

**MINUTES OF A REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
HELD WEDNESDAY, AUGUST 5, 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, August 5, 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: James Byerrum, Ed Chavez, Al Contreras, Thomas Love, Pat Malloy, Michael Quinn and Charles E. Shaw.

ABSENT: Dan Arrighi and Robert W. Bowcock

STAFF AND OTHERS PRESENT

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

Others present included: Chet Anderson, Henry Barbosa, Brian Bowcock, Mark Carney, Barbara Carrera, Jon Contreras, Ken Deck, Brian Dickinson, Greg Galindo, Scott Hopkins, Tom Lindros, James Prior, Richard Rich, Alice Shiozawa and Dale Wert.

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. Malloy, and unanimously carried, the agenda was adopted as presented.

TIME RESERVED FOR PUBLIC COMMENT

No comments offered.

CONSENT CALENDAR

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

- a) Minutes of a Regular Meeting of Watermaster held July 1, 2009.
- b) Lists of Demands: Items 13977 through 14019 in the amount of \$831,148.61 on the Administrative Fund, and Items 859-860 in the amount of \$2,216,210.54 on the Replacement Water Fund.
- c) Financial Statements, July 2009

ADOPTION OF RESOLUTION NO. 08-09-228 NOMINATING ROBERT W. BOWCOCK AS A BOARD MEMBER FOR ACWA REGION 8

The Executive Officer reported that the Association of California Water Agencies (ACWA) is currently seeking nominations for seats on the Regional 8 board. She stated that a staff report and resolution has been prepared nominating Robert W. Bowcock as a board member. The Executive Officer noted that Mr. Bowcock has agreed to the nomination and staff recommendation is for Watermaster to adopt said resolution.

On a motion made by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, the following resolution was adopted and passed to read:

RESOLUTION NO. 08-09-228**RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER
PLACING IN NOMINATION ROBERT W. BOWCOCK
AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA
WATER AGENCIES REGION 8 BOARD**

(see next page)

1 RESOLUTION NO. 08-09-228

2 A RESOLUTION OF THE MAIN SAN BASIN WATERMASTER
3 PLACING IN NOMINATION ROBERT W. BOWCOCK
4 AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA
5 WATER AGENCIES REGION 8 BOARD

6 BE IT RESOLVED BY THE MAIN SAN GABRIEL BASIN WATERMASTER AS
7 FOLLOWS:

8 (i) The Main San Gabriel Basin Watermaster does encourage and support the
9 participation of its members in the affairs of the Association of California Water Agencies
10 (ACWA).

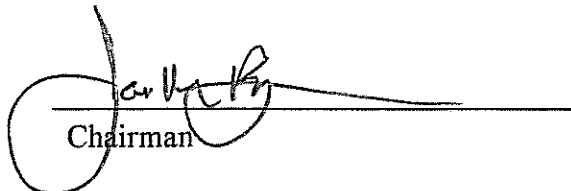
11 (ii) Robert W. Bowcock has indicated a desire to serve as a Board Member of ACWA
12 Region 8.

13 NOW, THEREFORE, BE IT RESOLVED THAT THE MAIN SAN GABRIEL BASIN
14 WATERMASTER as follows:

15 (i) Does place its full and unreserved support in the nomination of Robert W.
16 Bowcock for Board Member of ACWA Region 8.

17 (ii) Does hereby determine that the expenses attendant with the service of Robert W.
18 Bowcock in ACWA Region 8 shall be borne by the Main San Gabriel Basin Watermaster.

19 Adopted and approved this 5th day of August 2009.

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23 Chairman
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1 ATTEST:

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4 Carol Williams, Assistant Secretary

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6 I, Dan Arrighi, Secretary of the Main San Gabriel Basin Watermaster, hereby certify that
7 the foregoing Resolution was introduced at a regular meeting of the Main San Gabriel Basin
8 Watermaster, held on the 5th day of August 2009, and was adopted at that meeting by the
9 following roll call vote:

10 AYES: 7

11 NOES: 0

12 ABSENT: 2

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14 ATTEST:

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16 Carol Williams, Assistant Secretary

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REQUEST FROM CITY OF AZUSA TO ACCEPT LATE LEASE

The Executive Officer stated that City of Azusa (City) has requested that Watermaster accept a late transfer of 3,329.78 acre-feet production right, 363 acre-feet base annual diversion right, and 981.55 acre-feet carryover right to Azusa Valley Water Company for Fiscal Year 2008-09. She also stated that the late transfer is routine and will not result in any cost implications. Staff has reviewed the lease and recommends approval. Mr. Chet Anderson, City of Azusa Assistant Director of Water Operations, respectfully requested Watermaster approval of this late transfer in order to correct the City's error in calculating its replacement water obligations. On motion made by Mr. Shaw, seconded by Mr. Love, and unanimously carried, Watermaster approved and accepted the transfer between City of Azusa and Azusa Valley Water Company for Fiscal Year 2008-09.

INFORMATION ITEMS

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

- a) Corrected Transfer from 7/1/09 agenda: Temporary assignment or lease of 16.87 AF production right and 19.68 AF carryover right from Aqua Capital Management LP to Valley County Water District for FY 2009-10
- b) Temporary assignment or lease of 464.47 AF integrated production right from Azusa Agricultural Company to Azusa Valley Water Co. for FY 2008-09
- c) Temporary assignment or lease of 150.00 AF production right from Miller-Coors Inc. to Azusa Valley Water Co. for FY 2008-09
- d) Temporary assignment or lease of 2,160.85 AF production right and 18.55 AF carryover right from Miller-Coors Inc. to Azusa Valley Water Co. for FY 2008-09
- e) Temporary assignment or lease of 165 AF production right from Azusa Valley Water Company to Miller-Coors Inc. for FY 2008-09
- f) Temporary assignment or lease of 2,500 AF production right from Azusa Valley Water Co. to City of Arcadia for FY 2008-09
- g) Temporary assignment or lease of 200 AF production right from Richard J. Woodland to San Gabriel Valley Water Co. for FY 2008-09
- h) Temporary assignment or lease of 1,000 AF production right from California Domestic Water Co. to San Gabriel Valley Water Co. for FY 2008-09
- i) Temporary assignment or lease of 2,050 AF production right from City of Monterey Park to San Gabriel Valley Water Co. for FY 2008-09
- j) Temporary assignment or lease of 1,000 AF production right from Covina Irrigating Co. to California Domestic Water Co. for FY 2008-09

- k) Temporary assignment or lease of 595 AF production right from Monrovia Nursery to Canyon Water Co. for FY 2009-10
- l) Notice of Change of Designee for Sunny Slope Water Company to Ken Tcheng
- m) Letter dated July 27, 2009, commending USGVMWD directors for moving ahead with public outreach for GRIP project
- n) Transmittal of SGVMWD monthly report for June 2009
- o) Notice of USGVMWD Water Fest 2009, October 17, Arcadia
- p) Various newspaper articles

ATTORNEY'S REPORT

Relative to the Baldwin Park Operable Unit increase in financial assurances, the Attorney reported again that the Trustee has issued a second formal notice of deficiency to the Cooperating Respondents to address the shortfall left by the Fairchild bankruptcy. He noted that the required deposit is due by the end of October. The Attorney also noted that the non-Fairchild CRs are expected to cover the \$905,000 deficiency if Fairchild does not pay its portion.

The Attorney also reported that various disputes have been raised between the CRs and some of the Water Entities over various aspects of the Baldwin Park Operable Unit project costs and reimbursement practices. He expects some of the issues will require arbitration under the Project Agreement provisions.

ENGINEER'S REPORT

The Consulting Engineer reported that the level of the Baldwin Park Key Well, as of July 31, was 193.4 feet, noting that the Key Well is now two feet below the previous historic low of 195.5 feet which was set on December 23, 2004. The Consulting Engineer stated that the Key Well is now dropping at a rate of approximately .4 foot per week, and is currently nine feet lower than this same time last year.

The Consulting Engineer also reported that releases continue from Morris for use by both the Main and Central Basins. At the conclusion of these releases, no additional deliveries are anticipated for local recharge.

In response to a question by Mr. Love, the Consulting Engineer noted that total cyclic storage in the Basin as of June 30, 2009 is 73,938.5 acre-feet. He also noted that without cyclic storage, the key well level would be approximately ten feet lower. Cyclic storage totals include 5,166.2 acre-feet for Three Valleys Municipal Water District/Metropolitan Water District, 18,927.9 acre-feet for San Gabriel Valley Municipal Water District and 49,844.4 acre-feet of Producer cyclic storage.

EXECUTIVE OFFICER'S REPORT

The Executive Officer reported, as a reminder, that a Strategic Planning Workshop for the Watermaster board is scheduled for Tuesday, August 18, 2009, from 8:00 a.m. to 5:00 p.m. at the Courtyard by Marriott in Baldwin Park. She noted that additional materials will be distributed for review early next week. She also noted that this meeting is a closed session of the board with no action to be taken.

The Executive Officer also reported that the San Gabriel Valley Water Association Summer BBQ will be held at the Monrovia Historical Museum on Wednesday, August 12, 2009. The program includes the presentation of the 2009 Watermark Award.

REPORT FROM RESPONSIBLE AGENCIES

Relative to the Groundwater Reliability Improvement Program, Mr. Contreras reported that Upper San Gabriel Valley Municipal Water District (Upper District) is meeting today with its GRIP project partners to begin to develop an understanding on governance, cost sharing, and the various roles and responsibilities of each party. He stated that he is looking forward to today's meeting. Additionally, Mr. Contreras thanked the San Gabriel Valley Water Association for its sponsorship of Upper District's WaterFest event.

Mr. Brian Bowcock reported that Three Valleys Municipal Water District is on hiatus until September.

Mr. Love reported that SGVMWD staff is looking into the effects that Proposition 1A tax will have on the Districts revenue for FY 2009-10. He also noted that SGVMWD representatives will be present at the GRIP meeting today.

COMMENTS FROM WATERMASTER MEMBERS

Mr. Malloy encouraged those present to attend the joint board meeting between the Los Angeles County Sanitation District, Upper San Gabriel Valley Municipal Water District, San Gabriel Valley Municipal Water District, and Water Replenishment District, and show their support of the GRIP project.

ADJOURNMENT

The Chairman asked if there were other business to come before Watermaster, and there being none, upon motion duly made by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, the meeting was adjourned to the next regular meeting of Watermaster on Wednesday, September 2, 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