

**MINUTES OF A REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
HELD WEDNESDAY, JUNE 3, 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, June 3, 2009 at the hour of 3:00 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: Dan Arrighi, Robert W. Bowcock, James Byerrum, Al Contreras, Pat Malloy, Michael Quinn and Charles E. Shaw.

ABSENT: Ed Chavez and Thomas Love

(Mr. Love arrived later in the meeting.)

STAFF AND OTHERS PRESENT

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

Others present included: Chet Anderson, Mark Carney, Barbara Carrera, Jonathan Contreras, Ken Deck, Brian Dickinson, Greg Galindo, Craig Gott, Garry Hofer, Tom Lindros, Dave Michalko, Jim Prior, Martin Ray, Patrick Scanlon, Alice Shiozawa, 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. Malloy, seconded by Mr. Contreras, and unanimously carried, the agenda was adopted as presented.

TIME RESERVED FOR PUBLIC COMMENT

No comments offered.

CONSENT CALENDAR

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

- a) Minutes of the Annual Hearing on Determination of Operating Safe Yield and Regular Meeting of Watermaster held May 6, 2009.
- b) Lists of Demands: Items 13900 through 13939 in the amount of \$364,940.84 on the Administrative Fund, and Items 856 in the amount of \$63,726.76 on the Replacement Water Fund.
- c) Financial Statements, May 2009

REQUEST FROM CITY OF ALHAMBRA TO PURCHASE 4,000 AF WATER FROM SGVMWD FOR CYCLIC STORAGE

The Executive Officer stated that the City of Alhambra has requested that Watermaster purchase 4,000 acre-feet of replenishment water from the San Gabriel Valley Municipal Water District for the City's individual producer cyclic storage account. The water would be purchased at SGVMWD's regular rate of \$130.00/AF. The Executive Officer recommended that Watermaster authorize the purchase.

On motion made by Mr. Shaw, seconded by Mr. Malloy, and unanimously carried, Watermaster authorized the purchase of 4,000 acre-feet of replenishment water from SGVMWD for the City of Alhambra's cyclic storage account.

RENEWAL OF INDIVIDUAL PRODUCER CYCLIC STORAGE AGREEMENTS

The Executive Officer reported that two of Watermaster's individual producer cyclic storage agreements are due for renewal. She stated that it is staff's recommendation that each of the agreements be extended for an additional five-year term.

In response to a question by Mr. Contreras, the Executive Officer noted that the amount of cyclic storage for each producer is equivalent to the average of two years worth of replacement water. She also noted that she would like to address each item as a separate action.

On motion made by Mr. Bowcock, seconded by Mr. Arrighi, and unanimously carried, Watermaster authorized execution of the amendment extending the producer cyclic storage agreement with Valley County Water District for five years.

On motion made by Mr. Quinn, seconded by Mr. Contreras, and unanimously carried with Mr. Bowcock abstaining, Watermaster authorized execution of the amendment extending the producer cyclic storage agreement with Vulcan Materials Company for five years.

AUTHORIZATION TO EXECUTE EXTENSIONS OF CYCLIC STORAGE AGREEMENTS WITH RESPONSIBLE AGENCIES

The Executive Officer reported that all three of Watermaster's cyclic storage agreements with its responsible agencies are due to expire at the end of the month. She stated that it is staff's recommendation that each of the three agreements be extended for the terms requested by each agency. She noted that the cyclic storage agreement with the Metropolitan Water District (MWD) and Upper San Gabriel Valley Municipal Water District provides for maximum storage of 100,000 acre-feet of water; the agreement with MWD and Three Valleys Municipal Water District is for a maximum of 40,000 acre-feet; and the agreement with San Gabriel Valley Municipal Water District is also for maximum storage of 40,000 acre-feet.

On motion made by Mr. Malloy, seconded by Mr. Arrighi, and unanimously carried, Watermaster authorized execution of the amendment extending the cyclic storage agreement with Metropolitan Water District/Upper San Gabriel Valley Municipal Water District for two years, through June 30, 2011.

On motion made by Mr. Arrighi, seconded by Mr. Malloy, and unanimously carried, Watermaster authorized execution of the amendment extending the cyclic storage agreement with Metropolitan Water District/Three Valleys Municipal Water District for two years, through June 30, 2011.

On motion made by Mr. Bowcock, seconded by Mr. Shaw, and unanimously carried, Watermaster authorized execution of the amendment extending the cyclic storage agreement with San Gabriel Valley Municipal Water District for five years, through June 30, 2014.

