MINUTES OF THE
CENTRAL BASIN WATERMASTER
WATER RIGHTS PANEL

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

THURSDAY, SEPTEMBER 18, 2014
2:00 P.M.

The regular meeting of the Central Basin Watermaster Water Rights Panel was called to order at 2:01 pm by Chairman Glancy.

1. PLEDGE OF ALLEGIANCE

The meeting began with the Pledge of Allegiance.

2. ROLL CALL

Panel Members
John Oskoui City of Downey
James Glancy City of Lakewood
Kevin Wattier City of Long Beach
Chris Cash City of Paramount
Ken Farfsing City of Signal Hill
Toby Moore Golden State Water Co.
Ken Bradbury Montebello Land & Water Co.

Also Present
Mark Grajeda Pico Water District
Charlie Honeycutt City of Signal Hill
Chad Blais City of Compton
Jeanne-Marie Bruno Park Water
Chris Castillo City of South Gate
Jim Ciampa Lagerlof
Gladis Deras City of Pico Rivera
Erik Deurmeier San Gabriel Basin Watermaster
Tammy Hierlihy Central Basin MWD
Miles Hogan Aleshire & Wynder
Grace Kast Grace Kast Consulting
Bill Kruse Lagerlof
Chad Lamacchia LADWP
Mohammad Mostahkami City of Downey
Heather Yegtazuyan LADWP
3. PUBLIC COMMENTS
No public comments were received.

4. CONSENT CALENDAR
Panel Member Oskoui (Downey) made a motion to approve Item Nos. 4a, and 4b. Panel Member Bradbury (Montebello Land & Water Co.) seconded the motion. The Panel Members approved the Consent Calendar by a unanimous voice vote.

5. TREASURER'S REPORT
Panel Member Moore presented the Treasurer Report.

The City of Lakewood has taken over the financial responsibilities for the Water Rights Panel from the Main San Gabriel Basin Watermaster. The Watermaster has completed the transfer of all funds to the City of Lakewood. The City of Lakewood prepared a summary of the WRP's account as of the date of the meeting. The current account balance is $127,426.12.

The City of Lakewood's Finance Department will prepare a monthly update for WRP which will be presented at the regularly scheduled meetings.

Panel Member Farfsing (Signal Hill) made a motion to receive and file the treasurer's report. The motion was seconded by Panel Member Oskoui and approved by a unanimous voice vote of the Panel Members.

6. ADMINISTRATIVE BODY REPORT
Chairman Glancy (Lakewood) introduced Mr. Jason Weeks of the Water Replenishment District to provide an update on the status of the Administrative Body.

Mr. Weeks reported the following updates:

**FY2013-2014 Water Rights Accounting**

The draft Water Rights Accounting table for FY2013-2014 was provided to the Panel for review and comment. The only change from previous years is the addition of a "Carryover Conversion to Storage" column which contains all carryover conversion requests received by the Administrative Body as of July 31, 2014.
In summary, there were approximately 255,400 acre-feet of allowable extraction and 200,100 acre-feet of groundwater production. The end-of-year water rights balance was 44,200 acre-feet, of which, 37,600 acre-feet was carried over to FY2014-15 (i.e. 6,600 acre-feet was not carried over, or lost). For reference, in the year prior to the Third Amended Judgment, approximately 23,000 acre-feet was not carried over to the subsequent year.

**Storage Activity**

There are currently 21,276.80 acre-feet of water in storage, all of which is within Individual Storage Accounts; no water has been stored in the Community Storage Pool. A summary of stored water is shown in the table below.

<table>
<thead>
<tr>
<th>Party</th>
<th>Quantity</th>
<th>Storage Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downey, City of</td>
<td>1,350.00</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Cerritos, City of</td>
<td>500.00</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Lakewood, City of</td>
<td>500.00</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Long Beach, City of</td>
<td>14,076.80</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Los Angeles, City of</td>
<td>4,500.00</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Maywood Mutual Water Company No. 3</td>
<td>300.00</td>
<td>Individual Storage Account</td>
</tr>
<tr>
<td>Whittier Union High School District</td>
<td>50.00</td>
<td>Individual Storage Account</td>
</tr>
</tbody>
</table>

**TOTAL** 21,276.80

**FY2014-2015 Activity**

-**Water Leases**

  There are currently 33 leases transferring a total of 13,166 acre-feet of water rights.

  28 leases, totaling 2,124 acre-feet, are with flex (i.e. 40% Carryover).

  5 leases, totaling 11,042 acre-feet, are without flex.

-**Water Sales**

  There have been 2 water rights sales to date.

  - Petersburg, L.P to California Domestic Water Company
-373.75 acre-feet of Total Water Rights and 299.00 acre-feet of APA

-California Domestic Water Company to Forestar (USA) Real Estate Group Inc.

-373.75 acre-feet of Total Water Rights and 299.00 acre-feet of APA

-Groundwater Pumping

July 2014 groundwater production was approximately 19,000 acre-feet, an increase of 1.6% compared to July 2013.

Mr. Weeks closed his report mentioning that the Water Replenishment District is looking for a new date for its Spreading Grounds Workshop. The new tentative date will either be September 29th or a few weeks later.

7. WRP ADMINISTRATIVE UPDATE

Chairman Glancy lead a discussion of the proposed contract with Mr. James Markman (Richards, Watson, Gershon) to provide legal services to the Water Rights Panel. Mr. Glancy introduced Mr. Markman who explained their proposed contract. Mr. Markman explained that, while he represented cities and water companies that are parties to the Central Basin Third Judgment, he stated that his work on behalf of these other clients would be in areas that do no overlap with the responsibilities and authority of the WRP. The general consensus of the Panel members was that Mr. Markman has the breadth of experience in water issues that will greatly benefit the WRP and that he can execute his work for the Panel in a way that will not lead to conflicts with his other clients.

Panel Member Cash (Paramount) made a motion to authorize the WRP Chair to sign an agreement with Richards, Watson and Gershon for Mr. Markman's legal services. The motion was seconded by Panel Member Wattier (Long Beach) and approved by a unanimous voice vote of the Panel Members.

8. COMMITTEE REPORTS

Rules and Annual Report Coordination

Chairman Glancy and Panel Member Bradbury introduced a discussion of the status of the Rules and Annual Report Coordination. Jim Markman stated that he will distribute draft rules to the Panel members within the next week or two. He stated that he would coordinate the development of the draft rules with Mr. Bill Kruse prior to their distribution to the Panel.
Mr. Bradbury stated that, once the draft rules were received, he would set a date for a meeting of the WRP Rules Committee. The Rules Committee is made up of Panel members Bradbury, Toby Moore (Golden State Water), and John Oskoui.

Committee on the Regional Disadvantaged Communities Incentive Program (RDCIP).
This item was introduced with a discussion lead by panel member Farfsing. He stated that the two RDCIP workshops were very well attended and the Committee and its consultant team received lots of input from the stakeholders. The Committee met via a telephone conference on Tuesday, September 16, 2014 and will be meeting again on September 25, 2014 to review all the comments.

The challenge facing the RDCIP committee is the deadline for submittal of the finalized program to the court by December 23, 2014. Given the large amount of input received, the Committee has decided to petition the Court for a 6 month extension until approximately July 1, 2015. Mr. Markman stated that an extension could be requested at the scheduled update meeting with the Court on December 9, 2014.

Mr. Markman asked Bill Kruse to give the Panel members a basic overview of the RDCIP program and how it fits in with the overall Third Judgment. Mr. Kruse explained that under the Community Storage component of the Judgment, there is 23,000 acre feet of space made available under the Regional Disadvantaged Community Incentive Program. The space would be made available by agreement between the WRP and water rights holders to storage. The water stored would have a value, to be determined in the future by demand, that value would then generate funds that would be used to fund water-related projects serving disadvantaged communities in the Central Basin. In concept, disadvantaged communities would develop projects that would be submitted to the Panel for funding using revenue generated by the 23,000 acre feet of water storage set aside under the RDCIP.

The challenge faced by the RDCIP Committee and their consultant team, is what the program details would be and exactly how the benefits would be distributed to the target communities.

Tracy Egoscue, the RDCIP consultant, said that the program and its workshops have seen large amounts of community support and the challenge now is to review all the community comment and develop a structure that would best meet that input. She stated that there has been an issue in clearly identifying the eligible disadvantaged communities and that some additional GIS work will be needed to further refine the boundaries of the eligible communities. In response to a statement from Panel Member Farfsing, she stated that she would like approval to increase the GIS budget component of the project by $2000 to allow for the additional work.
Panel Member Farfsing made a two-part motion; to authorize the Water Rights Panel's attorney to request a 6 month extension from the Court at their December 9th meeting for the development of the Regional Disadvantaged Communities Incentive Program (RDCIP), AND to authorize an increase in the RDCIP budget by $2000 for the additional GIS work needed to further refine the boundaries of the eligible disadvantaged communities. The motion was seconded by Panel Member Wattier and approved by a unanimous voice vote of the Panel Members.

9. WATER METER TESTING CONTRACT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES
Chairman Glancy introduced this item and then turned it over to Mr. Jim Markman.

Mr. Markman explained that the WRP has received a proposal from the California Department of Water Resources to conduct the Water Meter Testing program on behalf of the WRP. The contract would be for a two-year term with a not-to-exceed (NTE) budget of $75,000 per year. The contract calls for large pumpers (greater than 500 AF) to have their water meters inspected once a year and smaller pumpers to be inspected once every two-years. The cost per meter test is $300.

Mr. Markman stated that the start date of the contract will need to be adjusted because the current proposal had a start date of 7/1/14.

Several Panel members asked about how meter testing appointments will be scheduled and how will missed appointments be handled? Would there be a charge if a pumper missed a scheduled water meter testing appointment? Mr. Markman said he would work out these details with the DWR prior to executing the contract.

Panel Member Wattier made a motion to approve the contract with the California Department of Water Resources to perform water meter testing as specified in their proposal with a clarification as to how inspection appointments will be scheduled and how missed appointments will be handled. The motion was seconded by Panel Member Bradbury and approved by a unanimous voice vote of the Panel Members.

10. GROUNDWATER LEGISLATION UPDATE - SB1168, SB1319, AND AB1739
Chairman Glancy provided the Panel with an update on the status of the statewide groundwater legislation recently signed by Governor Brown. Though this package of bills will not directly impact the Central Basin since it is an adjudicated basin, it will impact the majority of groundwater basins throughout the State. Many of these basins are currently subject to overpumping and the new groundwater legislation will require groundwater
management plans and will ultimately help preserve groundwater supplies throughout the State.

11. SECRETARY'S REPORT
Kevin Sales of KJServices Environmental Consulting, as the secretary for the Water Rights Panel, made the following announcements:

   1. Reminded the Panel members as well as the general attendees at the meeting to sign in on the provided sign-in sheets. The sign-in sheets are used to create and maintain the Water Rights Panel email distribution list.

12. WRITTEN COMMUNICATIONS
None of the Panel members reported on having received any written communications.

13. AGENDA ITEMS FOR NEXT MEETING
The agenda was discussed for the Water Rights Panel meeting of October 9, 2014. It was agreed that the following items would be included on the Panel's meeting agenda:

   1. Water meter testing contract.
   2. WRD report on the Status of the Basin.
   5. Committee Reports.

15. WATER RIGHTS PANEL MEMBER COMMENTS
Panel Member Oskoui asked if the agenda package could be made available the Friday before the monthly meeting. This would allow additional time to review the scheduled items prior to the meeting.

16. ADJOURNMENT
The meeting adjourned at 2:53 pm.

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CHAIRMAN

ATTEST:

ITEM No. 4a