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

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

MONDAY, NOVEMBER 21, 2016
1:30 P.M.

Chairman Honeycutt (Signal Hill) called the special meeting of the Central Basin Watermaster Water Rights Panel to order at 1:30 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
Jason Wen
Anatole Falagan
Charlie Honeycutt
Toby Moore
Ken Bradbury
City of Downey
City of Lakewood
City of Long Beach
City of Signal Hill
Golden State Water Company
Montebello Land and Water Company

Also Present
Desi Alvarez
James Markman
Brian Partington
Jason Weeks
Melanie Tory
Greg Reed
Dan Mueller
Kevin Sales
MCM Management
Richards, Watson, Gershon
Water Replenishment District
Water Replenishment District
LA DWP
LA DWP
City of Downey
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 Falagan (Long Beach) seconded the motion which was approved by a unanimous voice vote of the Panel. Panel member Wen (Lakewood) abstained.

5. TREASURER'S REPORT
Panel Member 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 $111,710.71. Two payments have been made since that meeting, to Richards, Watson and Gershon for $2,525 and KJServices for $2,999.34, bringing the Water Rights Panel's account balance as of October 10, 2016 to $106,186.37

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

6. ADMINISTRATIVE BODY REPORT
Chairman Honeycutt 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:

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 20°6-2017 Central Basin groundwater pumping was 182,900 acre-feet, which is slightly higher than the 180,000 acre ft 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. Weeks stated that the draft FY 15/16 Watermaster Report will be submitted to the Water Rights Panel for their review at their January 12, 2017 regular meeting.

Sustainable Groundwater Management Act
Mr. Weeks introduced Mr. Brian Partington, a hydrogeologist for the Water Replenishment District, to provide the Panel with an overview of the requirements of the Sustainable Groundwater Management Act (SGMA).

Per Mr. Partington, the SGMA requires all non-adjudicated water basins in the State to submit a report outlining how the specified water basin will be operated in a sustainable manner. However since the Central Basin is an adjudicated basin, it is exempt from the reporting requirements of the SGMA. Mr. Partington explained to the Panel members that because of this exemption, the WRD is preparing an Alternative Analysis Report document that will be submitted to the State by the January 1, 2017 deadline.

A motion to Receive and File the Administrative Body’s item was made by Panel Member Wen with a second by Panel Member Oskoui (Downey). 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 a request for a Conflict Waiver in connection with legal work on behalf of the City of Beverly Hills concerning the processing of an Alternative Plan for non-adjudicated portions of the Central Basin pursuant to the Sustainable Groundwater Management Act.

Richards, Watson & Gershon, through Mr. Markman, currently represents the City of Beverly Hills on water related matters. One of those matters is compliance with the Sustainable Groundwater Management Act as to a non-adjudicated fringe area of the Central Basin referred to the as the La Brea Subbasin. The City of Beverly Hills is working with other entities including the LADWP and Golden State Water Company to generate an Alternative Plan. That plan’s area includes all of the Central Basin as defined by Bulletin 118, as required by the California Department of Water Resources but does not alter operations of the adjudicated area within the jurisdiction of the WRD and regulated in part by the Panel. The adjudicated area is exempt from SGMA. The City of Beverly Hills is not a party to the adjudication and, therefore, is not subject to regulation by the Panel.

Mr. Markman submitted a letter to the Panel explaining the situation in detail and including an Acknowledgment, Waiver and Consent form to be signed by the Panel Chairman, if the Panel waives any actual or potential conflict of interests related to the described situation.
Ms. Melanie Tory, Deputy City Attorney representing the Los Angeles Department of Water and Power, spoke to the Panel requesting that they not extend the waiver requested by Mr. Markman. She stated that the City and the DWP are concerned that Mr. Markman's work with the City of Beverly Hills, to which the DWP is a party, is in conflict with his work on behalf of the Water Basin Water Rights Panel.

Mr. Markman responded that because the City of Beverly Hills is not a party to the Central Basin adjudicated judgment, there is no actual conflict between his involvement with the City of Beverly Hills and their development of an Alternative Plan for the SGMA.

Panel member Oskoui made a motion to approve Mr. Markman's request for a waiver of any potential conflict of interest related to his work with the City of Beverly Hills regarding the SGMA. The motion was seconded by Panel Member Bradbury and was approved by a unanimous voice vote of the Panel.

