

**MINUTES OF A PUBLIC HEARING AND REGULAR MEETING OF
THE MAIN SAN GABRIEL BASIN WATERMASTER
729 NORTH AZUSA AVENUE, AZUSA, CALIFORNIA
HELD WEDNESDAY, OCTOBER 7, 2009 AT 3:00 O'CLOCK P.M**

A public hearing and 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 7, 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, James Byerrum, Robert W. Bowcock, Al Contreras, Thomas Love, Pat Malloy, and Charles E. Shaw.

ABSENT: Ed Chavez and Michael Quinn

(Mr. Chavez arrived later in the meeting.)

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: Chet Anderson, John Brettl, Mark Carney, Barbara Carrera, Brian Dickinson, Craig Gott, Scott Goulart, Ken Herman, Garry Hofer, Marianna Lake, Dave Michalko, Steve Patton, Carl Pon, James Prior, Martin Ray, Richard Rich, David Sano and Patrick Scanlon.

ADOPTION OF AGENDA

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

PUBLIC HEARING ON PROPOSED WAIVERS OF ASSESSMENTS

The Chairman stated that this was the time and place fixed and noticed for a public hearing to be conducted relative to four requests for waiver of assessments. The Chairman asked if

there was any public comment associated with the four applications. There being no public comment, the Chairman called on the Consulting Engineer to review the staff reports.

San Gabriel Valley Water Company B-5 Facility – The Consulting Engineer explained that Section 18(e) of Watermaster's Rules and Regulations allows a Producer to apply in writing to Watermaster for a waiver of all or any part of Watermaster assessments for water pumped for the purpose of testing, protecting or improving water quality.

He reported that one of the four waiver applications before Watermaster today is from San Gabriel Valley Water Company (SGVWC), for 189.84 acre-feet of water discharged from the B-5 Treatment Facility to the San Gabriel River for testing, protecting and improving the water quality of the Basin as part of the Baldwin Park Operable Unit (BPOU) cleanup plan. He noted in the staff report that SGVWC operated the B-5 Treatment Facility pursuant to direction from the United States Environmental Protection Agency (USEPA) to establish a capture zone and remove contaminants while the California Department of Public Health (CDPH) prepared a permit amendment to operate the facility. Upon receipt of the permit amendment, SGVWC changed out the resin in the Ion Exchange treatment system before serving potable water to its customers.

The Consulting Engineer also noted that all of the 189.84 acre-feet of water produced from the testing was discharged to Walnut Creek. He further noted that the discharges occurred between July 1, 2008 and July 8, 2008, and that there was no outflow to the ocean from the San Gabriel River on those days. Finally, he briefly reviewed action taken last year on similar waivers of assessments when Watermaster waived only the Replacement Water Assessment on water discharged during FY 2007-08 from the same facility, and stated that it is staff's recommendation that Watermaster consider waiving only the Replacement Water Assessment on the B-5 discharge for FY 2008-09.

On motion by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, with Mr. Arrighi abstaining, Watermaster approved the waiver of the Replacement Water Assessment associated with the SGVWC B-5 discharge.

(Mr. Chavez arrived.)

San Gabriel Valley Water Company B-6 Facility – The Consulting Engineer reported that the second waiver application before Watermaster today is from San Gabriel Valley Water Company (SGVWC), for 27.22 acre-feet of water discharged from the B-6 Treatment Facility to the San Gabriel River during start-up procedures following a shutdown due to poor quality salt, which caused the ISEP distributors to clog. After replacing the ISEP distributors, SGVWC produced water from its off-site wells, operated the treatment facility, collected water quality samples and discharged the treated water to Walnut Creek during four days in February. Following the receipt of water quality sample results, SGVWC redirected treated water from Plant B6 to its distribution system for potable purposes.

