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

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

THURSDAY, MARCH 9, 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
John Oskoui  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 Mostahkami  City of Downey
Esther Rojas  Water Replenishment District
Ted Johnson  Water Replenishment District
Christina Dixon  City of Huntington Park
Tammy Hierlihy  Central Basin MWD
Chris Repp  LA DWP
Dan Mueller  City of Downey
Chris Castillo  City of South Gate
Kevin Sales  KJServices Environmental Consulting
3. PUBLIC COMMENTS

No public comments were received.

4. CONSENT CALENDAR
Panel Member Cash (Paramount) 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 Member Oskou (Downey) abstained.

5. TREASURER’S REPORT
Panel Member Wen (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 $106,300.55. Two payments were made totaling $2,399.70 bringing the Water Rights Panel’s account balance as of March 6, 2017 to $103,900.85.

A motion to Receive and File the item was made by Panel Member Bradbury (Montebello Land and Water Company) with a second by Panel Member Cash. The item was approved by a unanimous voice vote of the Panel members.

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

Mr. Johnson reported the following updates:

**2016 / 2017 Water Rights Activity**
To date, there have been 47 leases processed for 2016 - 2017 transferring 18,658.66 acre-feet. 40 leases transferring 14,911.66 acre-feet with flex (i.e. 60% carryover), and 7 leases transferring 3,747 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 94,600 acre-feet, which is slightly higher than the 93,100 acre-feet from 2015-2016.

**2016 / 2017 Storage Activity**
1,000 acre-feet has been put into storage in 2016 - 2017 by the City of Cerritos, and 695.55 acre-feet has been extracted from storage by the City of Lakewood.

FY 2016 / 2017 Watermaster Invoices - Water Rights Panel
The combined Watermaster Invoices, which included charges for both the Water Rights Panel and the Water Replenishment District (WRD), were mailed out dated January 27, 2017. As of March 6, 2017, Water Rights Panel payments totaling $67,246.25 were received by the WRD on behalf of the Panel. The balance of the remaining Water Rights Panel billing is $132,249.55.

Other Items
1. Mr. James Markman, the Panel’s council, led a discussion of what steps could be taken against water rights holders who do not pay their annual assessment fees.

Currently there is no option in the Panel’s rules to charge a late fee or percentage charge to water rights holders that don’t pay their invoice. Mr. Markman stated that the Panel can change its current rules and add an assessment invoice late charge provision.

Mr. Markman stated that the options for collection include:
1. Pursuing over-due invoices via small claims court.
2. Ask the court to hold the non-paying water rights holders, who are parties to the Third Amended Judgment, in contempt of court and order them to pay the delinquent assessment fees.
3. Contract with a collection agency to pursue the delinquent accounts.

Several Panel members stated that the WRP must make an effort to collect the delinquent assessment fees. Panel Member Cash asked if the Panel could place a lien on the water rights of those accounts that are delinquent which would prevent them from leasing or selling their water rights until all assessment fees were paid.

The general consensus of the Panel was to change the Panel Rules to allow a 5% fee to be added to following years’ assessments for any accounts that are left unpaid.

A motion to Receive and File the Administrative Body’s item was made by Panel Member Garner (Long Beach) with a second by Panel Member Bradbury. 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. Delinquent assessment billing recovery strategies.
The options related to the recovery of delinquent assessment invoices were discussed under Item 6 - the Administrative Body Report.

2. Artesia Ice illegal extraction issue

Artesia Ice 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. Mr. Markman stated that he, in conjunction with the WRD, would compile a list of small water rights holders that would be willing to lease water rights to Artesia Ice Company to cover their approximately 10 acre-feet of extraction per year.

Ted Johnson of the WRD provided the Panel with the general history of the Artesia Ice situation.

In 2005 the previous owner of the Artesia Ice Company and owner of water rights, Mr. Frampton, sold the business to a Mr. Pape. The sale did not include the water rights. Mr. Pape continued to extract water using the existing well located on-site. In 2013 Mr. Frampton sold the water rights to Montebello Land and Water Company.

Mr. Pape, the owner of the Artesia Ice Company since 2005 has been extracting approximately 10 acre-feet of water annually without rights.

A motion to Receive and File the item was made by Panel Member Oskoui with a second by Panel Member Wen. 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 on the well testing reports received from the California Water Resources Department for December 2016 and January 2017. With the exception of three well meters, two owned by the City of Compton and one owned by Southern California Edison, all the tested meters were in compliance.

Christina Dixon of the City of Huntington Park asked for some details of how the Panel's water meter testing program worked. The details of the program are included as Item 16 in the Panel's Rules, and Mr. Sales stated that he would send her a copy of that information.

A question was asked of the WRD regarding if Replenishment Assessments (RA) are made when a well meter is discovered that is outside of compliance (i.e. running very slowly or quickly and not accurately measuring the true water use). The WRD replied that they do assess those instances and make a determination if an RA adjustment is required.
A motion to Receive and File the item was made by Panel Member Bradbury, with a second by Panel Member Wen. The item was approved by a unanimous voice vote of the Panel members.

9. REVIEW AND APPROVE THE 2015 - 2016 WATERMASTER REPORT
Chair Honeycutt lead the Panel members in a discussion of the FY 2015 - 2016 Watermaster Report as prepared by the WRD. Mr. Ted Johnson of the WRD gave an overview of the draft report submitted to the Panel.

Mr. James Markman reminded the Panel members that the approved report needed to be submitted to the Court by April 15th.

Panel Member Oskoui stated that he had not yet reviewed the draft report and suggested that the Panel allow more time prior to approving the document and perhaps call a special meeting to approve the document at a later date but still in time to meet the April 15th deadline.

Several Panel members questioned the need for a special meeting and suggested that the draft Watermaster Report be approved subject to its review and approval as to form by the Panel's attorney, Mr. Markman.

The Panel members agreed to allow additional comments on the document until March 17th and then, assuming that none of the comments were substantive, the document would be approved subject to the attorney review as to form.

A motion was made by Panel Member Garner to approve the FY 2015 - 2016 Watermaster Report effect March 9, 2017, to allow for non-substantive comments until March 17th, and then, subject to its review as to form by the panel's attorney, submit the Report to the Court by the April 15th due date. The motion was seconded by Panel Member Oskoui and was approved by a unanimous voice vote of the Panel members.

10. FOLLOW-UP DISCUSSION REGARDING THE WATER RIGHT PANEL'S ANNUAL BUDGET RESERVE
Chairman Honeycutt presented this item to the Panel.

At their January meeting the Panel discussed establishing a budget reserve equal to 50% of their annual operating budget. At that time the Panel requested that a resolution be brought back to the March meeting to formalize the budget reserve.

Since that meeting, the Panel's determined that a formal resolution was not required and that their approval given at the January meeting was sufficient.
As result the Panel confirmed their intent that each year the Panel's fiscal year operating budget will include a provision for a budget reserve equal to 50% of the operating budget.

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

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

12. WRITTEN COMMUNICATIONS
Mr. Markman commented on a recent legal decision in the Coachella Valley area in which a court decided that an Indian tribe had priority rights to groundwater use before any other user. It wasn't known how this decision may establish a precedent that will affect water rights in other areas.

13. AGENDA ITEMS FOR THE MAY 11, 2017 WATER RIGHTS PANEL MEETING
The agenda was discussed for the Water Rights Panel meeting of May 11, 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:

- Rule change regarding late fee assessment charges on the WRP’s annual invoices.
- Storage Project application form development. Establishment of an ad-hoc committee.
- Assessment invoices collection letter.
- Artesia Ice - over-extraction issue.

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

Regular Meeting adjourned at 2:19 pm

15. RECESS TO CLOSED SESSION
There was no action taken nor information to report out from the Panel's closed session.