MINUTES OF THE
CENTRAL BASIN WATERMASTER
WATER RIGHTS PANEL

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

THURSDAY, DECEMBER 11, 2014
1:30 P.M.

Chairman Glancy called the regular meeting of the Central Basin Watermaster Water Rights Panel to order at 1:31 pm.

1. PLEDGE OF ALLEGIANCE

Panel Member Cash (Paramount) began the meeting leading the Pledge of Allegiance.

2. ROLL CALL

Panel Members
John Oskouei City of Downey
James Glancy City of Lakewood
Kevin Watier City of Long Beach Water Dept.
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
Dan Mueller City of Downey
Charlie Honeycutt City of Signal Hill
Frank Beach City of Santa Fe Springs
Jeanne-Marie Bruno Park Water
Mark Stuart State Dept. of Water Resources
Grace Kast Grace Kast Consulting
Gina Nila City of Commerce
Tracy Egcscue Egoscue Law Group
Tarren Torres Egoscue Law Group
Desi Alvarez MCM Management
Jason Weeks Water Replenishment District
James Merkman Richards, Watson, Gershon
Kevin Sales KJServices Environmental Consulting
3. PUBLIC COMMENTS
No public comments were received.

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

5. TREASURER’S REPORT
Panel Member Moore (Golden State Water Co.) presented the Treasurer Report.

Mr. Moore reviewed the financial report prepared by the City of Lakewood. The City’s summary report showed that the balance of the WRP’s account as of 12/4/14 was $152,557.57.

The Treasurer's Report was received and filed by the Water Rights 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:

1. 2014-2015 Water Rights Activity
There has been no lease or sale activity since the November Water Rights Panel meeting. A summary of water rights leases and sales is provided below.

☐ Leases

 o There are currently 39 leases transferring a total of 19,146 acre-feet of water rights.

  • 33 leases, totaling 16,342 acre-feet, are with flex (i.e. 40% Carryover).
  • 6 leases, totaling 2,804 acre-feet, are without flex.

☐ Sales
- There have been 4 water rights sales.
  - 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.
    - 73.75 acre-feet of Total Water Rights and 299.00 acre-feet of APA
  - CECC, LLC to ECOGAS, INC.
    - 1.00 acre-feet of Total Water Rights and 1.00 acre-feet of APA
  - Atkinson Brick Company to LA Brickyard, LLC
    - 11.00 acre-feet of Total Water Rights and 9.00 acre-feet of APA

- Groundwater Production
  - October 2014 groundwater production was approximately 17,200 acre-feet. Year-to-date Central Basin groundwater production is approximately 72,500 acre-feet.

### 2014-2015 Storage Activity

There are currently 20,694.91 acre-feet of water in storage, all of which are within Individual Storage Accounts; no water has been stored in the Community Storage Pool. A summary of stored water, as of October 2014, 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>13,494.91</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>
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</tr>
</tbody>
</table>

**TOTAL**  
20,694.91

Through October, a total of 581.89 acre-feet of stored water have been extracted in 2014-2015. All of this extraction has occurred from Long Beach's Individual Storage Account and is reflected in the volumes reported above.

Through October, no water has been put into storage in 2014-2015.

2. **Update on the WRD's Replenishment Water Order**
   Mr. Weeks stated that the WRD is still working with the Central Basin Municipal Water District (CBMWD) and the Metropolitan Water District (MWD) to secure some or all of its order for 60,000 AF of replenishment water. The current deal looks like the WRD will receive 25,000 AF of water from the State Water Project which will be split roughly equally between the Central and San Gabriel Basins. In addition, an in-lieu agreement between the City of Long Beach and the MWD will provide an additional 10,000 AF of water for replenishment.

   Mr. Weeks also stated that approximately 5,000 AF of water from the recent rainstorms was captured for infiltration at the spreading grounds per the Los Angeles County Flood Control District.

Chairman Glancy called for a motion to receive and file the Administrative Body Report. A motion was made by Panel Member Wattier (Long Beach Water Department) with a second by Panel Member Farfsing (Signal Hill). The motion was approved by a unanimous voice vote of the Water Rights panel members.

7. **COMMITTEE REPORTS**
   **Rules and Annual Report Coordination**
   No Rules or Annual Report comments were made or received at the meeting.

   **Committee on the Regional Disadvantaged Communities Incentive Program (RDCIP).**
   Panel Member Farfsing provided the Panel members with an update on the status of the Regional Disadvantaged Communities Incentive Program. He stated that the draft RDCIP being presented is the third version of the finalized draft. He stated that Grace Kast (Grace Kast Consulting) and Tracy Egoscue (Egoscue Law Group) would be making a presentation to the Panel on the status of the RDCIP. Prior to their presentation Panel Member Farfsing presented comments on a number of policy issues related to the RDCIP that became apparent during its development process. These policy questions are as follows:
1. What constitutes a Disadvantaged Community? Per the definition used in the Central Basin adjudication; a disadvantaged community - means an area served by a water purveyor with one or more contiguous census tracts based on the most recent U.S. Census data and with a median household income less than 80% of the median household income in the State of California.

2. Clarify how census data will be used and updated. How will new census data impact existing projects?

3. Small cities and small water purveyors had concerns about how they will compete with larger entities when it comes to the selection of projects. Will the RDCIP include staff or consultant help to potential applicants?

4. Will the Water Rights Panel set the base rate for water storage under the RDCIP or will the market determine the value of the storage?

