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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT,

Plaintiff,

vs.

CITY OF ALHAMBRA, et al.,

Defendants.

Case No: C 924 128

Assigned for all purposes to:
Honorable Maureen Duffy-Lewis
Dept. 38

**MOTION OF WATERMASTER FOR
ORDER APPROVING CYCLIC
STORAGE AGREEMENT;
DECLARATION OF TONY ZAMPIELLO
IN SUPPORT THEREOF**

Hearing

**Date: May 9, 2022
Time: 9:30 a.m.
Dept.: Dept. 38
RES ID: 898338509961**

1 **I. INTRODUCTION.**

2 The Main San Gabriel Basin Watermaster ("Watermaster") hereby seeks an order of
3 Court approving the cyclic storage agreement ("Agreement") between Watermaster, Upper
4 San Gabriel Valley Municipal Water District ("Upper District"), and the Metropolitan Water
5 District of Southern California ("Metropolitan"), which Watermaster has executed subject to
6 Court approval. Court approval is sought in accordance with Paragraph 34(n) of the Judgment
7 which gives Watermaster power to enter into cyclic storage agreements subject to approval of
8 this Court.

9 **II. THE CYCLIC STORAGE AGREEMENT IS CONSISTENT WITH THE JUDGMENT**
10 **AND IN THE BEST INTEREST OF THE BASIN AND THE PARTIES**

11 **A. The Cyclic Storage Agreement.**

12 The Agreement before the Court is a Cyclic Storage agreement. The Agreement
13 involves utilization of groundwater storage capacity of the Basin for cyclic or regulatory storage
14 of Supplemental Water for subsequent recovery or Watermaster credit by the storing entity.
15 The Agreement provides for the delivery of water by Metropolitan to Upper District in advance
16 of demand for the water by Upper District. Pursuant to the terms of the Agreement,
17 Metropolitan shall have the right to use up to 200,000 acre-feet of space in the Basin until such
18 time as purchased from Metropolitan by Upper District to meet Upper District's Supplemental
19 Water requirements to Watermaster. Upon purchase of the water by Upper District, that water
20 shall be credited to the Supplemental Water requirements of Upper District in accordance with
21 all applicable terms of the Judgment and Watermaster's Rules and Regulations. (The
22 Agreement is attached hereto as Exhibit "1" to the declaration of Tony Zampiello). The
23 Agreement shall last for ten years.

24 **B. The Judgment Authorizes Watermaster To Enter Into Cyclic Storage**
25 **Agreements.**

26 Pursuant to Section 25 of the Judgment, spreading, injecting or otherwise recharging
27 water in the Basin is restricted. However, pursuant to Sections 25 and 34(n) of the Judgment,
28

1 Watermaster is authorized to enter into Cyclic Storage agreements, to be approved by the
2 Court with all such agreements to be in accord with the Uniform Rules and Conditions of Cyclic
3 Storage agreements adopted by Watermaster. (Rules and Regulations of Main San Gabriel
4 Basin Watermaster, § 26(a-i)). Section 34(n)(1-4) of the Judgment grants Watermaster the
5 following authority with respect to cyclic storage agreements:

6 “To enter into appropriate contracts, to be approved by the
7 Court, for utilization of Ground Water storage capacity of the Basin
8 for cyclic or regulatory storage of Supplemental Water by parties
9 and non-parties, for subsequent recovery or Watermaster credit by
10 the storing entity, pursuant to uniform rules and conditions, which
11 shall include provision for:

12 (1) Watermaster control of all spreading or injection and extraction
13 scheduling and procedures for such stored water;

14 (2) calculation by Watermaster of any special costs, damages or
15 burdens resulting from such operations;

16 (3) determination by Watermaster of, and accounting for, all losses
17 in stored water; and

18 (4) payment to Watermaster for the benefit of the parties hereto of
19 all special costs, damages or burdens incurred. . .”

20 The Agreement is consistent with the Judgment and the Rules and Regulations adopted
21 by Watermaster. The Agreement includes provisions for: (1) Watermaster's control of the water
22 stored and spread in the Basin; (2) Watermaster’s calculation of all water spread and removed
23 pursuant to this Agreement; (3) the requirement that water delivered shall be subject to
24 Watermaster’s criteria for delivery of Supplemental Water and Watermaster’s Uniform Rules
25 and conditions governing payment and cyclic storage by Responsible Agencies; (4) a
26 determination by Watermaster that a reduction in delivery rate of Supplemental Water requires
27 a proration of all cyclic storage rights in the Basin; (5) a determination by Watermaster of, and
28

1 accounting for, all losses in stored water; and (6) approval in advance by Watermaster of the
2 time, place and amount of water spread within the Basin.

