

**SPECIAL MEETING OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA  
4040 PARAMOUNT BOULEVARD, LAKEWOOD, CALIFORNIA 90712**

**12:00 P.M., FRIDAY, MAY 6, 2011**

**AGENDA**

Each item on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "For Information" or "For Discussion" may also be the subject of an "action" taken by the Board or a Committee at the same meeting.

**1. DETERMINATION OF A QUORUM**

**2. PLEDGE OF ALLEGIANCE**

**3. INVOCATION**

**4. PUBLIC COMMENT**

**5. CONSENT CALENDAR**

Consent Calendar items are considered routine by the Board of Directors and will be adopted by one motion. There will be no separate discussion of these items unless a Board Member so requests, in which event the item will be removed from the Consent Calendar and considered separately immediately following action on the remaining items.

**A. MINUTES OF THE MEETING OF APRIL 1, 2011**

Staff Recommendation: Approve the minutes as submitted.

**6. BUDGET WORKSHOP #5 – WRD FISCAL YEAR 11-12 DRAFT BUDGET**

Finance Committee Recommendation: For information and possible action.

**7. CONTINUE AND CLOSE PUBLIC HEARING ON THE 2011-2012  
REPLENISHMENT ASSESSMENT**

Staff Recommendation: Continue the public hearing from the April 29, 2011 Board meeting, receive any staff reports and testimony, receive any public comment, and close the public hearing on the fiscal year 2011-2012 replenishment assessment.

**8. CONSIDERATION OF RESOLUTION NO. 11-901 - A RESOLUTION OF THE  
BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF  
SOUTHERN CALIFORNIA LEVYING A REPLENISHMENT ASSESSMENT ON  
THE PRODUCTION OF GROUNDWATER FROM THE GROUNDWATER  
SUPPLIES WITHIN THE DISTRICT DURING THE FISCAL YEAR  
COMMENCING JULY 1, 2011 AND ENDING ON JUNE 30, 2012 AS  
PROVIDED IN SECTION 60317 OF CALIFORNIA WATER CODE AND**

**MAKING FINDINGS AND DETERMINATIONS REGARDING SAID  
ASSESSMENT IN ACCORDANCE WITH SECTIONS 60315 AND 60316 OF  
THE WATER CODE OF THE STATE OF CALIFORNIA**

*Finance Committee Recommendation:* For discussion. After evaluation of additional input from stakeholders, adopt Resolution No. 11-901.

- 9. GENERAL MANAGER'S REPORT**
- 10. DISTRICT COUNSEL'S REPORT**
- 11. AB 1234 COMPLIANCE REPORTS AND DIRECTORS REPORTS**
- 12. WRD BOARD MEETING DATES**
  - A. May 20, 2011 – 9:00 a.m. – Board of Directors Meeting
  - B. June 17, 2011 – 9:00 a.m. – Board of Directors Meeting
  - C. July 15, 2011 – 9:00 a.m. – Board of Directors Meeting
  - D. August 19, 2011 – 9:00 a.m. – Board of Directors Meeting
- 13. CLOSED SESSION**
  - A. Conference with Legal Counsel – Existing Litigation, pursuant to Government Code § 54956.9(a), California Water Service Company, et al. v. City of Compton, et al., Case No. 506 806
  - B. Conference with Legal Counsel – Existing Litigation, pursuant to Government Code § 54956.9(a) Central and West Basin Water Replenishment District v. Charles Adams; L.A.S.C. Case No. 786,656
  - C. Conference with Labor Negotiator: Clifton Albright  
Employee Organization: American Federation of State, County and Municipal Employees (AFSCME)
  - D. Conference with Legal Counsel – Existing Litigation  
Pursuant to Government Code §54956.9  
Name of Case: City of Cerritos, City of Downey and City of Signal Hill v. Water Replenishment District of Southern California  
Case No.: Los Angeles County Superior Court BS128136
  - E. Conference with Legal Counsel – Existing Litigation  
Pursuant to Government Code §54956.9  
Name of Case: Central Basin Municipal Water District v. Water Replenishment District of Southern California, and Does 1 through 50  
Case No.: Los Angeles County Superior Court BS129817
  - F. Conference with Legal Counsel – Anticipated Litigation, Pursuant to Government Code §54956.9 (b), One Case

**14. ADJOURNMENT**

Agenda posted by Abigail C. Andom, Deputy Secretary, May 4, 2011. In compliance with ADA requirements, this document can be made available in alternative formats upon request.

In compliance with the Americans with Disabilities Act (ADA), if special assistance is needed to participate in the Board meeting, please contact Deputy Secretary Abigail Andom at (562) 921-5521 for assistance to enable the District to make reasonable accommodations.

All public records relating to an agenda item on this agenda are available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. Such records shall be available at the District office located at 4040 Paramount Boulevard, Lakewood, California 90712.

Agendas and minutes are available at the District's website, [www.wrd.org](http://www.wrd.org).



UNAPPROVED  
MINUTES

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MINUTES

**MINUTES OF APRIL 1, 2011  
MEETING OF THE BOARD OF DIRECTORS  
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA**

A meeting of the Board of Directors of the Water Replenishment District of Southern California was held on April 1, 2011 at 9:10 a.m. in the District office located at 4040 Paramount Boulevard, Lakewood, California. President Sergio Calderon called the meeting to order. Deputy Secretary Abigail C. Andom recorded the minutes.

**1. DETERMINATION OF A QUORUM**

President Calderon declared that a quorum of Directors was present, which in addition to himself included Directors Rob Katherman and Willard H. Murray, Jr. Director Lillian Kawasaki arrived while the meeting was in progress. Director Albert Robles was excused.

**2. PLEDGE OF ALLEGIANCE**

Director Murray led the Pledge of Allegiance.

**3. INVOCATION**

President Calderon gave the Invocation.

**4. ADDITIONAL ITEMS TO AGENDA**

None.

Director Kawasaki arrived.

**5. PUBLIC COMMENT**

None.

**6. CONSENT CALENDAR**

- A. MINUTES OF THE MEETING OF FEBRUARY 18, 2011**
- B. MINUTES OF THE SPECIAL MEETING OF THE SOUTHERN CALIFORNIA WATER REPLENISHMENT FINANCING CORPORATION OF FEBRUARY 18, 2011**
- C. ADMINISTRATIVE CODE REVISION – 7.2.6(F)**
- D. WEST COAST BARRIER FOLLOW-UP CONDITION ASSESSMENT MOU**

Director Katherman requested that Agenda Item 6.D be removed from the Consent Calendar and deferred to the next regular Board Meeting.

Upon a motion duly made by Director Katherman, seconded by President Calderon, and unanimously approved, it was

RESOLVED: That the Board approves the Consent Calendar of April 1, 2011, as amended.

**7. CONVENE PUBLIC HEARING ON THE FISCAL YEAR 11-12 PROPOSED REPLENISHMENT ASSESSMENT PER WATER CODE SECTION 60306**

President Calderon stated that the public hearing on the 2011-12 replenishment assessment as required by California Water Code Section 60306 is being convened today. He explained that the replenishment assessment will not be set today but the public will have an opportunity to speak on any of the information presented regarding the replenishment assessment for the ensuing year. He stated that staff has previously completed the Engineering Survey and Report to document the groundwater conditions in the basins and has mailed copies to all the stakeholders.

President Calderon stated that the Public Hearing will be continued to the Board meeting of April 15 for further discussions and to receive public comment, continued again to the Board meeting of April 29 and finally to May 6 where it is

anticipated that the Public Hearing will be closed and the Replenishment Assessment set for the ensuing year 2011-12.

President Calderon stated that after a brief staff report from Chief Hydrogeologist Ted Johnson, the public is encouraged to present their comments.

Chief Hydrogeologist Ted Johnson stated that today's public hearing is part of the District's annual rate setting process and provides the public and rate payers with an opportunity to receive information and provide comment on the proposed replenishment assessment. Mr. Johnson explained that the proposed replenishment assessment is based on information presented in the 2011 Engineering Survey and Report, budget workshops, and other supporting information.

Mr. Johnson presented the proposed public hearing and budget workshop schedules, anticipated 2011-12 water needs of 112,903 acre-feet, and anticipated cost of water at \$42 million, plus an extra 3,500 acre-feet or \$2.3 million for make-up water.

President Calderon thanked Mr. Johnson for his presentation and opened the floor for public comment.

Director Kawasaki stated that she would like for WRD to take the lead and meet with representatives from the Metropolitan Water District (MWD) and their member agencies regarding the possibility of securing a discounted rate for water. She also asked that the figures presented reflect the percentage of storm water captured as a water source.

There being no comments from the public, President Calderon stated that the public hearing on the 2011-2012 proposed replenishment assessment will be continued to the April 15, 2011 board meeting.

## **8. MIDYEAR BUDGET REVIEW**

Chief Financial Officer Scott Ota presented the fiscal year 2010-11 midyear budget review. Mr. Ota stated that the fiscal year 2010-11 midyear budget analysis includes six months of actual data from July 1, 2010 to December 31, 2010 along with six months of projected data from January 31, 2011 to June 30, 2011. He stated that groundwater meets approximately 40% of water demands within the WRD service area. He explained that although groundwater and imported water blend varies from purveyor to purveyor, those purveyors that meet demands with groundwater enjoy cost savings over those that are more dependent on imported water. Mr. Ota stated that the District's reliance on imported water has decreased as local replenishment supplies have been developed reducing the impact of imported water price increases on the replenishment assessment.

Mr. Ota noted that the cost difference between groundwater and imported water is approximately \$550/acre-foot, with imported water rate at \$855/acre-foot and groundwater water costs at approximately \$305/acre-foot (\$205/acre-foot replenishment assessment plus \$100/acre foot of well operations and maintenance).

Mr. Ota noted the following highlights:

- 74% of the 2010-11 budget reflect Water Costs, 13% for Projects and Programs, 8% for Administration, and 5% for Others
- Of the Water Costs, 27% is for imported water from Central Basin Municipal Water District (CBMWD), 19% for imported water from West Basin Municipal Water District (WBMWD), 2% for imported water from Long Beach Water Department (LBWD), 6% for In-Lieu, and 19% for Other Water

- MWD increases have averaged more than 8% per year over the past 50 years
- CBMWD surcharge increases have averaged 20% per year since they were imposed in 1991-92
- CBMWD surcharge increases have averaged 40% per year over the last two years
- The current replenishment assessment is \$205 per acre-foot. A replenishment assessment of \$239 per acre foot would have been needed to cover the \$8 million projected net loss if no Water Purchase Carryover Fund existed. Without the Fund, the replenishment assessment would have been \$34 per acre foot higher.

