A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT 602 E. HUNTINGTON DRIVE, SUITE B, MONROVIA, CALIFORNIA 91016 8:00 A.M. – AUGUST 16, 2011

A regular meeting of the Board of Directors of the Upper San Gabriel Valley Municipal Water District was held in the office of the District, 602 E. Huntington Drive, Suite B, City of Monrovia, County of Los Angeles, State of California, within said Water District, on August 16, 2011 at the hour of 8:00 a.m.

ROLL CALL

DIRECTORS PRESENT: Robinson, Treviño, Urias and Chavez.

DIRECTORS ABSENT: Fellow (excused).

STAFF PRESENT: Shane Chapman, General Manager; Reymundo Trejo, Assistant General Manager/Chief Engineer; Steven O'Neill, Legal Counsel; Steve Johnson, Consulting Engineer; Evelyn M. Rodriguez, Chief Financial Officer; Christy Hawkins, Executive Assistant; Peter Rodriguez, Community and Government Affairs Manager; Kenya Torres, Administrative Assistant.

OTHERS PRESENT

Dave Michalko, Chet Anderson, Mark Ramos, Ashley Morales, Carol Williams, Fred Fudacz, Steve Scauzillo, Paul Avila, Stephen Millard, R.K. Brown, Dan Arrighi, Alfonso Contreras, Ken Tcheng, Nelson Martinez, Jim Byerrum, John Robinson, Lenet Pacheco, David Czamanske, Jonathan Contreras, Ben Lewis, Ernie Camacho and Mariana Lake.

ADOPTION OF AGENDA

On motion by Vice President Urias and seconded by Director Chavez, the agenda was accepted as presented by the following vote:

AYES:	**ROBINSON, TREVIÑO, URIAS, CHAVEZ**
NOES:	**NONE**
ABSTAIN:	**NONE**
ABSENT:	**FELLOW**

PUBLIC COMMENT

Mr. Dave Czamanske stated that he wished to comment regarding the minutes.

APPROVAL OF MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS HELD ON AUGUST 2, 2011 AT 6:30 P.M.

Director Robinson moved to approve the minutes of a regular meeting of the Board of Directors held on August 2, 2011 at 6:30 p.m. Director Chavez seconded the motion.

Mr. Czamanske referred to page 11859 of the minutes regarding the at-will appointment of the Upper District's representative to the Metropolitan Board and stated that when there is a motion on the floor, the motion must be dealt with before another motion is considered. He also stated that the responsibility for seeking letters of interest from the public to serve as the Upper District representative to the Metropolitan Board mentioned on page 11860 of the minutes must be clarified.

He asked that the word "legislature" be replaced with "legislator" on page 11861 of the minutes. He then stated that his comment made at the last Board meeting was actually to, "...urge serious consideration of Vice President Urias' motion" and not to "urge support of the motion."

Director Robinson questioned whether a discussion was held between the two motions and the vote made regarding the at-will representation to the Metropolitan Board.

President Treviño asked that the recording be reviewed as quickly as possible.

District Legal Counsel stated that the purpose of the minutes is not to record detailed discussion that took place but rather to record the actions taken by the Board. He added that he believes the minutes reflect the action taken by the Board at the meeting.

The motion was approved by the following vote:

AYES:	**ROBINSON, TREVIÑO, URIAS, CHAVEZ**
NOES:	**NONE**
ABSTAIN:	**NONE**
ABSENT:	**FELLOW**

DEMANDS ON GENERAL FUND ACCOUNT

Director Robinson moved to approve and order paid demands numbered 16287 through 16290 on the General Fund Account of the Upper District at Citizens Business Bank, in the amount of $43,776.21. Director Chavez seconded the motion, which was approved by the following vote:

AYES:	**ROBINSON, TREVIÑO, URIAS, CHAVEZ**
NOES:	**NONE**
ABSTAIN:	**NONE**
ABSENT:	**FELLOW**

16287	R. William Robinson	Director's Compensation, July 2011		
		6 Days District Business	1,200.00	
		Meeting/Travel Expenses/Other	923.44	
		Less 1959 Surv.	(2.00)	
		Less Deferred Comp.	(350.00)	
		Less Taxes Withheld	(104.53)	1,666.91
16288	Public Employees Retirement System	CalPERS Retirement Plan, July 2011		
		Director Total: $1,296 @ 28.922%	374.83	
		Director's Portion	103.68	
		1959 Survivor	2.00	480.51
16289	Lincoln National Pension	Deferred Compensation, July 2011 Robinson		600.00
16290	San Gabriel Valley Protective Association	FY 2011-12 Assessment		41,028.79
		TOTAL		**$ 43,776.21**

FINANCIAL STATEMENT

None.

Vice President Urias requested that Agenda Item 8(c), Discussion regarding Resolution No. 8-11-501 Supporting a Fair Resolution of a Labor Dispute between Grocery Workers and their Employers, be moved up and heard as the first item on the agenda.

DISCUSSION REGARDING RESOLUTION NO. 8-11-501 SUPPORTING A FAIR RESOLUTION OF A LABOR DISPUTE BETWEEN GROCERY WORKERS AND THEIR EMPLOYERS

Workers of the grocery stores urged the Board to support the resolution in an effort to reach an agreement for all parties involved in the labor dispute.

Mr. Czamanske stated that he does not feel the Upper District should support resolutions of matters not within its jurisdiction.

Director Robinson stated that the Upper District is a non-partisan agency and the resolution presented for Board consideration is irrelevant to the Upper District. He stated that he feels staff's time is burned up considering issues that have no connection with the Upper District. He then moved to table the matter.

The motion died for lack of a second.

Vice President Urias moved that the Board of Directors adopt Resolution No. 8-11-501, Supporting a Fair Resolution of a Labor Dispute between Grocery Workers and their Employers. Director Chavez seconded the motion, which was approved by the following vote:

AYES:	**TREVIÑO, URIAS, CHAVEZ**
NOES:	**NONE**
ABSTAIN:	**ROBINSON**
ABSENT:	**FELLOW**

RESOLUTION NO. 8-11-501

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT SUPPORTING A FAIR RESOLUTION OF A LABOR DISPUTE BETWEEN GROCERY WORKERS AND THEIR EMPLOYERS

Reference is hereby made to Resolution No. 8-11-501, in Upper District's resolution file and, by this reference, the same is incorporated herein and made part hereof, as though here fully set forth at length.

DISCUSSION REGARDING APPOINTMENT OF AT-WILL UPPER DISTRICT REPRESENTATIVE TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BOARD OF DIRECTORS

Vice President Urias moved to appoint Director Chavez as the Upper District's representative to the Metropolitan Water District of Southern California (Metropolitan) Board. President Treviño seconded the motion, which was approved by the following vote:

AYES:	**TREVIÑO, URIAS, CHAVEZ**
NOES:	**ROBINSON**
ABSTAIN:	**NONE**
ABSENT:	**FELLOW**

DISCUSSION REGARDING MAIN SAN GABRIEL BASIN JUDGMENT

The General Manager introduced Ms. Carol Williams, Executive Officer for the Main San Gabriel Basin Watermaster (Watermaster) and Mr. Fred Fudacz, General Counsel for Watermaster, to discuss the proposed amendments to the Main San Gabriel Basin Judgment (Judgment).

Mr. Fudacz outlined the proposed changes to the Judgment. He emphasized that the proposed changes to the Judgment seek to reduce costs and provide flexibility in the way Watermaster conducts business.

Director Robinson stated that he feels there is no precedent regarding the proposed amendments. He discussed thirteen adjudicated groundwater basins having similar powers to those of Watermaster as well as the controversy in the San Gabriel River regarding whether the Water Replenishment District has management control over the basin. He added that it seems as if not enough work has been done yet to compare the situation to the situations of the other adjudicated groundwater basins.

Mr. Fudacz stated that there is significant litigation in Central and West Basin Municipal Water Districts on this subject, which is precisely what Watermaster is trying to avoid. He added that they do not have the benefit of a Judgment that addresses water storage and that Watermaster is only seeking to address water reliability issues.

Director Robinson cited the last three paragraphs of the comments he made under Director Comments from the August 2, 2011 meeting. He added that he feels the Upper District is interposing administrative gridlock in a crisis. He questioned how many branches of government have to be satisfied before policy can move. He stated that the Upper District enacted a 15% rate increase earlier this year and now, again, ratepayers would have to support this.

Mr. Fudacz explained that this structure was set up many years ago. He stated that supplies are not available on a regular basis to supplement the need for water in the basin. He stated that seeking this flexibility to buy water when it becomes available, recognizing that for several years it may not be available at all or that it may be available only at extremely high prices, benefits the ratepayers by reducing the cost of water.

Director Robinson stated that the Upper District already has that power and questioned the need to duplicate it.

The District Engineer discussed Watermaster's goal to generate funds and work with the Upper District for the purchase of water.

Vice President Treviño applauded the efforts to purchase and store water before hitting another cycle of no water. He encouraged the Upper Dsitrict and Watermaster to work together to pursue securing water more aggressively when it becomes available.

Mr. Fudacz stated that Watermaster's ownership of specific property is limited as a trustee since property can only be used to the benefit of all the parties to the Judgment.

Director Robinson and District Legal Counsel discussed property ownership of some of the adjudicated basins and the limited ownership rights identified.

Director Robinson expressed outrage regarding the proposed borrowing ability for Watermaster and stated that this is, again, a duplication of the Upper District's authority.

Mr. Fudacz stated that to the extent that there is duplication, the duplication that Director Robinson refers to was created about 50 years ago and that the expressed concerns were studied years ago. He then clarified that Watermaster is not just a consultant but rather an agency of the court whose powers are dictated by the Judgment.

Director Robinson expressed dismay at Watermaster's proposed ability to act as a plaintiff. He discussed Watermaster's prior participation in a lawsuit in which Metropolitan paid most of the bills and Upper District paid a portion of the cost of the lawsuit. He expressed concern that Watermaster may incur millions of dollars in attorney's fees.

President Treviño asked Mr. Fudacz whether any conflicts could be foreseen regarding exported water and storage between Upper District and Watermaster.

Mr. Fudacz stated that any potential conflicts have been considered under the Judgment.

District Legal Counsel agreed that the structure regarding exported water and storage has been in place for many years under the Judgment. He added that there is currently a restriction on the ability to export from the Basin and that the proposal seems to be an expansion of activities in which there are administrative costs involved in handling the enhanced exports.

The District Engineer pointed out that the ability to bring water into the Basin must go through the responsible agencies; in this case, the Upper District.

President Treviño stated that, in the event Upper District does not aggressively pursue water, other entities such as Watermaster should be allowed to pursue water as long as Upper District, as the responsible agency, has had the opportunity to pursue the water first.

Ms. Williams stated that exported water and storage provisions would primarily apply to non-parties who would like to store outside water for later export.

Director Robinson reiterated that he feels the proposed amendments are a duplication of the Upper District's powers performed by a court entity instead of local legislature. He reiterated that the constitution was originally set up with separation of powers between the branches of government and that there should therefore be a separation of powers between Watermaster and Upper District.

President Treviño expressed concern at losing opportunities to bring water into the basin.

Director Robinson stated that the Upper District should not support controversial amendments and that the matter should be handled by state legislature. He then discussed the Upper District's efforts to work with other entities to form a joint powers authority (JPA).

President Treviño expressed disappointment that the Upper District has not pursued a JPA with other interested parties.

Mr. Brown expressed concern that Section 50 of Watermaster's proposed amendments to the Judgment denies landowners property rights. He stated that the idea of not having any new minimal producers infringes on property owners' rights to utilize their own resources underneath their properties. He also stated that he feels it is inappropriate for Watermaster to become involved with what should be a statewide matter. He explained that the proposed amendment under Section 42 is an important change to increase the capacity of the water storage in the Basin, which he feels is long overdue, to allow water managers to bring in water and store it, allowing more water conservation in the future.

Ms. Williams stated that the proposed amendments do not eliminate minimal producers: it simply requires them to comply with all of the provisions of the Judgment yet eliminates the exemptions from assessments.

Mr. Czamanske and the District Engineer discussed the impact of changes in water levels on gravel producers.

Mr. Brown stated that, in reference to Section 50 of the proposed amendments, having no new minimal producers is a problem.

Mr. Fudacz clarified that this does not take anyone's rights away. He stated that the sentence continues on to say that any new producer should be subject to all provisions of the Judgment.

Mr. Avila asked if there is a mechanism within water districts to "future purchase" a measurement of water.

Mr. Fudacz stated that it is an existing provision not intended to be changed.

Director Robinson moved that a resolution be prepared recommending three proposed changes to the Judgment: a court confirmation with 10 days notice instead of 30 days, lifting the 250 feet limitation on the Key Well elevation and deleting reference to the pipeline.

The motion died for lack of a second.

Director Chavez moved to instruct staff to prepare a resolution supporting the proposed amendments to the Judgment. Vice President Urias seconded the motion.

Director Robinson expressed concern regarding lack of public awareness about the matter. He added that, if approved, the proposed amendments would create a duplication of powers and unnecessary costs to ratepayers.

The motion was approved by the following roll call vote:

ROBINSON:	**NAY**
FELLOW:	**ABSENT**
TREVIÑO:	**AYE**
CHAVEZ:	**AYE**
URIAS:	**AYE**

COMMITTEE REPORTS

Next scheduled committee meeting dates are as follows:

(a) Water Policy – August 24, 2011 at 5:30 p.m.

(b) Legal, Communications and Claims - to be determined.

(c) Conservation and Education – September 15, 2011 at 5:30 p.m.

(d) Administrative – August 25, 2011 at 5:30 p.m.

(e) Legislative and Government Affairs – September 15, 2011 at 4:30 p.m.

CONSENT CALENDAR

Director Robinson moved to approve Consent Calendar items (a) through (c). Director Chavez seconded the motion, which was approved by the following vote:

AYES:	**ROBINSON, TREVIÑO, URIAS, CHAVEZ**
NOES:	**NONE**
ABSTAIN:	**NONE**
ABSENT:	**FELLOW**

(a) Adoption of Resolution No. 8-11-500 as it relates to location of Board meetings.

(b) Authorization to attend Southern California Water Utilites Association's (SCWUA) 2011 Vendors Fair on September 15, 2011 at the Irwindale Speedway in Irwindale, CA.

(c) Authorization to attend Association of California Agencies (ACWA) 2011 Fall Conference on November 29 – December 2, 2011 at the Anaheim Marriott Hotel in Anaheim, CA.

INFORMATION ITEMS

The following items listed on the agenda for the information of the Board were read and ordered received and filed.

(a) Press Releases.

(b) Newspaper Articles.

ATTORNEY'S REPORT

District Legal Counsel referred his report to closed session.

ENGINEER'S REPORT

The District Engineer reported that the Baldwin Park key well elevation was 233.6 feet as of August 12, 2011.

GENERAL MANAGER'S REPORT

None.

METROPOLITAN REPORT

None.

WQA REPORT

Director Chavez reported that WQA will meet today at 12:00 p.m. He stated that WQA and Watermaster meet once a month and that a written report summarizing major activities held by the two agencies at their last board meetings was provided to the Upper District Board at its first meeting of the month.

The General Manager suggested removing the WQA and Watermaster reports from the agenda for the second meeting of the month.

WATERMASTER REPORT

None.

DIRECTOR'S COMMENTS

Director Robinson stated that he was approached with the suggestion to purchase the funeral home adjacent to the former District office and expand the facility, renovating it to be suitable to house both Upper District and WQA.

FUTURE AGENDA ITEMS

None.

ADJOURN TO CLOSED SESSION

A closed session was held regarding performance review: General Manager *(Closed session consideration authorized under Government Code Section 54957.)* as well as potential litigation for two cases *(Closed session consideration authorized under Government Code Section 54956.9).*

RESUME REGULAR MEETING AND REPORT ON CLOSED SESSION

District Legal Counsel reported that a brief discussion was held regarding performance review of the General Manager and that no vote nor formal action was taken.

He also reported that the Board discussed two items of potential litigation and that no vote nor formal action was taken.

ADJOURNMENT

President Treviño asked if there were other business to come before the Board; there being none, the meeting was duly adjourned to a regular meeting of the Board of Directors to be held on September 6, 2011 at 6:30 p.m. at the Upper District offices, 602 E. Huntington Drive, Suite B, Monrovia, CA 91016.

ATTEST

PRESIDENT

SECRETARY

SECRETARY

SEAL