INFORMATION ITEMS

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

- a) Permanent transfer of 18.51 AF Prescriptive Pumping Right from Azusa Associates, LLC, to Aqua Capital Management LP, including 19.68 AF carry-over right for FY 2008-09
- b) Temporary transfer or lease of 342.45 AF production right from City of Irwindale to California Domestic Water Co. for FY 2008-09
- c) Temporary transfer or lease of 207.54 AF production right from William Knight to California Domestic Water Co. for FY 2008-09
- d) Temporary transfer or lease of 65.3 AF production right from Walter S. Green to California Domestic Water Co. for FY 2008-09
- e) Temporary transfer or lease of 675.79 AF production right from USA Waste of California, Inc., to California Domestic Water Co. for FY 2008-09

- f) Temporary transfer or lease of 1,163.46 AF production right from City of Industry Waterworks System to San Gabriel Valley Water Co. for FY 2008-09
- g) Temporary transfer or lease of 168.95 AF production right from June G. Lovelady Trust to San Gabriel Valley Water Co. for FY 2008-09
- h) Temporary transfer or lease of 44.38 AF production right from Polopolus et. al., to San Gabriel Valley Water Co. for FY 2008-09
- i) Notice of Change of Designee for USA Waste of California, Inc., to Joseph J. Cassin
- j) Notice of Change of Designee for City of Irwindale to Robert Griego
- k) Letter dated 5/21/09 from Metropolitan Water District offering 159.87 AF integrated production right for lease for FY 2008-09
- l) Transmittal of Puente Narrows Underflow report from Stetson Engineers
- m) Transmittal of SGVMWD monthly report for April 2009
- n) Various newspaper articles

The Consulting Engineer noted that Item l is an item prepared annually by Stetson Engineers on behalf of Puente Narrows Watermaster. He provided a brief explanation of the purpose of the letter and the information contained therein.

ATTORNEY'S REPORT

Relative to the arbitration regarding cost allocation issues among the Baldwin Park Operable Unit Cooperating Respondents, the Attorney stated, as reported at the May meeting, that Watermaster took formal action seeking an increase in financial assurances to cover two years of Operations and Maintenance and the brine capital amount. He also reported that the funds were deposited in to the escrow accounts by all CRs except for Fairchild. The Attorney stated that the non-Fairchild CRs are expected to cover the shortage if Fairchild does not pay its portion.

Lastly, the Attorney reported on recent developments relative to the SEMOU litigation. He stated that the litigation stay expired and was extended to September 14, 2009.

The Chairman stated that staff, most notably the Executive Officer and Watermaster Attorneys, have done an excellent job in resolving the BPOU financial assurances.

ENGINEER'S REPORT

Mr. Love joined the meeting.

The Consulting Engineer reported that the level of the Baldwin Park Key Well, as of May 29, was 196.7 feet. He noted that the Key Well is the lowest it has ever been at this time of year.

He also noted that the historic low is 195.5 feet. He stated that San Gabriel Valley Municipal Water District will begin its release of 11,500 acre-feet to the Basin on June 15. Additionally, the Consulting Engineer stated that the five area landfills were inspected and no violations were found.

Relative to hydrologic conditions, the Consulting Engineer stated that rainfall at the Los Angeles Civic Center to date is at 60 percent of average compared to this time last year.

EXECUTIVE OFFICER'S REPORT

The Executive Officer reported that staff is continuing to work with MWD relative to the results from the MWD sponsored groundwater workshops. She noted that MWD is compiling data on modeling with regard to the groundwater basins in its service area and recharge ability in those basins if replenishment water becomes available. The Executive Officer also reported that a meeting is scheduled with MWD staff to review data for the model.

REPORT FROM RESPONSIBLE AGENCIES

Mr. Love confirmed Mr. Johnson's report, stating that due to its State Water Project Allocation increase from 30 percent to 40 percent, San Gabriel Valley Municipal Water District will begin releases to the Basin on June 15, 2009. The amount is equal to 40 percent of 28,800 acre-feet, or approximately 11,500 acre-feet of water.

Mr. Contreras reported that Upper San Gabriel Valley Municipal Water District (Upper District) hosted a groundbreaking ceremony last week for the Field of Dreams recycled water project. Relative to the Groundwater Reliability Improvement Program, Mr. Contreras noted that project planning is underway to provide up to 10,000 acre-feet of recycled water to the Basin. He also noted that Upper District recently adopted its FY 2009-10 budget. Lastly, Mr. Contreras reported that Upper District is planning to host a meeting with producers to discuss water supply availability.

COMMENTS FROM WATERMASTER MEMBERS

Mr. Arrighi stated that he hopes Upper District continues with the GRIP, and also and requested that Mr. Contreras advise staff of the date of its meeting with producers.

Mr. Malloy encouraged all producers to contact the Upper District Directors in support of the GRIP, and ask them to please push forward with the project. He noted that Basin continues to water levels continue to drop.

The Chairman suggested that Watermaster form an ad-hoc Committee to work with Upper District with regard its recycled water project. He recommended that the committee include the Watermaster Chairman and Vice-Chairman, with Mr. Greg Galindo and Mr. Tom Tait as alternates. Staff was directed to send a letter to Upper District requesting its participation.

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. Arrighi, and unanimously carried, the meeting was adjourned to the next regular meeting of Watermaster on Wednesday, July 1, 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