MINUTES OF THE
REGULAR MEETING OF THE
CENTRAL BASIN WATERMASTER
WATER RIGHTS PANEL

PROGRESS PARK
BOARD ROOM
15500 DOWNEY AVE., PARAMOUNT, CA

THURSDAY, JANUARY 12, 2017
1:30 P.M.

Chairman Honeycutt (Signal Hill) called the regular meeting of the Central Basin Watermaster Water Rights Panel to order at 1:30 pm.

1. PLEDGE OF ALLEGIANCE

Chairman Honeycutt lead the panel members and those in attendance in the Pledge of Allegiance.

2. ROLL CALL

Panel Members
Dan Mueller City of Downey
Jason Wen City of Lakewood
Chris Garner City of Long Beach
Chris Cash City of Paramount
Charlie Honeycutt City of Signal Hill
Toby Moore Golden State Water Company
Ken Bradbury Montebello Land and Water Company

Also Present
Desi Alvarez MCM Management
James Markman Richards, Watson, Gershon
Mohammad Mostakhami City of Downey
Rob Whitaker Water Replenishment District
Ted Johnson Water Replenishment District
Christina Dixon City of Huntington Park
Dave Schickling City of Whittier
Tammy Hierlihy Central Basin MWD
Greg Reed LA DWP
Kevin Sales KJServices Environmental Consulting
3. PUBLIC COMMENTS

No public comments were received.

4. CONSENT CALENDAR
Panel Member Bradbury (Montebello Land and Water Company) made a motion to approve both item 4a and 4b. Panel Member Moore (Golden State Water Company) seconded the motion which was approved by a unanimous voice vote of the Panel. Panel members Cash (City of Paramount) and Mueller (City of Downey) abstained.

5. TREASURER’S REPORT
Panel Member Wen (City of Lakewood) presented the Treasurer’s Report.

Mr. Wen reviewed the financial report prepared by the City of Lakewood. The City’s summary report showed that the beginning balance of the WRP’s account as of its last meeting was $106,186.37. One check was received from the Water Replenishment District for $4,913.10, bringing the Water Rights Panel’s account balance as of December 31, 2016 to $111,099.47.

A motion to Receive and File the item was made by Panel Member Cash with a second by Panel Member Garner (City of Long Beach). The item was approved by a unanimous voice vote of the Panel members.

6. ADMINISTRATIVE BODY REPORT
Chairman Honeycutt introduced Mr. Rob Whitaker and Mr. Ted Johnson of the Water Replenishment District to provide an update on the status of the Administrative Body.

Mr. Whitaker announced the Jason Weeks would be leaving the WRD in the next month or so and that Mr. Johnson would be assuming his duties with the Water Rights Panel.

Mr. Johnson reported the following updates:

2016 / 2017 Water Rights Activity
Through November 10, 2016, there have been 32 leases processed for 2016-2017 transferring 11,721.66 acre-feet. 28 leases transferred 9,974.66 acre-feet with flex (i.e. 60% carryover), and 4 leases transferring 1,747 acre-feet without flex.

There have been no water right sales processed in 2016-2017.

2016 - 2017 Groundwater Pumping
Year-to-date 2016-2017 Central Basin groundwater pumping was 182,900 acre-feet, which is slightly higher than the 180,000 acre-feet from 2015-2016.

July-August 2016 groundwater pumping was 34,400 acre-feet, which is 3.6% more than the 33,200 acre-feet that was extracted in July-August 2015.

2016 / 2017 Storage Activity
No water has been put into storage for 2016-2017, and 695.55 acre-feet has been extracted from storage by the City of Lakewood.

2015-2016 Watermaster Report
Mr. Whitaker reported that the draft Watermaster Report is approximately 90% complete and will forward the draft to the Panel members for their review and comment within the next two weeks.

FY 2016 / 2017 Assessment Billing
Mr. Johnson reported that the WRD will send out a draft Assessment Billing invoice format to the Panel for its review within the next week. Once the invoice format is approved the new Assessment Billing will be ready to be mailed out within a week or so.