Noting that the Administration budget is over expended due to increased litigation costs, Director Katherman asked that the 2011-12 budget account for litigation expenses.

Mr. Ota stated that the midyear budget review is also the time when the Board members would be given the opportunity to reallocate a portion of their individual unused Travel Budget to their individual Event Sponsorship and or/Community Grant program budget. He asked if the Directors would consider doing the reallocation today.

Discussion followed and with no objections, the Midyear Budget Review analysis was continued to the April 15, 2011 Board meeting.

**9. GENERAL MANAGER'S REPORT**

None.

**10. DISTRICT COUNSEL REPORT**

Deferred to closed session.

**11. AB 1234 COMPLIANCE REPORTS AND DIRECTORS REPORTS**

Director Kawasaki stated that she and Director Katherman participated in the annual WRD State Legislative Workshop held March 29-30.

She noted that the schedules were productive with about 15 meetings scheduled per day. She thanked staff for all their hard work on a very successful trip.

Director Murray acknowledged the presence of Dr. Jason Wen of the City of Downey.

President Calderon stated that he will submit his report in writing.

## 12. WRD BOARD MEETING DATES

- A. April 15, 2011 – 9:00 a.m. – Board of Directors Meeting
- B. April 29, 2011 – 9:00 a.m. – *Special Board of Directors Meeting*
- C. May 6, 2011 – 9:00 a.m. – *Board of Directors Meeting (Close public hearing and adopt resolution to set the replenishment assessment)*
- D. May 20, 2011 – 9:00 a.m. – Board of Directors Meeting

Director Kawasaki stated that she will not be able to attend the April 29, 2011 Board meeting and asked to be excused.

## 13. CLOSED SESSION

- A. Conference with Legal Counsel – Existing litigation, pursuant to Government Code §54956.9(a), California Water Service Company, et al. v. City of Compton, et al., Case No. 506 806
- B. Conference with Legal Counsel – Existing litigation, pursuant to Government Code §54956.9(a), Central and West Basin Water Replenishment District v. Charles Adams; L.A.S.C. Case No. 786, 656
- C. Conference with Labor Negotiator: Clifton Albright  
Employee Organization: American Federation of State County & Municipal Employees (AFSCME)
- D. Conference with Legal Counsel – Existing Litigation  
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- E. Conference with Legal Counsel – Existing Litigation  
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Case No.: Los Angeles Superior Court BS 129817

- F. Conference with Legal Counsel – Anticipated Litigation, Pursuant to Government Code §54956.9 (b), One Case

The Board went into closed session. The Board reconvened in open session.

Special Counsel David Alvarez reported that status reports were provided and there were no reportable actions taken.

**16. ADJOURNMENT**

President Calderon asked if there was any further business to come before the Board, and there being none, the meeting was adjourned at 11:06 a.m.

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Sergio Calderon, President

ATTEST:

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Robert Katherman, Secretary





## MEMORANDUM

### ITEM NO. 6

*Prepared by:* Scott M. Ota

*Reviewed by:* Scott M. Ota

*Approved by:* Robb Whitaker

**DATE: MAY 6, 2011**

**TO: BOARD OF DIRECTORS**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: BUDGET WORKSHOP #5 – WRD FISCAL YEAR 11-12 DRAFT BUDGET**

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### BACKGROUND

Staff has prepared a draft 11-12 budget and has presented it to the Board of Directors for their review and input on Friday, April 15<sup>th</sup>, Friday April 29<sup>th</sup> and the Finance Committee on Wednesday, April 20 and April 26, 2011. This meeting will be the fifth and final workshop in a series of five budget meetings leading up to the Board of Directors setting the ensuing year's replenishment assessment on Friday, May 6, 2011.

As of the development of this staff report, the District has also had two other public meetings related to the ensuing year's draft budget and the annual public hearing as follows:

- Board of Directors – 4/1/11. The Board of Directors opened the annual public hearing and received and filed the 10-11 Midyear Budget Review.
- Finance Committee – 4/8/11. Staff presented the draft 11/12 budget to the Finance Committee.
- Technical Advisory Committee – 4/25/11. Staff presented the 5-Year Capital Improvement Plan (CIP) to the TAC for their review.

As of the development of this staff report, the TAC was scheduled to meet on Tuesday, May 3, 2011 and the Water Resources Committee on Wednesday, May 4, 2011 to discuss the 5-Year CIP.

Staff will present additional materials at the meeting.

### Budget Workshop Series Schedule

Staff is sending invitations to Elected Officials, City Manager, General Managers of Water Agencies, and Managers of Public Works Departments and has posted our budget invitation on the WRD website.

- Friday, April 15, 2011, 9:00 a.m. - **COMPLETED**

Public Workshop #1 Meeting of the Board of Directors – Continuation of Public Hearing on the Replenishment Assessment, Draft 11-12 Budget Presentation and Replenishment Assessment Discussion.

- Wednesday, April 20, 2011, 12:00 p.m. - **COMPLETED**  
Public Workshop #2 Meeting of the Finance Committee – Draft Budget Presentation and Replenishment Assessment Discussion.
- Tuesday, April 26, 2011, 12:00 p.m. - **COMPLETED**  
Public Workshop #3 Meeting of the Finance Committee – Draft Budget Presentation and Replenishment Assessment Discussion.
- Friday, April 29, 2011, 9:00 a.m. - **COMPLETED**  
Public Workshop #4 Special Meeting of the Board of Directors – Continuation of Public Hearing on the Replenishment Assessment, Draft 11-12 Budget Presentation and Replenishment Assessment Discussion.
- Friday, May 6, 2011, 12:00 p.m.  
Public Workshop #5 Special Meeting of the Board of Directors – Continuation of Public Hearing, Draft Budget Presentation, Close Public Hearing, Adopt Budget, Set Replenishment Assessment

#### **FISCAL IMPACT**

Budget will have a direct impact on the replenishment assessment for the ensuing fiscal year.

#### **FINANCE COMMITTEE RECOMMENDATION**

For information and possible action.



## MEMORANDUM

### ITEM NO. 7

*Prepared by:* Ted Johnson  
*Reviewed by:* Scott Ota  
*Approved by:* Robb Whitaker

**DATE: MAY 6, 2011**

**TO: BOARD OF DIRECTORS**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: CONTINUE AND CLOSE PUBLIC HEARING ON THE 2011-2012 REPLENISHMENT ASSESSMENT**

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### SUMMARY

In compliance with Water Code Section 60306, the Public Hearing on the 2011-2012 Replenishment Assessment was opened at the regular Board meeting on April 1, 2011, continued to April 15, 2011, continued to April 29, 2011, and continued to today's Board meeting of May 6, 2011. The purpose of the Public Hearing is to determine whether and to what extent the estimated cost of (1) purchasing water for groundwater replenishment for the ensuing year and accomplishing acts reasonably necessary for replenishment, (2) removing contaminants from groundwater supplies and undertaking other groundwater quality projects, and (3) the District's operating and administrative expenses, shall be paid by a replenishment assessment levied upon groundwater producers within the Central and West Coast Groundwater Basins.

The public is invited to attend the hearing and provide comment in support of or opposition to the proposed assessment, the Engineering Survey and Report (ESR), or any other matters related to the District's rate setting process. It is anticipated that the Board of Directors after receiving all public comment today will close the Public Hearing and adopt the 2011-2012 Replenishment Assessment.

### FISCAL IMPACT

For information.

### STAFF RECOMMENDATION

Continue the public hearing from the April 29, 2011 Board meeting, receive any staff reports and testimony, receive any public comment, and close the public hearing on the fiscal year 2011-2012 replenishment assessment.





## MEMORANDUM

### ITEM NO. 8

*Prepared by:* Ted Johnson

*Reviewed by:* Scott Ota

*Approved by:* Robb Whitaker

**DATE: MAY 6, 2011**

**TO: BOARD OF DIRECTORS**

**FROM: ROBB WHITAKER, GENERAL MANAGER**

**SUBJECT: CONSIDERATION OF RESOLUTION NO. 11-901 -  
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA LEVYING A REPLENISHMENT ASSESSMENT ON THE PRODUCTION OF GROUNDWATER FROM THE GROUNDWATER SUPPLIES WITHIN THE DISTRICT DURING THE FISCAL YEAR COMMENCING JULY 1, 2011 AND ENDING ON JUNE 30, 2012 AS PROVIDED IN SECTION 60317 OF CALIFORNIA WATER CODE AND MAKING FINDINGS AND DETERMINATIONS REGARDING SAID ASSESSMENT IN ACCORDANCE WITH SECTIONS 60315 AND 60316 OF THE WATER CODE OF THE STATE OF CALIFORNIA**

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### SUMMARY

After closing the Public Hearing on the ensuing year's Replenishment Assessment (RA), the Board shall, by resolution, make the necessary findings and determinations as described in Sections 60315 and 60316 of the California Water Code. The findings and determinations are presented in Resolution No. 11-901, a copy of which follows this staff report. Immediately following the making of the determinations, the Board shall levy a replenishment assessment on the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year per section 60317 of the California Water Code.

Funds generated by the RA will be used for (1) operating expenses, (2) financial reserve needs, (3) purchasing or leasing supplies, equipment and materials, and (4) funds for capital projects necessary to maintain service within existing service areas. These proposed uses of the funds raised by the RA are discussed in further detail in the Annual Engineering Survey Report, the proposed 2011-2012 budget, the staff's written reports and PowerPoint presentations to the Board, and other documents in the record of the RA proceedings. The funds raised by the RA will not be used to expand the area or territory in which the District provides services or to fund capital projects that would expand the District's service area or system. Accordingly, the District's adoption of Resolution 11-901 is exempt from CEQA pursuant to, among other bases, CEQA

Section 20180(b)(8) and CEQA Guideline 15273, and staff recommends that the Board instruct staff to file an appropriate Notice of Exemption.

**FISCAL IMPACT**

The fiscal impact will depend on the RA established by the Board.

**FINANCE COMMITTEE RECOMMENDATION**

For discussion. After evaluation of additional input from stakeholders, adopt Resolution No. 11-901.

RESOLUTION NO. 11-901

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA LEVYING A REPLENISHMENT ASSESSMENT ON THE PRODUCTION OF GROUNDWATER FROM THE GROUNDWATER SUPPLIES WITHIN THE DISTRICT DURING THE FISCAL YEAR COMMENCING JULY 1, 2011 AND ENDING ON JUNE 30, 2012 AS PROVIDED IN SECTION 60317 OF CALIFORNIA WATER CODE AND MAKING FINDINGS AND DETERMINATIONS REGARDING SAID ASSESSMENT IN ACCORDANCE WITH SECTIONS 60315 AND 60316 OF THE WATER CODE OF THE STATE OF CALIFORNIA**

**WHEREAS**, the Board of Directors ("the Board") of the Water Replenishment District of Southern California ("the District") on January 21, 2011 in compliance with California Water Code § 60300, timely ordered an Engineering Survey and Report ("the Report") to be made regarding the groundwater supplies and groundwater quality issues within the District; and

**WHEREAS**, the Report has been prepared pursuant to the Board's request and the Report has been available for inspection by any interested party for the time required by law; and

**WHEREAS**, the Board, by Resolution No. 11-898, has declared that funds shall be raised to purchase water for replenishment of groundwater supplies within the District during the ensuing fiscal year, 2011-2012, and to accomplish all acts reasonably necessary pursuant to said replenishment, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds to be raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

**WHEREAS**, the Board, by Resolution No. 11-898, has declared that funds shall be raised to remove contaminants from groundwater supplies and to exercise any other power under California Water Code § 60224, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds so raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

**WHEREAS**, notice of a hearing to be held on April 1, 2011, for the purpose of determining whether and to what extent the estimated cost of water replenishment programs and the estimated cost of water quality programs for the ensuing year shall be paid for by a replenishment assessment was published as required by law; and

**WHEREAS**, the annual hearing regarding the District's Replenishment Assessment was opened on April 1, 2011 and continued to April 15<sup>th</sup>, April 29<sup>th</sup>, and May 6, 2011, and in addition to the public hearings on the Replenishment Assessment, the District also held budget workshops that were open to the public, where the District provided the public with information concerning its Fiscal Year 2011-2012 budget, which is directly related to the Replenishment Assessment; and

**WHEREAS**, all evidence and testimony relevant to the Report and the Board's determination that such a Replenishment Assessment shall be levied was introduced at said public hearings and at the budget workshops; and

**WHEREAS**, the public hearing was closed on May 6, 2011; and

**WHEREAS**, all other findings required by law have already been made, including, but not limited to, any findings required by California Water Code § 60231; and

**WHEREAS**, the Board voted at its May 6, 2011 public meeting to make the findings and resolutions set forth below.

**NOW, THEREFORE, BE IT RESOLVED AND DECLARED BY THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AS FOLLOWS:**

1. That said Board pursuant to § 60315 of the Water Code of the State of California finds as follows:
  - a) The annual overdraft of the preceding water year, 2009-2010 was 84,200 acre-feet as provided in Exhibit A.
  - b) The estimated annual overdraft for the current water year, 2010-2011 is 80,800 acre-feet as provided in Exhibit A.
  - c) The estimated annual overdraft for the ensuing water year, 2011-2012 is 97,800 acre-feet as provided in Exhibit A.
  - d) The accumulated overdraft as of the last day of the preceding water year was 726,300 acre-feet as provided in Exhibit A.
  - e) The estimated accumulated overdraft as of the last day of the current water year is 706,500 acre-feet as provided in Exhibit A.
  - f) The total production of groundwater from the groundwater supplies within the District during the preceding water year was 241,329 acre-feet as provided in Exhibit A.

- g) The estimated total production of groundwater from groundwater supplies within the District for the current water year is 241,000 acre-feet as provided in Exhibit A.
- h) The estimated total production of groundwater from the groundwater supplies within the District for the ensuing water year is 243,000 acre-feet.
- i) In the preceding water year groundwater levels in the Central Basin rose up to 10 feet in some areas and fell up to 5 feet in other areas. In the West Coast Basin, groundwater levels rose up to 5 feet in some areas and fell up to 10 feet in other areas. Overall, approximately 27,000 acre feet of groundwater were gained in storage. The March 4, 2011, Engineering Survey and Report and any updates provide details of water levels and basin conditions.
- j) During the current water year, rainfall is above average and groundwater levels are expected rise, especially in the Forebay areas. The March 4, 2011 Engineering Survey and Report and any updates provide details of water levels and basin conditions.
- k) The quantity of water that should be purchased by the District for the replenishment of the groundwater supplies of the district during the ensuing water year is 111,043 acre-feet, which includes 71,000 acre-feet at the spreading grounds, 29,740 acre-feet at the seawater barriers, and 10,303 acre-feet for in-lieu replenishment. Details of the calculations for these amounts are presented in the March 4, 2011 Engineering Survey and Report, its updates, and set forth in Exhibit A.
- l) The source and estimated unit cost of the water available for the replenishment described in item (k) is attached as Exhibit A to this Resolution. Details of the calculations for these amounts are presented in the March 4, 2011 Engineering Survey and Report and its updates.
- m) The estimated net costs of replenishing the groundwater supplies with the water so purchased are \$41,978,466. The derivation of this amount is described in the March 4, 2011 Engineering Survey and Report and its updates, and is provided in Exhibit B. The estimated rate of the replenishment assessment required to fund these purchases based on the anticipated pumping in the ensuing year described in Section (h) is \$172.75 per acre-foot ("af") of groundwater pumped.

The estimated additional costs to the District for its replenishment program costs, estimated capital costs, and other costs relating to accomplishing replenishment of the groundwater supplies, are \$(To Be Determined – **TBD**). The estimated rate of the replenishment assessment required to fund these costs based on the anticipated pumping in the ensuing year

described in Section (h) is **\$TBD** per af of groundwater pumped. A listing of the projects and programs and their intended objective – replenishment and/or clean water – is provided in Exhibit C.

- n) It is not anticipated that additional replenishment funds need to be raised in the ensuing year for future replenishment water that should be purchased in the ensuing year but cannot be purchased due to an anticipated unavailability of replenishment water in the ensuing year.
  - o) The estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for the purposes of accomplishing replenishment activities (replenishment water plus replenishment projects and programs) is **\$TBD** per af.
  - p) Contaminants should be removed from groundwater supplies during the ensuing fiscal year pursuant to the District's projects and programs described in the March 4, 2011 Engineering Survey and Report, its updates, the District's capital improvement program, and the District's annual budget document. The estimated costs to the District for the groundwater quality program for the 2011-2012 fiscal year are estimated at **\$TBD**. The estimated additional rate of replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for those purposes is **\$TBD** per af.
  - q) The programs for the removal of contaminants or other actions under Water Code § 60224 are multi-year programs.
  - r) The estimated amount of reserves on hand at the end of the fiscal year of 2010-2011 will not exceed the reserve fund limit provided in Water Code § 60290.
2. After accounting for other revenue, possible debt financing, or use of reserves, the estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year, 2011-2012, for the purpose of accomplishing such replenishment and water quality programs by the District is **\$TBD** per af of yearly groundwater production. After accounting for the use of an estimated **\$TBD** in other revenue, possible debt financing for capital improvement projects, and District reserve funds as necessary, said replenishment assessment will produce the approximate necessary funds to pay the following costs: **\$TBD** per af for the cost of purchasing water, financing capital improvement projects and other costs relating to accomplishing groundwater replenishment, and **\$TBD** per af for clean water programs. Of the **\$TBD** per af allocated to accomplishing groundwater replenishment, **\$TBD** per af is allocable to capital projects. Of the **\$TBD** per af

allocated to clean water programs, **\$TBD** per af may be allocated to capital projects. General and administrative expenses of the District will be met on a pro tanto basis given each function's (replenishment and clean water) load factor on operations.

3. Prior to accounting for other revenue, possible debt financing, or use of reserves, the entire cost of purchasing water for replenishment for the ensuing fiscal year shall be paid for by the assessment identified in Section 2, above. The cost of removing contaminants from groundwater supplies and taking other actions authorized under Water Code § 60224 shall be paid for by the assessment identified in Section 2, above, from possible debt financing for capital improvement projects, and from reserve funds as necessary maintained in accordance with Water Code § 60290. The costs of those capital projects to be undertaken in the ensuing fiscal year, but for which no capital construction accounts have been established pursuant to Water Code § 60291, shall also be paid for by the reserve fund maintained in accordance with Water Code § 60290.
4. All of the estimated costs for the ensuing fiscal year for water replenishment programs and for groundwater quality programs by the District as found in Section 1 of this Resolution shall be paid for by a replenishment assessment levied pursuant Water Code § 60317 and by the reserve fund maintained in accordance with Water Code § 60290. There is hereby levied on the production of groundwater from groundwater supplies within the District during the fiscal year commencing July 1, 2011, and ending June 30, 2012, a replenishment assessment in the amount of **\$TBD** per af produced during said fiscal year.
5. This Replenishment Assessment complies with the California Environmental Quality Act ("CEQA"), based on any one of the following grounds:
  - (a) That the District's groundwater replenishment program is exempt from CEQA pursuant to CEQA Guidelines §15261(a), in that it is an ongoing project commencing at a date such that an environmental impact report has not been required, and the 2011-2012 program is part of that ongoing project.
  - (b) Funds generated by the RA will be used for (1) operating expenses, (2) financial reserve needs, (3) purchasing or leasing supplies, equipment and materials, and (4) funds for capital projects necessary to maintain service within existing service areas. That Finding is based on documents and information provided in the record of these proceedings, including but not limited to the Annual Engineering Survey Report, the proposed 2011-2012 budget, the staff's written reports and PowerPoint presentations to the Board. Further, the funds raised by the RA will not be used to expand the area or territory in which the District provides services or to fund capital projects that would expand the District's service area or system. Accordingly, the District finds that its adoption of Resolution 11-901 is

exempt from CEQA pursuant to, among other bases, CEQA Section 20180(b)(8) and CEQA Guideline 15273, and the Board directs staff to file an appropriate Notice of Exemption.

- (c) Notwithstanding the exemptions cited above, an Environmental Impact Report ("EIR") for the District's groundwater replenishment program has heretofore been prepared and the EIR and program have been approved by the District's Board. The District has examined the imposition of a water replenishment assessment for the 2011-2012 fiscal year to determine whether an additional environmental document must be prepared. Based on this examination, the 2011 Engineering Survey and Report and all other evidence in the administrative record of the District's proceedings herein, the District concludes that: (1) the imposition of a water replenishment assessment for the 2011-2012 fiscal year would not have any effects that were not examined in the program EIR; (2) pursuant to CEQA Guidelines §15162, no new effects would occur and no new mitigation measures would be required; and (3) the imposition of a water replenishment assessment for the 2011-2012 fiscal year is within the scope of the groundwater replenishment program covered by the program EIR and such activity is adequately described in said EIR, and no new environmental document is required. The District hereby incorporates all feasible mitigation measures and alternatives developed in the program EIR into the imposition of a water replenishment assessment for the 2011-2012 fiscal year.
6. The Replenishment Assessment will be imposed on persons and entities that extract groundwater from the Central Basin and West Coast Basin. Extraction of groundwater from those Basins is governed by court judgments entered in 1962 and 1965 pursuant to groundwater adjudication lawsuits. Those judgments granted certain parties the right to pump water based on prescriptive water rights and not based on any aspect of ownership of land overlying either Basin. Accordingly, since the pumping rights granted by the Judgments were based on prescriptive water rights, the parties do not pump the groundwater pursuant to any tenancy or fee interest in the overlying land or any rights that attach as a result of a tenancy or fee interest in overlying land.

**[RECORD OF THE VOTE AND SIGNATURES ON FOLLOWING PAGE]**

PASSED, APPROVED AND ADOPTED THIS 6<sup>th</sup> day of May 2011 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

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Sergio Calderon, President

ATTEST:

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Robert Katherman, Secretary

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DATE

APPROVED AS TO FORM:

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H. Francisco Leal  
Interim District Counsel

## EXHIBIT A

ITEM	WATER YEAR Oct 1 - Sep 30		
	2009-2010	2010-2011 <sup>(a)</sup>	2011-2012 <sup>(a)</sup>
Total Groundwater Production	241,329 AF	241,000 AF	243,000 AF
Annual Overdraft	(84,200) AF	(80,800) AF	(97,800) AF
Accumulated Overdraft	(726,300) AF	(706,500) AF	
<b>Quantity Required for Artificial Replenishment for the Ensuing Year</b>			
<b>Spreading</b>			
Imported for Spreading in Montebello Forebay			21,000 AF
Recycled for Spreading in Montebello Forebay			50,000
		Subtotal Spreading	71,000
<b>Injection</b>			
Alamitos Seawater Barrier Imported Water (WRD side only)			2,540
Alamitos Seawater Barrier Recycled Water (WRD side only)			1,800
Dominguez Gap Seawater Barrier Imported Water			3,700
Dominguez Barrier Seawater Barrer Recycled Water			3,700
West Coast Seawater Barrier Imported Water			10,000
West Coast Seawater Barrier Recycled Water			8,000
		Subtotal Injection	29,740
<b>In-lieu <sup>(b)</sup></b>			Subtotal In-lieu
			10,303
		<b>Total</b>	<b>111,043 AF</b>
<b>Source and Unit Cost of Replenishment Water for the Ensuing Year</b>			
<b>Spreading</b>			
	<b>Oct-Dec</b>	<b>Jan-Sep</b>	
<i>MWD Commodity Rate for Tier 1 Untreated Imported</i>	\$ 527 /AF	\$ 560 /AF	
<i>CBMWD Administrative Surcharge</i>	\$ 90 /AF	\$ 90 /AF	
<i>CBMWD Readiness to Serve (RTS) charge *</i>	\$ 26 /AF	\$ 26 /AF	
<b>Cost to WRD (sum of above)</b>	<b>\$ 644 /AF</b>	<b>\$ 677 /AF</b>	
plus CBMWD Water Service Charge	\$ 72 /cfs/mo	\$ 72 /cfs/mo	
SDLAC recycled water from San Jose Creek	\$ 34.40 /AF	\$ 34.40 /AF	
SDLAC recycled water from Whittier Narrows WRP	\$ 7 /AF	\$ 7 /AF	
SDLAC makeup for undercharges in 2007-2009	\$ 19,074.86 /mo	\$ 19,074.86 /mo	
<b>Injection</b>			
Alamitos Barrier			
<i>MWD Commodity Rate for Tier 1 Treated Imported</i>	\$ 744 /AF	\$ 794 /AF	
<i>Long Beach Administrative Surcharge</i>	\$ 5 /AF	\$ 5 /AF	
<b>Cost to WRD (sum of above)</b>	<b>\$ 749 /AF</b>	<b>\$ 799 /AF</b>	
plus Long Beach Capacity Charge *	\$ 600 /cfs/mo	\$ 600 /cfs/mo	
Recycled water from WRD Vander Lans plant	\$ 406 /AF	\$ 406 /AF	
Dominguez Gap and West Coast Barriers			
<i>MWD Commodity Rate for Tier 1 Treated Imported</i>	\$ 744 /AF	\$ 794 /AF	
<i>WBMWD Administrative Surcharge</i>	\$ 95 /AF	\$ 95 /AF	
<i>WBMWD RTS *</i>	\$ 125 /AF	\$ 135 /AF	
<b>Cost to WRD (sum of above)</b>	<b>\$ 964 /AF</b>	<b>\$ 1,024 /AF</b>	
plus WBMWD Water Service Charge	\$ 38 /cfs/mo	\$ 38 /cfs/mo	
plus WBMWD Capacity Charge *	\$ 542 /cfs/mo	\$ 542 /cfs/mo	
Recycled water from LADWP (Dominguez Gap)	\$ 431 /AF	\$ 431 /AF	
Recycled water from WBMWD (West Coast)	\$ 553 /AF	\$ 553 /AF	
<b>In-lieu <sup>(b)</sup></b>			
	MWD Member Agency	\$ 336 /AF	
	WBMWD Customer	\$ 431 /AF	

(a) Estimated values

(b) Amounts and rates for In-lieu are estimated. Not yet been established by the Board for ensuing year

\* Amount is a direct pass through to MWD

## EXHIBIT B

Summary - All Water		Item	Quantity (AF)		Total Cost		
Summary - All Water		Spreading - Tier 1 Untreated Imported	21,000		\$ 14,425,530		
		Spreading - Recycled	50,000		\$ 1,674,898		
		Alamitos Barrier - Imported	2,540		\$ 2,027,950		
		Alamitos Barrier - Recycled*	1,800		\$ -		
		Dominguez Barrier - Imported	3,700		\$ 3,815,786		
		Dominguez Barrier - Recycled	3,700		\$ 1,594,700		
		West Coast Barrier - Imported	10,000		\$ 10,287,794		
		West Coast Barrier - Recycled	8,000		\$ 4,424,000		
		In-Lieu MWD Member	7,503		\$ 2,521,008		
		In-Lieu WBMWD Customer	2,800		\$ 1,206,800		
				<b>TOTAL</b>	<b>111,043</b>		<b>\$ 41,978,466</b>
Detailed Breakout of Water Costs and Surcharges to WRD							
		Item	Quantity	Oct-Dec	Jan-Sep	Melded	Total
Imported Water		<b>CBMWD</b>					
		MWD Untreated Tier 1 - Spreading (\$/af)	21,000	\$ 527	\$ 560	\$ 552	\$ 11,586,750
		MWD RTS (\$/af)	21,000	\$ 26	\$ 26	\$ 26	\$ 551,250
		CBMWD Administrative Surcharge (\$/af)	21,000	\$ 90	\$ 90	\$ 90	\$ 1,896,300
		CBMWD Water Service Charge (\$/cfs/month)	450	\$ 72	\$ 72	\$ 72	\$ 391,230
		<b>Total to CBMWD</b>					<b>\$ 14,425,530</b>
		<b>LBWD</b>					
		MWD Treated Tier 1 - Alamitos Barrier (\$/af)	2,540	\$ 744	\$ 794	\$ 782	\$ 1,985,010
		MWD Capacity Charge (\$/cfs/month)	4.20	\$ 600	\$ 600	\$ 600	\$ 30,240
		LBWD Administrative Surcharge (\$/af)	2,540	\$ 5	\$ 5	\$ 5	\$ 12,700
		<b>Total to LBWD</b>					<b>\$ 2,027,950</b>
<b>WBMWD</b>							
MWD Tier 1 - Barriers (DG,WCB) (\$/af)	13,700	\$ 744	\$ 794	\$ 782	\$ 10,706,550		
MWD RTS (\$/af)	13,700	\$ 125	\$ 135	\$ 133	\$ 1,815,250		
MWD Capacity Charge (\$/cfs/month)	34	\$ 542	\$ 542	\$ 542	\$ 221,000		
WBMWD Administrative Surcharge (\$/af)	13,700	\$ 95	\$ 95	\$ 95	\$ 1,301,500		
WBMWD Water Service Charge (\$/cfs/month)	130	\$ 38	\$ 38	\$ 38	\$ 59,280		
<b>Total to West Basin MWD</b>					<b>\$ 14,103,580</b>		
<b>IN-LIEU</b>							
MWD Member Agency (\$/af)	7,503			IL-PMT \$ 336	\$ 2,521,008		
WBMWD Member Agency (\$/af)	2,800			\$ 431	\$ 1,206,800		
<b>Total for In-Lieu Payments</b>					<b>\$ 3,727,808</b>		
Recycled Water		<b>LADWP</b>					
		LADWP Recycled Water (\$/af)	3,700	\$ 431	\$ 431	\$ 431	\$ 1,594,700
		<b>Total to LADWP</b>					<b>\$ 1,594,700</b>
		<b>SDLAC</b>					
		SDLAC - San Jose Creek WRP (\$/af)	40,000	\$ 34	\$ 34	\$ 34	\$ 1,376,000
		SDLAC - Whittier Narrows WRP (\$/af)	10,000	\$ 7	\$ 7	\$ 7	\$ 70,000
		SDLAC - Makeup Payment (\$)					\$ 228,898
		<b>Total to SDLAC</b>					<b>\$ 1,674,898</b>
		<b>WBMWD</b>					
		WBMWD Recycled Water (\$/af)	8,000	\$ 553	\$ 553	\$ 553	\$ 4,424,000
		<b>Total to WBMWD</b>					<b>\$ 4,424,000</b>
<b>WRD</b>							
WRD Recycled Water Vander Lans (\$/af)	1,800	\$ 406	\$ 406	\$ 406	\$ 730,800		
WRD Recycled Water Vander Lans (\$/af)*	1,800	\$ 406	\$ 406	\$ 406	\$ (730,800)		
<b>Total to WRD</b>					<b>\$ -</b>		
		<b>TOTAL</b>					<b>\$ 41,978,466</b>

\* Cost is based on O&M less MWD rebate. Shown as a water cost but deducted out since it's part of the Vander Lans project

**EXHIBIT C**

PROJECT / PROGRAM		DISTRICT FUNCTION	
		Replenishment	Clean Water
001	Leo J. Vander Lans Water Treatment Facility Project	100%	
002	Robert W. Goldsworthy Desalter Project		100%
004	Recycled Water Program	100%	
005	Groundwater Resources Planning Program	100%	
006	Groundwater Quality Program		100%
010	Geographic Information System	50%	50%
011	Regional Groundwater Monitoring Program	50%	50%
012	Safe Drinking Water Program		100%
018	Dominguez Gap Barrier Recycled Water Injection	100%	
023	Replenishment Operations (Spreading & Barriers)	100%	
025	Hydrogeology Program	50%	50%
033	Groundwater Resources Improvement Program (GRIP)	100%	0%