3 The Agreement utilizes the standard form for Cyclic Storage agreements developed by
4 Watermaster staff, including the Watermaster Engineer and General Counsel. (Zampiendo
5 Decl., ¶ 3). The Agreement provides for the utilization of the Basin's available storage capacity
6 subject to all terms and conditions of the Judgment entered herein. (Zampiendo Decl., ¶¶ 2, 4).
7 The Agreement further contains a number of provisions to protect Watermaster and the parties
8 herein from any losses or damages incurred in connection with the storage of water under the
9 Agreement. (Zampiendo Decl., ¶¶ 2, 4). The Agreement has been duly executed, subject to
10 Court approval, by Watermaster, Metropolitan and Upper District. (Zampiendo Decl., ¶¶ 5, 7).

11 **C. The Agreement Merely Serves as an Update to an Agreement Approved**
12 **Nearly Forty Years Ago and Reapproved Ever Since**

13 The Agreement is not the first cyclic storage agreement between Watermaster,
14 Metropolitan, and Upper District; the parties entered into one on July 1, 1985. (The July 1,
15 1985 agreement is attached hereto as Exhibit "2" to the declaration of Tony Zampiendo). That
16 agreement was subsequently approved by the Superior Court of California for the County of
17 Los Angeles. (The court's approval of the July 1, 1985 agreement ("Notice of Order Approving
18 Cyclic Storage Agreement") is attached hereto as Exhibit "3" to the declaration of Tony
19 Zampiendo). The July 1, 1985 agreement provided for the storage of 142,000 acre-feet of water
20 by Upper District. (Exhibit "2" at 5). The agreement lasted for five years. (*Id.* at 10). That
21 agreement has been renewed (by the parties pursuant to the terms of the agreement) a total of
22 eleven times by the parties. (Zampiendo Decl., ¶ 6).

23 In 2012, the Judgment was amended, allowing for the pre-purchase of supplemental
24 water. (Judgment Section 45(a)). This Agreement merely seeks to utilize the 2012
25 amendments to the Judgment to address the issue of droughts that are increasing in both
26 severity and frequency throughout the state by providing Upper District with a greater supply to
27 draw from in times of drought. To address that problem, the Agreement primarily changes two

1 terms – increasing the storage amount from 142,000 acre-feet to 200,000 acre-feet and
2 increasing the length of the agreement from five to ten years. Most other changes are
3 procedural or alter responsibilities between Upper District and
4 Metropolitan. Thus, this Agreement merely updates the original July 1, 1985 agreement, which
5 was previously approved by the Court, to bring it in-line with what is necessary in 2022.

6 For the reasons set forth above, Watermaster believes that the Agreement is consistent
7 with the Judgment, within the powers of Watermaster specified in the Judgment, in the best
8 interest of the Basin, and consistent with the Court’s approval of the July 1, 1985 agreement
9 between the parties. Watermaster respectfully requests this Court’s approval of the
10 Agreement.

11 **III. CONCLUSION.**

12 For the reasons set forth above, Watermaster believes that the Agreement is consistent
13 with the Judgment, within the powers of Watermaster specified in the Judgment, in the best
14 interest of the Basin, and consistent with the Court’s approval of the July 1, 1985 agreement
15 between the parties. Watermaster respectfully requests this Court’s approval of the
16 Agreement.

17
18 DATED: March 31, 2022

NOSSAMAN LLP
Frederic A. Fudacz
Alfred E. Smith

19
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21 By: 
22 Frederic A. Fudacz
23 Attorneys for Main San Gabriel Basin Watermaster
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1 **DECLARATION OF TONY ZAMPIELLO**

2 I, Tony Zampielo, declare as follows:

3 1. I am the Executive Officer for the Main San Gabriel Basin Watermaster
4 ("Watermaster"). I have personal knowledge of the following facts, and if called to testify as a
5 witness, I could and would competently testify thereto. This declaration is submitted in support
6 of the motion by Watermaster for an order approving Watermaster's execution of the Cyclic
7 Storage agreement ("Agreement") among Watermaster, Metropolitan Water District of
8 Southern California ("Metropolitan") and Upper San Gabriel Valley Municipal Water District
9 ("Upper District").