Other Items
1. Panel Member Bradbury asked Mr. Johnson, given how much rain the Basin had received, how much of the rain had been captured for spreading and infiltration? Mr. Johnson responded that based on about 7" of rain received, that approximately 25,000 acre feet of water had been sent into the spreading grounds.

2. Mr. Whitaker updated the Panel on the progress of the GRIP project, stating that two new recycled water connections have been completed which increase the amount of recycled water available for spreading and infiltration to 61,000 acre feet.

A motion to Receive and File the Administrative Body's item was made by Panel Member Bradbury with a second by Panel Member Moore. The item was approved by a unanimous voice vote of the Panel members.

7. ATTORNEY'S REPORT
Mr. James Markman of Richards, Watson, and Gershon presented the Panel with an update on two on-going issues:

1. Artesia Ice
Artesia Ice is has been extracting ground water without water rights. Their average usage is approximately 10 acre feet a year. Artesia Ice needs to either stop extracting ground water or purchase or lease water rights. The Panel needs to receive an update on if Artesia Ice is still pumping groundwater and if they have secured water rights. This update will be received from the WRD.
2. Caltrans / 105 Freeway De-watering
Mr. Markman stated that the Panel was still waiting for an update from the WRD on the status of this issue. Mr. Whitaker of the WRD will be meeting with Caltrans in the near future to discuss a possible solution to the issue. He stated that Caltrans has some issues with the proposed storage agreements but a solution to the issue seems to be achievable in the near term. Mr. Whitaker stated that they would provide a summary of their actions to date.

A motion to Receive and File the item was made by Panel Member Wen with a second by Panel Member Garner. The item was approved by a unanimous voice vote of the Panel members.

8. WATER METER TESTING PROGRAM
Kevin Sales (KJServices) presented this item.

Mr. Sales reported that the California Water Resources Department has begun water meter testing activity again in December. The actual water meter testing reports have not yet been received but they will be presented, along with the test results from January, at the Panel's March meeting.

A motion to Receive and File the item was made by Panel Member Bradbury, with a second by Panel Member Cash. The item was approved by a unanimous voice vote of the Panel members.

9. POLICY DISCUSSION REGARDING THE WATER RIGHT PANEL'S ANNUAL BUDGET RESERVE
Chairman Honeycutt presented this item to the Panel.

Chairman Honeycutt reminded the Panel members of their discussion at their November meeting the need to establish a budget reserve to maintain on a year-to-year basis. Given the potential variation in the Panel's expenses from year to year, establishing and keeping a set budget reserve would be a long term idea.

Several Panel members suggested keeping a budget reserve equal to 50% to the Panel's operating budget. Dan Mueller commented that keeping a budget reserve of 50% would be equal to keeping a 6 months budget reserve, which seemed like a realistic, responsible plan.

The Panel members decided to request that some policy language establishing a 50% operating reserve be established and that a resolution be brought back to the March meeting to establish a formal budget reserve.

A motion to approve the development of a resolution to formally adopt a budget reserve equal to 50% of the Water Rights Panel's annual operating budget was
made by Panel Member Cash, with a second by Panel Member Garner. The item was approved by a unanimous voice vote of the Panel members.

10. SECRETARY'S REPORT
The Panel's secretary had no information to report.

11. WRITTEN COMMUNICATIONS
No written communications were received.

12. AGENDA ITEMS FOR THE MARCH 9, 2017 WATER RIGHTS PANEL MEETING
The agenda was discussed for the Water Rights Panel meeting of March 9, 2017.

In addition to the Panel's recurring meeting items; Consent Calendar, Treasurer's Report, Administrative Body Report, Attorney's Report, and Water Meter Testing Program Report, the following items will be included on the Water Rights Panel's next meeting agenda:

- Review and approve the FY 2015 / 2016 Watermaster Report
- Follow-up on the Panel's previous discussion regarding the Panel's annual budget reserve
- Update of the FY 2016 / 2017 Assessment billing
- Caltrans overview report - closed session

13. WATER RIGHTS PANEL MEMBER COMMENTS
No Panel comments were received.

17. ADJOURNMENT
Chairman Honeycutt adjourned the meeting at 2:05 pm.

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CHAIRMAN

ATTEST: