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

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

THURSDAY, JULY 13, 2017
1:30 P.M.

Chairman Honeycutt (Signal Hill) called the regular meeting of the Central Basin Watermaster Water Rights Panel to order at 1:34 pm.

1. PLEDGE OF ALLEGIANCE

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

2. ROLL CALL

Panel Members
John Oskoui City of Downey
Jason Wen City of Lakewood
Anatole Falagan City of Long Beach
Chris Cash City of Paramount
Toby Moore Golden State Water Company
Mark Grajeda Montebello Land and Water Company

Also Present
Vince Brar City of Cerritos
Jim Markman Richards, Watson, Gershon
Chris Repp Los Angeles Department of Water and Power
Esther Rojas Water Replenishment District
Ken Scott EcoGas
Mohammad Mostakhami City of Downey
Kevin Sales KJServices Environmental Consulting

3. PUBLIC COMMENTS
No public comments were received.
4. CONSENT CALENDAR
Panel Member Oskoui (Downey) made a motion to approve both items 4a and 4b. Panel Member Moore (Golden State Water Company) seconded the motion.

With abstentions by Panel Member Grajeda (Montebello Land and Water Company) and Panel Member Wen (City of Lakewood), the motion was approved by the Panel.

5. TREASURER'S REPORT
Jason Wen 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 $132,038.41. The WRP received two payments in the amount of $58,613.54, and made five payments in the amount $32,323.76, resulting in a net gain of $26,289.78. The balance of the Water Rights Panel's account, as of the date this meeting, was $158,328.19.

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

6. ADMINISTRATIVE BODY REPORT
Esther Rojas of the Water Replenishment District provided an update on the status of the Administrative Body.

Ms. Rojas reported the following updates:

2016 / 2017 Water Rights Activity
To date, there have been 50 leases processed for 2016 - 2017 transferring 20,371.66 acre-feet. 43 leases transferring 16,624.66 acre-feet with flex (i.e. 60% carryover), and 7 leases transferring 3,747 acre-feet without flex. There have been eight water rights sales processed in 2016 - 2017.

The Court approved four new legal parties to the Judgment on June 5, 2017, including John Grant, Nancy Furr, Atlas Iron and Metal Company, and Artesia Ice. All four parties have zero acre-feet of pumping rights; however, as new parties, they are now able to purchase rights in addition to leasing them. All four parties have the following over-pumped rights:

John Grant - 13.66 af
Nancy Furr - 2.03 af
Atlas Iron & Metal Co, - 6.82 af
Artesia Ice - 31.14 af
They have been advised of their past over-pumping and options to reconcile their overage.

2016 - 2017 Groundwater Pumping
July 2016 - May 2017 Central basin groundwater pumping is 166,868 acre-feet, which is .2% more than the 166,535 acre-feet from the same period in 2015 - 2016.

2016 / 2017 Storage Activity
1,000 acre-feet has been put into storage in 2016 - 2017 by the City of Cerritos, and 479.35 acre-feet has been extracted from storage by the City of Lakewood.

For any parties wishing to convert their normal carryover into storage for the current Administrative Year (either individual Storage Account or after that is full, Community Storage), the deadline to file the paperwork to WRD is August 15, 2017. If filed prior to that time, and if confirmed, then the fee is the WRD Replenishment Assessment rate of $297 per acre-foot. After August 15, 2017 and until August 15, 2018, the rate will be the new WRD Replenishment Assessment of $318 per acre-foot. The deadline of August 15th allows the June pumping numbers to be received and recorded by WRD by the end of July, and allows a 2 week period for a pumper to contact WRD to inquire about their normal carryover amounts for the just completed Administrative Year. The form for converting normal carryover to storage can be found on the WRD website under Watermaster.

FY 2016 / 2017 Watermaster Invoices - Water Rights Panel
The Central Basin Watermaster Administrative Body (WRD) and the Water Rights Panel (WRP) developed a consolidated invoice to collect Watermaster funds for their respective budgets for the 2016-2017 Administrative Year. The invoices were mailed on January 27, 2017 and were due March 8, 2017.

A summary of the funds received to date was provided to the WRP members. A first payment was made to the Water Rights Panel (in care of the City of Lakewood) on March 13, 2017 for their portion received to date in the amount of $67,246.25. Two additional payments have been sent by WRD since March, one for $58,071.74 on April 20, 2017 and a second for $48,057.89 on June 28, 2017.

2017-2018 Administrative Body Watermaster Budget
The 2017-2018 Administrative Body Watermaster Budget remains unchanged for the new Administrative Year beginning July 1, 2017. The budget is $198,873.10. It is anticipated that WRD will generate and mail a consolidated invoice with the adopted Water Rights Panel Budget to applicable parties in September 2017.

Groundwater Storage / Water Augmentation Projects Application Development
It is the intent of the Administrative Body to work with the Water Rights Panel to develop an application form(s) for parties planning storage projects (beyond Carryover Conversion) or water augmentation projects. A subcommittee has been established comprised of WRD staff and two panel members from the Water Rights
Panel, Toby Mocre and Chris Garner. An initial meeting was held on June 29, 2017 and a follow-up meeting will be scheduled.

Two additional items were presented:
1. An invitation to a Water Quality Workshop being held on August 9th at the WRD, and
2. An announcement that the draft Watermaster Report for FY 16/17 will be submitted to the Water Rights Panel at their September meeting.

The Panel members briefly discussed how to address Assessment invoices that were still outstanding. As of their July 2017 meeting, $33,734.37 in assessment billing was still outstanding, the majority of the outstanding revenue ($32,471.20) was from four accounts. The Panel asked WRD to contact those four accounts and make an aggressive effort to collect the delinquent Assessment fees.

There was also a brief discussion about how billing contact info can be correct since it appeared that some of the outstanding invoices were the result of incorrect information. WRD explained that they had a form that needed to be submitted in order to change any contact info for an account. In response, the Panel members asked if that procedure could be streamlined and made easier so that the incorrect contact information that was adversely impacting the Assessment billing could be updated in a timely and efficient manner.

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

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

1. Addition of Four New Parties to the Judgment - Effective June 15, 2017, the Court added four new parties to the Judgment; John Grant, Nancy Furr, Atlas Iron and Metals Co., and Artesia Ice. Each of these parties needed to be added as a party to the Judgment because each had over-pumped water from the Central Basin. Now each party must either purchase or lease sufficient water rights to cover their future extractions.

Panel Member Grajeda said that he would send Mr. Markman a list of current water rights holders who would be interested in leasing out water rights to these four new parties.

2. Caltrans / Interstate 105 Freeway pumping - Mr. Markman did not have an update on this issue as he is still waiting to hear back from Caltrans on their plan to address the issue.
Two Panel members, Mr. Moore and Mr. Grajeda, discussed if the Water Rights Panel should charge a fee to Parties to the Judgment to cover the Panel's costs when working on issues like over-pumping or extraction by businesses or individuals that are not Parties to the Judgment? The discussion also touched briefly on if the Panel should charge an "application fee" related to future storage and/or water augmentation projects.

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

8. WATER METER TESTING PROGRAM
Mr. Kevin Sales (KJServices) provided an overview of this item.

Mr. Sales stated that all the inspected meters during April and May passed their flow tests.

After a brief discussion about the scheduling of the water meter testing and the need to ensure that all well meters were tested within a two-year period, as required by the Third Amended Judgment, the Panel recommended that Mr. Sales contact Mr. Abi Adenmusu at the Water Resources Department to provide a tentative schedule.

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

9. FY 17-18 BUDGET
The Panel members reviewed the proposed budget for FY 2017 - 2018. The FY 2017 - 2018 budget included $195,000 for estimated expenses plus a budget reserve of $100,000, for a total budget of $285,000.

After a brief discussion by the Panel members, the budget was accepted as presented.

A motion for approval was made by Panel Member Grajeda with a second by Panel member by Oskoui. The item was approved by a unanimous voice vote of the Panel members.

10. FY 2017 - 2018 ASSESSMENT BILLING RATE DETERMINATION AND APPROVAL
The Water Rights Panel is authorized through the Third Amended Judgment to issue an annual Assessment Billing to all parties to the Judgment (Central Basin water
rights holders). The maximum allowable assessment is $1 per acre foot of APA. The current Assessment rate is $.90 per acre foot.

Based on the approved FY 2017 - 2018 budget, the recommendation to the Panel members was to maintain the Assessment billing rate for FY 2017 - 2018 at $.90 per acre foot of APA.

After a brief discussion by the Panel members, the Water Rights Panel proposed to maintain the annual Assessment billing rate at $.90 per acre foot.

A motion for approval was made by Panel Member Grajeda with a second by Panel member by Oskcui. The item was approved by a unanimous voice vote of the Panel members.

11. STORAGE PROJECT APPLICATION AD HOC COMMITTEE UPDATE
Panel Member Moore presented a brief report on the status of the Storage Project Application. He stated that the Ad Hoc Committee met and has begun to develop a storage project application form and that the draft form will be ready to be reviewed by the Panel members at their September 2017 meeting.

The Panel considered this update as an informational item and no further action was taken.

12. METROPOLITAN WATER DISTRICT'S CYCLIC STORAGE PROGRAM
Panel Member Moore presented the Panel with an update on this item.

Mr. Moore discussed the proposed Cyclic Storage Program as presented by Mr. Kevin Wattier of the Central Basin Municipal Water District during Public Comments at the Panel's May meeting. Mr. Moore and the Panel members discussed how this type of project fits with the types of projects that require review and approval by the Water Rights Panel. His opinion is that the proposed plan does not conform to the requirements and terms of the Third Amended Judgment.

Panel Member Falagan (Long Beach) reminded the other Panel members that the City of Long Beach is a member of the Metropolitan Water District Board, and gave an overview of Met's history and involvement with the proposed Cyclic Storage Agreement.

Mr. James Markman commented that the Water Rights Panel is a regulatory agency and an arm of the Court. As a result they cannot be a "party" to the proposed Cyclic Storage Agreement.

Several Panel members were concerned with the MWD providing water directly to the Central Basin as they are not a party to the Third Amended Judgment. Panel members had concerns about who "owned" the water to be put into the Basin directly by the MWD.
Panel Member Grajeda recommended that the Water Rights Panel send a letter to the Central Basin Municipal Water District stating that it cannot sign the Cyclic Water Agreement because the Panel is a regulatory agency and an arm of the Court. In that letter the WRP can include its opinion on the best way to proceed with the proposed Cyclic Agreement.

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

13. SECRETARY’S REPORT
No report.

14. WRITTEN COMMUNICATIONS
There were no written communications received.

15. AGENDA ITEMS FOR THE SEPTEMBER 14, 2017 WATER RIGHTS PANEL MEETING
The agenda was discussed for the Water Rights Panel meeting of September 14, 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:

   a. Storage project application form.
   b. Cyclic Storage Program

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

Regular Meeting adjourned at 2:50 p.m.