The Consulting Engineer noted in the staff report that the B6 Facility is part of the Baldwin Park Operable Unit (BPOU) remedy, and that all of the 27.22 acre-feet of water produced from the start-up was discharged to Walnut Creek Wash, which flows into the San Gabriel River. He further noted that there was no outflow to the ocean from the San Gabriel River. Finally, he briefly reviewed action taken last year on similar waivers of assessments when

Watermaster waived only the Replacement Water Assessment on water discharged during FY 2007-08 from the same facility, and stated that it is staff's recommendation that Watermaster consider waiving only the Replacement Water Assessment for FY 2008-09.

On motion by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, with Mr. Arrighi abstaining, Watermaster approved the waiver of only the Replacement Water Assessment associated with the SGVWC B-6 discharge.

Valley County Water District SA-1 Facility – The Consulting Engineer reported that the third application for waiver of assessments is from Valley County Water District (VCWD) for 327.27 acre-feet of treated water discharged from the Sub-Area 1 Treatment Facility (Lante Plant). He noted that the discharges were made intermittently during the months of July 2008 through April 2009, directly due to the Department of Public Health permitting requirement. The requirement, as stated in the staff report, is to “ensure that temporary surges of nitrate leaving the liquid-phase granular activated carbon (LGAC) beds do not impair the plant effluent quality, any time the plant flow is shut down, upon restarting the plant, the plant effluent shall be temporarily diverted from potable use...the diversion from potable use shall continue until the nitrate concentration in the LGAC combined effluent has been stabilized at a level at or below the influent to the LGAC.

The Consulting Engineer also reported that the total amount of water discharged is 678.57 acre-feet; however, staff did not consider the remaining 351.30 acre-feet as it did not meet Watermaster's criteria for waiver consideration. The water in question was associated with a difference in meter calibrations that were within the acceptable range of plus/minus five percent accuracy, and the water was not physically discharged for conservation.

The Consulting Engineer stated that it is staff's recommendation that Watermaster consider approving VCWD's request with regard to the 327.27 acre-feet of treatment plant discharge and authorize waiving only the Replacement Water Assessment for FY 2008-09.

Following discussion, on motion made by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, Watermaster waived the Replacement Water Assessments only on 327.27 acre-feet of the water discharged from the VCWD SA-1 treatment facility.

City of Whittier WNOU Facility – The Consulting Engineer reported that the fourth application for waiver of assessment is from the City of Whittier (City) for 407.08 acre-feet of treated water discharged from the Whittier Narrows Operable Unit groundwater treatment plant (WNOU-GTP), which the City operates under agreement with USEPA. He noted that water is from pumped from three WNOU intermediate zone extraction wells through the WNOU-GTP lead-lag vessels during the removal and replacement of the carbon in the lead vessels. The City needed to continue to allow water to flow through the lag vessels during this process in order to prevent bacterial growth. The entire process took approximately eight months to bring the MNOU-GTP back online and resulted in the discharge of 407.08 acre-feet of water between September 2008 and May 2009. The water was discharged on the City's wellfield site and was allowed to percolate back into the Basin, and no water was lost to the ocean. The Consulting Engineer stated that it is staff's recommendation that Watermaster consider waiving only the Replacement Water Assessment for FY 2008-09.

Following a brief discussion, on motion made by Mr. Malloy, seconded by Mr. Contreras, and unanimously carried, Watermaster waived the Replacement Water Assessments only on 407.08 acre-feet of the water discharged by City of Whittier from the Whittier Narrows Operable Unit groundwater treatment plant.

TIME RESERVED FOR PUBLIC COMMENT

Mr. Scott Goulart, representing the BPOU Cooperating Respondents, thanked the board for its support and approval of the San Gabriel Valley Water Company and Valley County Water District waivers of assessments, to further the joint effort of cleaning up the Basin's water supply.

CONSENT CALENDAR

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

- a) Minutes of a Regular Meeting of Watermaster held September 2, 2009.
- b) Lists of Demands: Items 14060 through 14100 in the amount of \$248,739.49 on the Administrative Fund, and Item 862 in the amount of \$44,336.44 on the Replacement Water Fund.
- c) Financial Statements, September 2009
- d) Authorization to attend ACWA Fall Conference, December 1-4, San Diego
- e) Approval of Stipulation re Intervention after Judgment of Valarie D. Maggiore, Crystal M. Fox, and Jeffrey Kirklen (successors to Kirklen Family Trust)

DISCUSSION RE CHANGE OF WATERMASTER MEETING TIME

The Executive Officer noted that at the September Watermaster meeting, Mr. Malloy requested that the board discuss changing the meeting start time from 3:00 p.m. to 2:30 p.m. in order to accommodate the schedules of those who attend both the Watermaster meetings and the GRIP Executive Committee meetings held on the same day.

Mr. Chavez noted that his schedule may not allow him to attend Watermaster meetings as early as 2:00 p.m., and Mr. Love agreed that the earlier time was more difficult for him to make, as well. Following a brief discussion, on motion made by Mr. Love, seconded by Mr. Malloy, and unanimously carried, Watermaster approved changing the meeting time for future Watermaster meetings, beginning with the November meeting, to 2:30 p.m.

REQUEST FROM GOLDEN STATE WATER COMPANY TO APPROVE LATE WATER RIGHTS LEASE

The Executive Officer stated that Golden State Water Company has requested that Watermaster accept a late transfer of 781.41 acre-feet production right between its San Dimas and San Gabriel districts for Fiscal Year 2008-09. She also stated that the water rights

lease is within the company's two local systems, and personnel new to handling Main Basin water rights were not aware that the rights were held separately and must be transferred through a lease. On motion made by Mr. Arrighi, seconded by Mr. Contreras and unanimously carried, Watermaster approved and accepted the late transfer between Golden State Water Company's San Dimas and San Gabriel Valley systems for FY 2008-09.

WATER QUALITY MANAGEMENT ACTIVITIES

Application from City of Arcadia to Destroy Longley 2 Well – The Consulting Engineer stated that the City of Arcadia (City) has submitted an application for destruction of Longley 2 Well, located near the intersection of El Monte Avenue and Longden Avenue. Longley 2 Well was constructed in 1949 to a depth of 600 feet and is perforated at various depths. The Longley 2 Well last produced water during fiscal year 1976-77. The historical pumping capacity of the well was about 2,500 gallons per minute in 1949, and 1,200 gallons per minute in 1976 prior to the well being shut down due to high nitrate concentrations detected above the Maximum Contaminant Levels. The Consulting Engineer noted that the City will construct approved Longley 3 Well to provide low nitrate water directly to its distribution system.

The City received a destruction permit from the County of Los Angeles Department of Health Services on April 29, 1986 for destruction of the well. The well was filled to about 550 feet below ground surface with concrete, but was only partially destroyed. Upon approval by Watermaster, the City intends to finalize the well destruction. The Consulting Engineer recommended that Watermaster approve the City's application to destroy Longley 2 Well, subject to the conditions in the report.

On motion made by Mr. Arrighi, seconded by Mr. Contreras, and unanimously carried, with Mr. Malloy abstaining, Watermaster approved the City of Arcadia's application to destroy Longley 2 Well, subject to the conditions in the report.

Application from City of Arcadia to Destroy Camino Real 1 Well – The Consulting Engineer stated that the City of Arcadia (City) has submitted an application for destruction of Camino Real 1 Well, located near the intersection of Camino Real Avenue and Second Avenue. Camino Real 1 Well was constructed in 1949 to a depth of 714 feet, has a 20-inch casing and is perforated at various depths. The Camino Real 1 Well last produced water during fiscal year 1992-93 at a pumping capacity of about 800 gallons per minute, prior to the well being shut down. City staff has indicated the lower 328 feet of the well casing has collapsed.

Electrical service has been disconnected, pumping equipment has been removed and the well has been capped. The Consulting Engineer recommended that Watermaster approve the City's application to destroy Camino Real 1 Well, subject to the conditions in the report.

On motion made by Mr. Contreras, seconded by Mr. Love, and unanimously carried, with Mr. Malloy abstaining, Watermaster approved the City of Arcadia's application to destroy Camino Real 1 Well, subject to the conditions in the report.

Application from City of El Monte to Drill Wells DEW-1, DEW-2 and DEW-3 and to Construct Treatment Facility – The Consulting Engineer stated that the City of El Monte (City) has submitted an application for construction of new Wells DEW-1, DEW-2 and

DEW-3, to be located in the City of Rosemead, on behalf of East Side Performing Settling Defendants (ESPSD). The City owns six production wells and operates its own distribution system. Currently, four wells are active. VOCs, primarily PCE and Trichloroethylene (TCE) have been detected in many of the City's wells at concentrations above the MCLs since the 1980's.

The Consulting Engineer stated that the City has proposed to drill DEW-1 to a depth of 300 feet bgs and the perforations of the well will be from approximately 146 feet to 211 feet bgs and 267 feet to 297 feet bgs. The proposed average pumping capacity of DEW-1 is 360 gpm. Additionally, the City has proposed to drill DEW-2 to a depth of 365 feet bgs and the perforations of the well will be from approximately 339 feet to 362 feet bgs. The proposed average pumping capacity of DEW-2 is 117 gpm. Lastly, the City has proposed to drill DEW-3 to a depth of 358 feet bgs and the perforations of the well will be from approximately 335 feet to 355 feet bgs. The proposed average pumping capacity of DEW-3 is 123 gpm.

The Consulting Engineer stated that the City has also submitted an application to construct a Water Treatment Facility in conjunction with its application to drill Wells DEW-1, DEW-2 and DEW-3. The proposed treatment facility will treat an average annual amount of 600 gpm and consist of two 20,000-pound liquid-phase granular activated carbon (LGAC) vessels. The Treatment Facility is designed to remove all VOCs detected at the proposed extraction wells to non-detectable levels.

The Consulting Engineer also stated that a pipeline will be constructed to connect the proposed extraction wells to the proposed Treatment Facility. The pipeline will be constructed using six or eight-inch diameter ductile iron piping. Treated and disinfected water from the proposed Treatment Facility will be pumped directly into the City's existing water distribution pipeline. The City will report the production from the proposed extraction wells against its water rights and reduce demand on other wells. The Consulting Engineer recommended that Watermaster approve the City's application to Drill Wells DEW-1, DEW-2 and DEW-3 and to Construct Treatment Facility, subject to the conditions in the staff report.

On motion made by Mr. Arrighi, seconded by Mr. Contreras, and unanimously carried, Watermaster approved the City of El Monte's application to Drill Wells DEW-1, DEW-2 and DEW-3 and to Construct Treatment Facility, subject to the conditions in the staff report.

REPORT FROM FINANCE COMMITTEE

Receive and file draft audit report for FY 2008-09– Mr. Shaw reported that the Finance Committee met on September 16, 2009 to review the audit of Watermaster's financial statements for Fiscal Year 2008-09. He stated that Watermaster has again received a clean opinion, and he recommended that Watermaster receive and file the audit report. Mr. Shaw noted that Mr. Carl Pon, Vicenti Lloyd & Stutzman, LLP, Watermaster auditor, is present to answer any questions.

On motion made by Mr. Shaw, seconded by Mr. Malloy, and unanimously carried, Watermaster received and filed the audit report for FY 2008-09.

In response to a question by Mr. Chavez, the Executive Officer confirmed that staff is going to issue an RFP for auditing services for FY 2009-10.

Reaffirm Cash Investment Policy – Mr. Shaw reported that, as required each year, the Finance Committee also reviewed Watermaster’s Cash Investment Policy. He stated that the consensus of the Committee was that there is no need for any change, and recommended that Watermaster approve and reaffirm the Cash Investment Policy.

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

REPORT FROM ADMINISTRATIVE COMMITTEE

Mr. Shaw reported that the Administrative Committee met on September 16, 2009 and discussed various items. He noted that three items require Watermaster action.

Ratification of ACWA Committee Nominations for 2010-11 – The Committee reviewed the current ACWA committees and assignments and recommends ratification of the nomination of the Executive Officer and Assistant Executive Officer to ACWA’s Groundwater Committee and Mr. Bob Bowcock to ACWA’s Water Quality Committee.

On motion made by Mr. Arrighi, seconded by Mr. Shaw, and unanimously carried, Watermaster ratified its ACWA Committee Nominations.

Adoption of Resolution No. 10-09-229 amending Watermaster’s 457(B) plan to comply with Pension Protection Act of 2006 and other related laws – Mr. Shaw reported that the Committee reviewed a handout of an IRS required amendment to the Watermaster 457 Deferred Compensation Plan. The amendment formalizes the Pension Protection Act of 2006 (PPA) Operation Statement. Mr. Shaw noted that staff recommends approval of this amendment in order to be in compliance with the applicable laws and regulations.

On motion by Mr. Arrighi, seconded by Mr. Shaw, and unanimously carried, it was

RESOLVED: That Watermaster adopt Resolution 10-09-229 amending Watermaster’s 457(B) plan.

Upon motion duly made, seconded, and unanimously carried, the following resolution was then read, adopted and passed as read:

RESOLUTION NO. 10-09-229

A RESOLUTION OF THE MAIN SAN GABRIEL BASIN WATERMASTER ADOPTING APPLICABLE PROVISIONS OF THE PENSION PROTECTION ACT OF 2006, THE HEROES EARNING ASSISTANCE AND RELIEF TAX OF 2008, THE EMERGENCY ECONOMIC STABILIZATION ACT OF 2008, AND THE WORKER, RETIREE AND EMPLOYER RECOVERY ACT OF 2008

(see next page)

Executive Officer's Evaluation – Deferred to Closed Session

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 36.99 AF production right from Rados Bros. to San Gabriel Valley Water Co. for FY 2009-10
- b) Temporary assignment or lease of 20.66 AF production right from The Nicholson Trust to San Gabriel Valley Water Co. for FY 2009-10
- c) Temporary assignment or lease of 6.02 AF production right from The Nicholson Family Trust to San Gabriel Valley Water Co. for FY 2009-10
- d) Temporary assignment or lease of 740 AF production right from United Rocks Products to Valley County Water District for FY 2009-10
- e) Temporary assignment or lease of 3,245 AF prescriptive pumping right from Co-Tenancy of Laurence R. Pellissier Irrevocable QTIP Trust, et. al. to Covina Irrigating Co. for FY 2009-10
- f) Temporary assignment or lease of 3,245 AF prescriptive pumping right from Co-Tenancy of Laurence R. Pellissier Irrevocable QTIP trust, et al. to California Domestic Water Co. for FY 2009-10
- g) Temporary assignment or lease of 138.00 AF production right from canyon Water Co. to Covina Irrigating Co. for FY 2009-10
- h) Temporary assignment or lease of 555.92 AF carryover right from Canyon Water Co. to Covina Irrigating Co. for FY 2009-10
- i) Permanent transfer of 437.50 AF prescriptive pumping right from Kirklen Family Trust to Valarie Maggiore, Crystal Fox and Jeffrey Kirklen
- j) Notice of Change of Designee to receive notices on behalf of United Rock Products to Russ Caruso
- k) Transmittal of SGVMWD monthly report for August 2009
- l) Notice of USGVMWD/USFS Watershed Restoration Program, October 3 and November 7, 2009
- m) Various newspaper articles

ATTORNEY'S REPORT

The Attorney reported that a number of disputes have been raised by the Cooperating Respondents in the Baldwin Park Operable Unit over various project-related issues. He noted that Watermaster is involved in several of the disputes and has hosted a meeting and is trying coordinate another meeting in an effort to resolve some of the disputes prior to going to arbitration. He also noted that one of the disputes relates to alternative water and another is regarding invoices approved by the project committee, and he further stated that Watermaster has tendered claims regarding these disputes under Watermaster's BPOU insurance.

The Attorney stated that a dispute involving Valley County Water District and Suburban Water Systems relative to "lost water" is headed to arbitration.

ENGINEER'S REPORT

The Consulting Engineer reported that the level of the Baldwin Park Key Well, as of October 2, was 191.1 feet, noting that the Key Well is now twelve feet lower than this same time last year, and 4.5 feet lower than the previous historic low of 195.5 feet, which was set on December 23, 2004. The Consulting Engineer stated that total production is 253,600 acre-feet, compared to 261,200-acre-feet at this same time last year and 287,300 acre-feet in FY 2006-07. Additionally, the Consulting Engineer stated that the five area landfills were inspected and no violations were found.

In response to a question by Chairman Byerrum, the Consulting Engineer reported that staff checking to determine if there is any opportunity for in-lieu deliveries through Upper District. He noted, however, that the water is now subject to drought allocation, and staff is running the calculations based anticipated treated water use as well as local production. He expects to have firm data available for discussion in January or February. Mr. Zampiello stated that this item is on the Basin Water Management Committee agenda for further discussion.

In response to a question by Mr. Love, the Consulting Engineer reported that the Los Angeles County Department of Public Works is considering various options relative to sediment control. He noted that the County cancelled its watershed programs to limit the number of people allowed in the fire damages areas. He also noted that debris flow following any future rain is a concern, and if the area receives heavy rainfall this season, the County may need to conduct an emergency clean-out, as it has done after previous fires.

EXECUTIVE OFFICER'S REPORT

The Executive Officer reported that the Annual Meeting of Basin Producers notices were sent out thirty days prior to the November 4 meeting date as required by the Judgment; however, the meeting notice listed the meeting time as 3:00 p.m. Another notice will be sent with the new meeting time of 2:30 p.m.

The Executive Officer also reported that staff is working with the Upper District's interim General Manager in seeking alternate supplemental water supplies.

REPORT FROM RESPONSIBLE AGENCIES

Mr. Contreras reported that Mr. Steve Johnson, Stetson Engineers, was appointed Interim General Manager for Upper District. He also reported that Upper District is considering hiring a recruitment agency to assist in selecting a new General Manager. Additionally, Mr. Contreras stated that the Upper District's annual Water Fest event is on Saturday, October 17 from 10:00 a.m. to 2:00 p.m. in Arcadia, and a toilet giveaway is scheduled for October 31, 2009 at Los Altos High School in Hacienda Heights. Lastly, he reported that Upper District is continuing to move forward with the GRIP project and its public outreach efforts.

Mr. Love reported that San Gabriel Valley Municipal Water District continues to deliver water to the canyon at 50 cfs. Approximately 8,500 acre-feet was delivered as of the end of September and another 3,000 acre-feet is expected to be delivered by the end of December.

COMMENTS FROM WATERMASTER MEMBERS

None to report.

FUTURE AGENDA ITEMS

Mr. Arrighi requested that the board consider changing the December meeting date to the second week of December in order to accommodate those who will attend the ACWA Conference. The Executive Officer stated that she would place the item on the November meeting agenda for consideration.

CLOSED SESSION

The Watermaster adjourned to a closed session.

REGULAR MEETING RESUMES

The Chairman reported that, in Closed Session, Watermaster conducted the Executive Officer's annual performance evaluation, and no action was taken.

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, November 4, 2009, 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
CHAIRMAN