Mr. Markman also mentioned that no additional correspondence had been received from Caltrans regarding the illegal pumping of groundwater along the 105 Freeway. Mr. Markman stated that he would reconnect the Caltrans representative to move forward with their securing of water rights to resolve the issue.

A motion to Receive and File the item was made by Panel Member Falagan 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.

No water meter testing activity has taken place since the previous Water Rights Panel meeting. The Department of Water Resources has stated that they will begin the testing activity after the beginning of the new year.

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

9. ASSESSMENT BILLING RATE DETERMINATION AND APPROVAL
Chairman Honeycutt presented this item to the Panel.

Panel Member Moore (Golden State Water Company) made a motion to consider items 9 and 10 in reverse order, allowing the FY 16/17 budget to be established prior to considering the Assessment Billing rate for FY 16/17. The motion was seconded by Panel Member Wen and was approved by a unanimous voice vote of the Water Rights Panel.
Item 10, FY 2013-2017 Budget Approval, was considered prior to this item.

Chairman Honeycutt lead a discussion on determining the FY 16/17 water rights holder annual Assessment Billing. Based on the carry-over funds from FY 15/17 and the estimated expenditures for the new fiscal year, the Panel members settled on a FY 16/17 assessment rate of $.90 per acre-feet of APA.

A motion to approve the FY 16/17 Assessment Billing rate of $.90 per acre-foot of APA was made by Panel Member Oskoui, with a second by Panel Member Falagan. The item was approved by a unanimous voice vote of the Panel members.

10. FY 2016-2017 BUDGET APPROVAL
Chairman Honeycutt presented this item to the Panel.

Panel Member Moore made a motion to consider items 9 and 10 in reverse order, allowing the FY 16/17 budget to be established prior to considering the Assessment Billing rate for FY 16/17. The motion was seconded by Panel Member Wen and was approved by a unanimous voice vote of the Water Rights Panel.

Item 9, FY 2016-2017 Assessment billing rate determination and approval, was considered after this item.

Chairman Honeycutt gave the introduction to this item and opened the discussion among the Panel members to determine the Water Rights Panel's budget for FY 16/17. The Panel members discussed the various expense categories and what budget levels were appropriate for each. The final FY 16/17 budget was established at $215,000 with the expenses broken down as follows:

Administrative / Clerical - $25,000
Website - $ 5,000
Meter Testing - $75,000
Professional Services - $40,000
Legal - $50,000
Contingency - $20,000

Total Budget - $215,000

A motion to approve the FY 16/17 budget was made by Panel Member Oskoui with a second by Panel Member Bradbury. The motion was approved by a unanimous voice vote of the Panel members.

11. STORAGE PANEL SUBCOMMITTEE PROCESS
Chairman Honeycutt presented this item to the Panel and lead a discussion regarding how the Water Rights Panel wanted to structure its involvement with the Storage
Panel (a sub panel made up of members from both the Water Replenishment District and the WRP).

The Panel's role will deal with an assessment of how any proposed projects will impact the water rights of the parties to the Third Amended Judgment. The panel's responsibility is to protect the rights of the parties to the Judgment and ensure that any proposed projects will not adversely affect the rights of those parties.

A motion was made by Panel Member Falagan to receive and file this item. A second was made by Panel Member Wen and the item was approved by a unanimous voice vote of the Panel members.

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

13. WRITTEN COMMUNICATIONS
No written communications were received.

14. AGENDA ITEMS FOR THE JANUARY 12, 2017 WATER RIGHTS PANEL MEETING
The agenda was discussed for the Water Rights Panel meeting of November 21, 2016.

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:
- Policy discussion regarding the Panel's annual budget reserve
- Draft Watermaster Report for FY 15/16

15. WATER RIGHTS PANEL MEMBER COMMENTS
Panel Member Bradbury asked about the status of the Artesia Ice / William Frampton water rights situation. Mr. Weeks of the WRD said that he would follow-up on the status of the situation and provide the Panel with an update at their January 12, 2017 meeting.

17. ADJOURNMENT
Chairman Honeycutt adjourned the meeting at 2:19 pm.