

**MINUTES OF A REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
APRIL 1, 2009 AT 3:00 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 1, 2009 at the hour of 3:00 p.m.

CALL TO ORDER

James Byerrum, Chairman, called the meeting to order and presided thereover and welcomed Mr. Linn Magoffin, former Chairman of Watermaster, to the meeting.

ROLL CALL OF WATERMASTER MEMBERS

The following members of Watermaster were present on roll call:

PRESENT: Dan Arrighi, Robert W. Bowcock, James Byerrum, Ed Chavez, Al Contreras, Pat Malloy, Michael Quinn, Charles E. Shaw and Thomas Love.

ABSENT: All present

STAFF AND OTHERS PRESENT

Staff present at the meeting included: Carol Williams, Executive Officer; Fred Fudacz, Attorney; Stephen Johnson, Consulting Engineer; Tony Zampielo, Assistant Executive Officer; Donna DiLaura, Administrative Coordinator; and Wendy La, Staff Engineer.

Others present included: Dennis Ahlen, Chet Anderson, Todd Brown, Brian Bowcock, Mark Carney, Barbara Carrera, Ted Carrera, Jonathan Contreras, Ken Deck, Brian Dickinson, Greg Galindo, Gary Hofer, Marianna Lake, Tom Lindros, Linn Magoffin, Dave Michalko, James Prior, Patrick Scanlon, Tom Tait and Che Venegas.

ADOPTION OF AGENDA

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

TIME RESERVED FOR PUBLIC COMMENT

No comments offered.

CONSENT CALENDAR

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

- a) Minutes of a Regular Meeting of Watermaster held March 4, 2009.
- b) Lists of Demands: Items 13824 through 13862 in the amount of \$441,643.19 on the Administrative Fund, and Item 853 in the amount of \$25,891.46 on the Replacement Water Fund.
- c) Financial Statements, March 2009

PRELIMINARY DETERMINATION OF OPERATING SAFE YIELD FOR FY 2009-10 THROUGH 2013-14

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 that Watermaster determines can be pumped from the Basin before Replacement Water must be purchased.

The Consulting Engineer then briefly reviewed hydrologic conditions, water in storage, and other considerations in determining the OSY, and stated that a more detailed report will be provided at the May meeting. He pointed out that his recommendation takes into consideration the lack of replenishment water from Metropolitan Water District and the fact that there was no recovery of the Key Well during this rain season. The Key Well has dropped 50 feet since 2006 with no recovery. The Consulting Engineer also pointed out that, by this Fall, the Key Well may drop to a historic low of 185 feet, which is well below the 200 foot lower level of the Basin operating range per the Judgment. He also noted that the report includes a new item on Page 10, a summary of long-term rainfall compared to the past ten years of rainfall, in correlation with the Operating Safe Yields of the same time period.

The Consulting Engineer stated that the Basin has received less than average rainfall for this year. He also stated that there is no additional water available for cyclic storage, and carryover amounts currently stand at about 25,000 acre-feet. Therefore, based on current conditions, the Consulting Engineer stated that the Preliminary Determination of the OSY is 150,000 acre-feet for 2009-10, 150,000 acre-feet for 2010-11, 150,000 acre-feet for 2011-12, 150,000 acre-feet for 2012-13, and 150,000 acre-feet for 2013-14. A hearing on the final determination of OSY will be held on May 6. The Consulting Engineer distributed copies of a "Preliminary Determination of Operating Safe Yield" report for 2009, and stated that copies of the Preliminary Determination will be mailed to all Parties.

Discussion followed regarding estimated production for the year. The Consulting Engineer noted that production for FY 2008-09 should total close to 260,000 acre-feet.

AUTHORIZATION TO PURCHASE CYCLIC STORAGE WATER FROM USGVMWD AND TVMWD FOR INDIVIDUAL PRODUCER CYCLIC STORAGE

The Executive Officer reported that La Puente Valley County Water District has requested that Watermaster purchase 2,000 acre-feet of replenishment water from Upper San Gabriel Valley Municipal Water District for the District's individual producer cyclic storage account. Valencia Heights has also requested that Watermaster purchase 666 acre-feet of replenishment water from Three Valleys Municipal Water District and 334 acre-feet from Upper San Gabriel Valley County Water District for its individual producer cyclic storage account. Additionally, Suburban Water Systems has requested that Watermaster purchase up to 12,000 acre-feet of replenishment water for its individual producer cyclic storage account.

The Executive Officer noted that, based on the amount of cyclic storage available, it is likely that Watermaster will only be able to purchase about 8,900 acre-feet of the 12,000 acre-feet of water requested by Suburban Water Systems.

On motion made by Mr. Bowcock, seconded by Mr. Malloy, and unanimously carried, Watermaster authorized the requested purchase of 2,000 acre-feet of water for La Puente Valley County Water District's individual producer cyclic storage account.

On motion made by Mr. Bowcock, seconded by Mr. Malloy, and unanimously carried, Watermaster authorized the purchase of 666 acre-feet of water from TVMWD and 334 acre-feet of water from USGVMWD for Valencia Heights Water Company's cyclic storage account.

On motion made by Mr. Bowcock, seconded by Mr. Malloy, and unanimously carried with Mr. Quinn abstaining, Watermaster authorized the purchase of up to 12,000 acre-feet of water for Suburban Water Systems' cyclic storage account.

In response to a question by Mr. Arrighi, the Executive Officer noted that the availability of water from cyclic storage had been discussed at both board and committee meetings for the past year, and Watermaster members had from time to time encouraged Producers to take advantage of that water, but no formal notice had been sent to producers.

REPORT FROM BASIN WATER MANAGEMENT COMMITTEE

Mr. Bowcock reported that the Basin Water Management Committee met on March 11, 2009, and discussed various items, and encouraged those who are interested to read through the Board packet for more details. Mr. Bowcock noted that one item in the Committee Report requires Watermaster action. He reported that the Committee reviewed the Governor's Drought Declaration and request for a 20 percent reduction in water usage statewide, and discussed action Watermaster could take to support the Declaration and encourage water conservation in the Main San Gabriel Basin. The Committee

recommendation is that Watermaster direct staff to send a notice to Parties regarding drought, conservation and projected low groundwater levels.

On motion made by Mr. Bowcock, seconded by Mr. Malloy, and unanimously carried, Watermaster directed staff to support the Governor's Drought Declaration with a notice to all Parties to the Judgment depicting current and projected Basin water levels and encouraging conservation.

REPORT FROM FINANCE COMMITTEE

Review of preliminary draft administration budget for FY 2009-10 -- Mr. Shaw reviewed the preliminary draft administration budget for FY 2009-10, noting that the draft is based upon an assumption of 255,000 acre-feet of production in the Basin during FY 2008-09. The proposed Administration Assessment is \$10.00 per acre-foot of production – an increase from the current year's assessment of \$5.00 per acre-foot, primarily due to a significant reduction in production assessments, interest earnings and the use of the AISLIC settlement funds during FY 2008-09. He also noted that the draft budget includes a three percent cost-of-living increase. Lastly, Mr. Shaw noted that the total proposed budget amount was \$3,279,900, as compared to the FY 2008-09 adopted budget of \$3,326,200, and recommended that Watermaster receive the draft budget for review and comment prior to considering it for adoption at the May meeting. On consensus, the draft administration budget was received for review and comment.

INFORMATION ITEMS

The following items listed on the agenda for information of Watermaster were noted, and ordered received and filed:

- a) Letter dated March 5, 2009 from San Gabriel Valley Water Co. to USGVMWD re cost and delivery of replenishment water
- b) Letter dated March 19, 2009 from Valencia Heights Water Co. to USGVMWD in support of recycled water recharge project
- c) Transmittal of SGVMWD monthly report for February 2009
- d) Notice of WEF/ACWA Drought Conference, April 16, 2009, San Francisco, and April 23, 2009, Irvine
- e) Notice of WEF Central Valley Tour, April 15-17, 2009
- f) Notice of Basin Water treatment technologies workshop, April 16, 2009, Ontario
- g) Notice of California Water Law conference, May 14-15, 2009, Monterey
- h) Various newspaper articles

ATTORNEY'S REPORT

Relative to the arbitration regarding cost allocation issues among the Baldwin Park Operable Unit CRs, the Attorney reported that Fairchild continues to have severe liquidity problems, and recently filed for bankruptcy. The Attorney stated that Fairchild is resisting arbitration efforts for a resolution. He provided a brief review of Watermaster's legal rights relative to seeking an increase in financial assurances to cover two years of operations and maintenance and the brine capital amount. He noted that a notice taking such action is expected to be issued shortly.

ENGINEER'S REPORT

The Consulting Engineer reported that the level of the Baldwin Park Key Well, as of March 31, was 199.9 feet. He noted that the Key Well is approximately 7 feet lower than at this time last year, and dropping. The Consulting Engineer also reported that canyon storage is at minimum pool. He stated that releases from Morris continue to be made at 30 cfs to Committee of Nine for direct use. Additionally, the Consulting Engineer stated that the five area landfills were inspected and no violations were found. The Consulting Engineer reported that the Regional Board issued a Notice of Violation to the owner of the Hanson pit as a result of a jet ski manufacturer testing its jet skis in the pit.

Relative to hydrologic conditions, the Consulting Engineer stated that rainfall at the Los Angeles Civic Center to date is at 64 percent of average compared to this time last year.

EXECUTIVE OFFICER'S REPORT

The Executive Officer reported on the results of the recent series of workshops hosted by Metropolitan Water District (MWD), initially formed to update its Integrated Resource Plan (IRP) and consider additional means of meeting its water storage goals. The Executive Officer noted that MWD staff has prepared a progress report which will be provided to the IRP Task Force, and that group will be meeting soon with the groundwater workshop participants to discuss how to move ahead. The Executive Officer also reported that the Association of Ground Water Agencies (AGWA) had performed a preliminary study on the ability for several basins to take surplus water when available, and has suggested that the study be expanded to include additional basins and a more detailed analysis. AGWA has requested that MWD pay for the recommended second phase of the study. The Executive Officer indicated that the results of the IRP/groundwater workshop meeting would be reported at a future meeting.

COMMENTS FROM WATERMASTER MEMBERS

Mr. Arrighi welcomed Mr. Magoffin to the meeting.

FUTURE AGENDA ITEMS

Mr. Bowcock requested that staff add an Agenda item to all subsequent Watermaster meetings for Responsible Agency Reports, with the hope that the municipal water district representatives would provide a regular report on the status of imported water supplies and

any efforts that are being made to seek alternative sources of supply to the Basin. Chairman Byerrum concurred.

In response to Mr. Bowcock's request, Mr Love reported that San Gabriel Valley Municipal Water District is working with Upper San Gabriel Valley Municipal Water District on its recycled water recharge project. He stated that a contract for a feasibility study was recently awarded to Montgomery Watson Harza.

ADJOURNMENT

The Chairman asked if there were other business to come before Watermaster, and there being none, upon motion duly made by Mr. Contreras, seconded by Mr. Shaw, and unanimously carried, the meeting was adjourned to the next regular meeting of Watermaster on Wednesday, May 6, 2009, at 3:00 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