5. Does the RDCIP vest too much power with the Panel? Should a subcommittee or the entire Panel manage the Program?

Grace Kast and Tracy Egoscue made a presentation to the Panel on the details of the draft RDCIP program. Copies of the presentation were distributed to the entire Panel members and meeting attendees.

The following comments were received from Panel members in response to the RDCIP presentation.

Panel Member Cash stated that every time the RDCIP sub-committee met the program became more and more refined. The goal was to make the RDCIP program as detailed as possible while still maintaining flexibility for further development and future amendment.

Panel Member Oskoui (Downey) stated that he had submitted written comments to both Panel Member Farising and Grace Kast identifying several issues he had with the draft RDCIP as presented. His primary concern was that the RDCIP program as presented was too large and that the Water Rights Panel should not be as involved in the process as the draft RDCIP was proposing. He was concerned that the RDCIP, as presented, might move the Water Rights Panel from being an administrative body to a regulatory body. He was particularly concerned with the proposed involvement of the Panel in setting the rate for water storage under the RDCIP.

Panel Member Wattier stated that he agreed with Panel Member Oskoui's comments about the Panel setting the water storage rate under the RDCIP. He didn't believe that was an appropriate role for the Panel.

Chairman Glancy and Panel Member Cash agreed that under the RDCIP the market, as represented by the storage rate, should determine the value of the stored water.
The general consensus among the Panel members was that the Water Rights Panel will approve projects submitted by Disadvantaged Communities under the RDCIP, selecting those that will have the greatest benefit to those communities. The value of the water storage represented by the proposed projects will be determined by the applicants (i.e., the participating disadvantaged communities).

Mr. Desi Alvarez (MCM Management) commented to the Panel that he felt the cities that apply under the RDCIP program should determine the value of the water storage as a part of their application. Those costs will need to be determined as part of the larger proposed project. He also stated that the RDCIP funds should only be used for "water related" projects.

Panel Member Farfsing also commented that he believed the program would require some level of community outreach, as shown in Section VI of the draft RDCIP, at least in the early stages of the program, to ensure that cities are made aware of the program and to encourage their application.

Panel Member Farfsing and Chairman Glancy agreed that the RDCIP should allow for as much flexibility for both the Panel and Disadvantaged Communities as possible. Additionally, he stated that the cost of preparing a RDCIP application will be the responsibility of the applicant. The Panel will work to secure "seed money" grant funds to help with the initial RDCIP program awareness outreach and initial program coordination. The Panel members agreed that any outreach program would be a short-term effort to increase awareness among possible disadvantage community applicants.

Panel members also agreed that no Water Rights Panel assessment funds will be used to support the RDCIP program because many cities paying the assessment fees will not qualify for the RDCIP.

Panel members briefly discussed the types of programs that might be submitted under the RDCIP.

The Panel recommended that some of the proposed sections of the RDCIP be removed. These included:

Section VII-B -- Water Storage Rate
Section VII-C -- Water Storage Assessment
Section VIII -A&B - RDCIP Bank Account

After giving the RDCIP consultant team comments on the presented draft RDCIP, the Panel did not make a motion on the proposed program. A revised RDCIP will be presented at the January 8, 2015 meeting.

8. WATER METER TESTING CONTRACT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES
Chairman Glancy presented the Department of Water Resources initial well testing reports for the period of November 3, 2014 through November 28, 2014. All the well meters tested during the period passed their inspection.

Chairman Glancy presented the Panel with draft Inspection Report letters that will be sent to the water purveyors after their well tests. Each water purveyor will receive an Approved Meter Accuracy letter, an Out of Compliance Meter Accuracy letter, or a Missed Appointment letter.

A motion to approve the meter testing report letters was made by Panel Member Farfsing and was seconded by Panel Member Wattier. The motion was approved by a unanimous voice vote of the Panel.

9. SECRETARY'S REPORT
Kevin Sales of KJServices Environmental Consulting, as the secretary for the Water Rights Panel, had no comments.

10. WRITTEN COMMUNICATIONS
There were no written communications.

13. AGENDA ITEMS FOR NEXT MEETING
The agenda was discussed for the Water Rights Panel meeting of January 8, 2015. It was agreed that the following items would be included on the Panel's meeting agenda:

1. Treasurer's Report.
3. Committee Reports - a) Rules Committee Update (as needed), b) RCCIP Update. Presentation of RDCIP draft.

15. WATER RIGHTS PANEL MEMBER COMMENTS
Panel Member Wattier made comments on the status of the replenishment water ordered by the WRD.

He stated that 25,000 acre-feet (AF) of water will be received from the State Water Project. The water will be roughly divided between the Central and San Gabriel Basins, with each receiving 12,500 AF.

In addition the City of Long Beach and the Metropolitan Water District have entered into an in-lieu agreement that will provide 10,000 AF into the Central Basin. The water will cost $600,000 more than if the water had been purchased from the CBMWD at their normal rates. The additional cost is
being split between the City of Long Beach and the Water Replenishment District.

Mr. Wattier also presented a letter jointly submitted to the Metropolitan Water District by the cities of Los Angeles and San Diego requesting that the water replenishment allocation from the State Water Project, currently in the MWD's allocation, be removed. The MWD Board defeated this motion by Los Angeles and San Diego.

Because of the detrimental impact that the Los Angeles / San Diego proposal would have had on smaller cities in the Central Basin, Panel Members Wattier and Farfsng will draft a response letter to be sent to the mayors of local cities asking them to submit it to the MWD in opposition to any future action on the Los Angeles / San Diego proposal.

16. **ADJOURNMENT**
The meeting adjourned at 3:11 pm.

[Signature]
CHAIRMAN

[Signature]
ATTEST: