptive use portion of an Overlying Right. Also included in the In-Lieu Assessment is any Production related to Watermaster’s Direct-Delivery Imported Water Program implemented on January 1, 2015 by Resolution No. 12-14-270.

Administration Assessment

Within thirty (30) days after completion of the hearing on the Preliminary Determination of the Operating Safe Yield of the Basin and Watermaster’s determination thereof, Watermaster shall adopt a proposed budget for the succeeding fiscal year. The Administrative Assessment shall be uniformly applicable to each acre-foot of Production.

Water Resource Development Assessment

Watermaster adopted Resolution No. 05-14-263 providing for the development of a long term storage program to purchase and store imported water in the Basin, or to augment natural recharge for general benefit of the Basin, when available, as defined by Section 45(b)(7) of the Amended Judgment.

1 Make-up Water Assessment

2 Watermaster is obligated to deliver an amount of water, calculated by the San
3 Gabriel River Watermaster to the Lower Area as a result of the Long Beach Judgment. At times
4 when natural delivery isn't possible, Watermaster must purchase Replacement Water to deliver
5 resulting in a Make-Up Water Assessment.

6 Replacement Water Assessment

7 Replacement Water Assessments shall be collected from each party on account of
8 such party's Production in excess of its Diversion Rights, Pumper's Share or Integrated
9 Production Right, and on account of the consumptive use portion of Overlying Rights, computed
10 at the applicable rate established by Watermaster consistent with the Watermaster Operating
11 Criteria, and other relevant factors, including the projected cost and availability of Supplemental
12 Water supplies. Subject to Rules and Regulations adopted by Watermaster, Replacement Water
13 Assessment rates may be in an amount calculated to allow Watermaster to purchase more than
14 one acre-foot of Supplemental Water for each acre-foot of excess Production to which such
15 Replacement Water Assessment applies, when such purchases are necessary to secure
16 Supplemental Water supplies for the benefit of the Basin and parties.

17 The Watermaster Board recognizes the challenges associated in securing
18 Supplemental Water and varied pricing, and has determined that pricing should better anticipate
19 varying short-term costs and conditions while at the same time, provide economic incentive for
20 Producers to pre-purchase Replacement Water to every extent practicable.

21 The Judgment enables each Producer to establish an Individual Producer Cyclic
22 Storage Account which allows Replacement Water to be pre-purchased and stored to meet the
23 Producer's current and ongoing pumping needs. Supplemental Water pre-purchased for
24 Individual Producer Cyclic Storage, when available, may be made at the prevailing rate (Tier 1-

1 Untreated for MWD Member Agencies) applicable from within each of the three Responsible
2 Agencies and not the Replacement Water Rate adopted by this Resolution.

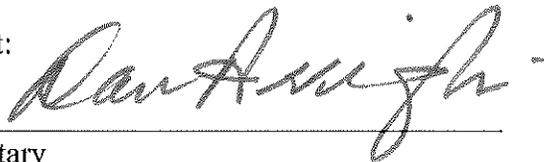
3 Section 8. Upon receipt of the final Production Reports for the appropriate Fiscal Year, the
4 Secretary of Watermaster is, hereby, instructed to calculate the required Assessments due from each
5 Producer from the Basin by multiplying its total production from the Basin by the appropriate
6 Assessment Rate, per acre-foot. The Secretary shall then furnish each Producer with a statement of the
7 amount due to Watermaster on account of such required Assessments, on or before August 15, 2020.

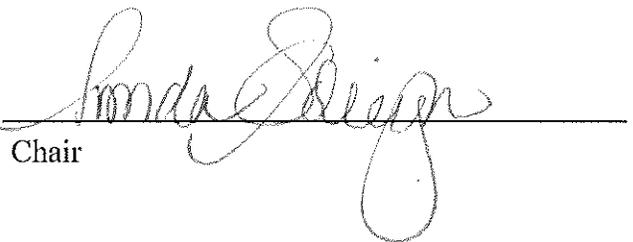
8 Section 9. Said required Assessments shall be payable by all Producing Parties, on
9 production within the Basin during Fiscal Year 2019-20, on or before September 20, 2020, and the same
10 shall be delinquent thereafter.

11
12
13
14 Dated: May 13, 2020

15
16 Attest:

17
Secretary


Secretary


Chair



2020-21 Adopted Administration Budget
Attachment "A"

| | 2019-20 Adopted Budget | 2019-20 Estimated Actual | 2020-21 Adopted Budget |
|---|---------------------------------------|---|---------------------------------------|
| REVENUE | | | |
| Administrative Assessment* | \$ 2,925,000 | \$ 2,827,024 | 3,145,000 |
| Settlement Income | - | - | - |
| Section 28 - Staff Reports/Permits | - | - | - |
| BPOU Reimbursements | 130,000 | 100,000 | 130,000 |
| Interest Income | 60,000 | 66,000 | 50,000 |
| Admin/Other Income | 286,200 | 286,000 | 292,200 |
| Transfer-Special Assessment Fund | - | - | 54,220 |
| Forward from Previous Fiscal Year | 1,309,842 | 1,826,681 | 1,065,305 |
| TOTAL REVENUE | \$ 4,711,042 | \$ 5,105,705 | \$ 4,736,725 |
| EXPENSES | | | |
| Watermaster Board Compensation | \$ 20,000 | \$ 18,000 | 20,000 |
| Salaries, Benefits & Employee Development | 1,682,300 | 1,580,000 | 1,699,300 |
| Meeting and Travel | 21,000 | 25,000 | 25,000 |
| Vehicle Expense | 11,000 | 9,000 | 11,000 |
| Insurance | 32,000 | 25,700 | 32,000 |
| Office Supplies, Services, Rent and O&M | 277,500 | 263,000 | 287,500 |
| Legal Services | 575,000 | 275,000 | 500,000 |
| Audit | 20,000 | 18,700 | 25,000 |
| Ready-to-Serve Charges** | 99,500 | - | - |
| Public Education | 120,000 | 320,000 | 190,000 |
| Engineering | 422,500 | 366,000 | 443,500 |
| Production Reporting | 5,000 | 5,000 | 5,000 |
| Inspection/Meter Checks | 40,000 | 40,000 | 40,000 |
| Water Quality Monitoring | 916,000 | 920,000 | 1,096,000 |
| Water Quality Management | 215,000 | 175,000 | 215,000 |
| Contingency (Balance Figure) | 254,242 | - | 147,425 |
| TOTAL EXPENSES | \$ 4,711,042 | \$ 4,040,400 | \$ 4,736,725 |

* Figure based on Administrative Assessment of \$17.00/AF (\$17.00/AF X 185,000 AF = \$3,145,000)

****Moved Ready-to-Serve Charges to Replacement Water Fund.**

Attachment "B"

| <u>Year</u> | <u>RDA</u> | <u>Estimated MWD Water Purchase</u> |
|-------------|------------|---|
| FY 2016-17 | \$40/AF | 9,146 AF |
| FY 2017-18 | \$70/AF | 15,411 AF |
| FY 2018-19 | \$105/AF | 22,365 AF |
| FY 2019-20 | \$140/AF | 28,449 AF |
| FY 2020-21 | \$175/AF | 33,929 AF |
| FY 2021-22 | \$175/AF | 32,219 AF |
| FY 2022-23 | \$175/AF | 30,988 AF |
| FY 2023-24 | \$175/AF | 29,847 AF |
| FY 2024-25 | \$175/AF | 28,713 AF |
| FY 2025-26 | \$175/AF | 27,593 AF |

//Pg. 21: RDA Report

ATTACHMENT B

MEMORANDUM

TO: Main San Gabriel Basin Responsible Agencies; Metropolitan Water District of Southern California

FROM: Main San Gabriel Basin Watermaster

SUBJECT: Supplemental Water Deliveries-Coordination Procedures

DATE: **June 24, 2019**

In recent years there has been significant turnover in staff associated with coordinating orders and delivery of Supplemental Water to the Main San Gabriel Basin. This combined with having significant local water to spread has resulted in some confusion amongst the agencies as to the who, what, where, and how, when it comes planning, authorizing and executing deliveries of supplemental supplies.

The Main San Gabriel Basin Watermaster (Watermaster) staff is restating these coordination procedures to help the participants better coordinate and communicate regarding Supplemental Water deliveries for replenishment of the Main Basin aquifers. The appropriate provisions of the Main San Gabriel Basin Judgment citing Watermaster's responsibilities are provided below for reference.

The three types of deliveries discussed are Replacement Water, Cyclic Storage Water and Resource Development Assessment purchases. It is recognized that from an operational standpoint certain staff may not be concerned with what "type" of delivery is being made however, it is important that everyone involved understands which agency coordinates and/or ultimately authorizes deliveries.

Main Basin Judgment Provisions:

1. Section 10(ff) of the amended Judgment states, in part, Supplemental Water is defined as "...non-tributary water imported through a Responsible Agency..."

2. Section 34(n) of the amended Judgment states, in part, that Watermaster has the power to "...enter into appropriate contracts, to be approved by the Court, for utilization of Groundwater storage capacity of the Basin for cyclic or regulatory storage of Supplemental Water by parties and non-parties...which shall include provision for ...Watermaster control of all spreading or injection and extraction scheduling and procedures for such stored water..."

Supplemental Water Delivery Coordination Procedures:

As noted in Section 34(n) of the Judgment, Watermaster has control of all spreading (Basin replenishment). Every individual delivery of Supplemental Water for Basin replenishment (includes untreated imported water, or recycled water deliveries for Replacement Water, RDA Water, Responsible Agency Cyclic Storage, Producer Cyclic Storage, MWD Deliveries to its cyclic storage and/or deliveries pursuant to a Storage and Export Agreement) is coordinated through the Watermaster office (Executive Officer or Assistant Executive Officer).

1. Replacement Water deliveries

- a. Watermaster will provide a written request (letter) for Supplemental Water delivery to a Responsible Agency, including the applicable water rate.
- b. The Responsible Agency will coordinate with Watermaster staff on the quantity requested to be delivered, preferred flow rate for delivery (if any), requested delivery point, and time frame to accomplish delivery. (Because Watermaster has control of all spreading, it has the authority to direct spreading to occur at a different location than requested, based on over all benefit to the Basin. In general, Watermaster will strive to have Replacement Water delivered to the portion of the Basin from which the production occurred and where replenishment is most effective.)
- c. Watermaster staff will verbally (telephone) confirm with MWD (or SGD) and LACFCD staff on the Supplemental Water delivery details. Watermaster will: .

- i. Verify LACFCD can accept water to the delivery point.
 - ii. Verify MWD/SGD has available capacity and supply for the delivery.
 - iii. Confirm delivery preliminary start/stop dates, flow rate, and delivery point.
 - d. Watermaster will send written notice (email) to LACFCD confirming the anticipated delivery details (and will copy the Responsible Agency and MWD or SGD, as applicable)
 - e. Based on written communication/confirmation from LACFCD, Watermaster staff will send a written (email) request to MWD, or SGD for Supplemental Water delivery, including:
 - i. Total volume of delivery (acre-feet)
 - ii. Delivery point (point of release to LACFCD facilities and replenishment location.
 - iii. Type/quality of water, i.e. 100% SWP water
 - iv. Flow rate (if any; often left up to MWD, or SGD as long as delivery completion time is confirmed)
 - v. Start/stop delivery dates
 - vi. Interested parties copied
 - 1. Responsible Agency
 - 2. Watermaster and staff
 - 3. LACFCD
 - 4. MWD/SGD staff
 - f. MWD, or SGD will send a written confirmation (email) to all interested parties and designate the start date for delivery
 - i. MWD (final confirmation)
 - 1. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 - 2. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)

- ii. SGD (final confirmation)
 - 1. SGD will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 - 2. SGD will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)

2. Cyclic Storage Water deliveries (including deliveries pursuant to a Storage and Export Agreement, and a delivery into MWD's Cyclic Storage)

- a. Watermaster will receive a written request for Supplemental Water delivery from a Producer, Responsible Agency, MWD, or Storage and Export entity
- b. Watermaster will provide a written request (letter/email) to the appropriate Responsible Agency
- c. Similar to a Replacement Water delivery, the Responsible Agency will coordinate with Watermaster staff on the quantity requested to be delivered, preferred flow rate for delivery (if any), requested delivery point, and time frame to accomplish delivery. (Because Watermaster has control of all spreading, it has the authority to direct spreading to occur at a different location than that requested, based on overall benefit to the Basin. In general, Watermaster will strive to have Cyclic Storage Water delivered to the portion of the Basin from where the production will occur and where replenishment is most effective.)
- d. Watermaster staff will coordinate with MWD, or SGD and LACFCD staff (telephone call) on the anticipated delivery. Watermaster will:
 - i. Verify LACFCD can accept water to the delivery point
 - ii. Verify MWD, or SGD has available capacity and supply for the delivery
 - iii. Confirm preliminary start/stop dates, flow rate, and delivery point
- e. Watermaster will send written notice (email) to LACFCD confirming the anticipated delivery details and will copy the Responsible Agency and MWD/SGD, as applicable.

- f. Based on written communication/confirmation from LACFCD, Watermaster staff will send a written (email) request to MWD, or SGD for Supplemental Water delivery.
 - i. Total volume of delivery (acre-feet)
 - ii. Delivery point (point of release to LACDPW facilities and replacement location(s))
 - iii. Type/quality of water, i.e. 100% SWP water
 - iv. Flow rate (if any; often left up to MWD, or SGD as long as delivery completion time is confirmed)
 - v. Start/stop delivery dates
 - vi. Interested parties copied
 - 1. Responsible Agency
 - 2. Watermaster and staff
 - 3. LACFCD
 - 4. MWD/SGD staff
- g. MWD, or SGD will send a written confirmation (email) to all interested parties and designate the start date for delivery.
 - i. MWD (final confirmation)
 - 1. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 - 2. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)
 - ii. SGD (final confirmation)
 - 1. SGD will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 - 2. SGD will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)

3. RDA Water deliveries

- a. Watermaster will provide a written request (letter) to a Responsible Agency for Supplemental Water delivery
- b. Similar to a Replacement Water delivery, the Responsible Agency will coordinate (email) with Watermaster staff on the quantity requested to be delivered, preferred flow rate for delivery (if any), requested delivery point, and time frame to accomplish delivery. (Because Watermaster has control of all spreading, it has the authority to direct spreading to occur at a different location than that requested, based on overall benefit to the Basin. In general, Watermaster will strive to have Cyclic Storage Water delivered to the portion of the Basin from where the production will occur, and where replenishment is most effective.)
- c. Watermaster staff will coordinate with MWD, or SGD and LACFCD staff (telephone call) on the anticipated delivery. Watermaster will:
 - i. Verify LACFCD can accept water
 - ii. Verify MWD/SGD has available supply
 - iii. Confirm preliminary start/stop dates and flow rate.
- d. Watermaster will send an email to LACFCD confirming the anticipated delivery details and will copy the Responsible Agency and MWD, or SGD, as applicable)
- e. Based on written communication/confirmation from LACFCD, Watermaster staff will send a written (email) request to MWD, or SGD for Supplemental Water delivery, including:
 - i. Total volume of delivery (acre-feet)
 - ii. Delivery point (point of release to LACDPW facilities and replenishment location(s).)
 - iii. Type/quality of water, i.e. 100% SWP water
 - iv. Flow rate (if any; often left up to MWD, or SGD, as long as delivery completion time is confirmed)
 - v. Start/stop delivery dates
 - vi. Responsible parties copied
 1. Responsible Agency

2. Watermaster and staff
 3. LACFCD
 4. MWD/SGD staff
- f. MWD, or SGD will send a written confirmation (email) to all interested parties and designate the start date for delivery
- i. MWD (final confirmation)
 1. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 2. MWD Eagle Rock Ops will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)
 - ii. SGD (final confirmation)
 1. SGD will send out notice to all stakeholders about 24 hours in advance confirming commencement of delivery
 2. SGD will send out notice to all stakeholders about 24 hours in advance confirming conclusion of delivery (final confirmation from operators)

Watermaster's intent for this restatement of all Supplemental Water deliveries to the Basin will result in more efficient and effective Basin management, delivery of Supplemental Water to the appropriate replenishment locations, reduce potential ambiguity over delivery coordination responsibilities and applicable charges (e.g., a Capacity Charge in the case of MWD deliveries), and improve communication and coordination going forward.

Please feel free to contact me should have any questions or would like additional clarification.