10 2. The purpose of the Agreement is to utilize the groundwater storage capacity of
11 the Basin for cyclic or regulatory storage of Supplemental Water. The Agreement provides for
12 the delivery of water by Metropolitan to Upper District in advance of demand for the water by
13 Upper District. Metropolitan shall have the right to use up to 200,000 acre-feet of space in the
14 Basin until such time as purchased from Metropolitan by Upper District to meet Upper District's
15 Supplemental Water requirements to Watermaster. Upon purchase of the water by Upper
16 District, that water shall be credited to the Supplemental Water requirements of Upper District
17 in accordance with all applicable terms of the Judgment and Watermaster's Rules and
18 Regulations.

19 3. The Agreement utilizes the standard form for individual party cyclic storage
20 agreements developed by Watermaster staff, including the Watermaster Engineer and General
21 Counsel.

22 4. The Agreement between Watermaster, Metropolitan and Upper District has been
23 reviewed by counsel for Watermaster. The Agreement provides for utilization of the Basin's
24 storage capacity and contains a number of provisions designed to protect Watermaster and
25 the parties herein from any losses or damages incurred in connection with the storage of water
26 under the Agreement.

EXHIBIT 1

**CYCLIC STORAGE AGREEMENT AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This Cyclic Storage Agreement (“Agreement”) is made as of March 01, 2022, by and among the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (“Metropolitan”), a public agency of the State of California, UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT (“Upper District”), a public agency of the State of California, and the MAIN SAN GABRIEL WATERMASTER (“Watermaster”), a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128, entitled, “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al” (the “Basin Adjudication”).

RECITALS

- A. Metropolitan is a wholesale provider to its 26 member agencies, created under The Metropolitan Water District Act (“MWD Act”). Wat. Code appen., §§ 109-25, 109-130.
- B. Metropolitan secures water for its member agencies, including Upper District, primarily by importing water from the California State Water Project (“SWP”) and the Colorado River.
- C. Upper District is a member public agency of Metropolitan and a wholesale water provider with a service area overlying the Main San Gabriel Basin (“Basin”), a groundwater basin located in Los Angeles County. Upper District was created under the Municipal Water District Law of 1911. Cal. Wat. Code, §§ 71000 et seq.

D. Water rights have been adjudicated in the Basin according to the Judgment in the Basin Adjudication. The Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water when an individual producer's production in the Basin exceeds his/her share of the operating safe yield, and for other purposes, hereafter referred to as "supplemental water requirements". The Judgment was most recently amended in 2012 in response to increasing uncertainties affecting the availability of local and supplemental water supplies. The 2012 Judgment amendment includes provisions to allow the Watermaster increased flexibility to acquire and store water during wet years for use during dry years. Upper District is responsible pursuant to the Judgment to provide supplemental imported water to Watermaster for recharge of the Basin on behalf of Upper District's member agencies ("Responsible Agency").

E. Pursuant to section 34(n) of the Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic storage of supplemental water for subsequent recovery or Watermaster credit to the storing entity with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.

F. Through this Agreement, the Parties intend to provide for the delivery of water by Metropolitan to Upper District in advance of demand for the water by Upper District to meet its supplemental water delivery requirements to Watermaster.

G. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have entered into an agreement whereby the Flood Control District will undertake the responsibilities associated with actual spreading operations in the Basin.

H. The Parties are entering into this Agreement for the purpose of giving Metropolitan the right to use up to 200,000 acre-feet of space in the Basin pursuant to the terms of this Agreement. The Parties intend for this Agreement to terminate and replace their Cyclic Storage Agreement No. AO1637, entered into on July 1, 1985 and subsequently amended eleven times, with the eleventh amendment made as of August 1, 2019.

COVENANTS

In consideration of the above recitals, covenants, and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, IT IS AGREED:

1. Definitions

The definitions contained in the Judgment as of the date of this Agreement, are hereby incorporated by this reference and made a part hereof.

2. Priority of Agreement Within the Basin

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is a supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy supplemental water requirements placed on Upper District by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other Cyclic Storage Agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

3. Storage of Metropolitan Water

Upper District hereby agrees to enter into a cyclic storage arrangement with Metropolitan through this Cyclic Storage Agreement and terminate their prior Cyclic Storage Agreement No.

AO1637. In order to manage its water resources, Metropolitan may store water with Upper District through the delivery of water in advance of Upper District's purchase of that water. Metropolitan may request that Upper District accept delivery of water for storage through direct spreading or injection, or through in-lieu means ("Metropolitan's Cyclic Storage"). Upper District may accept delivery of Metropolitan water through written confirmation to Metropolitan, for each delivery, that the water may be delivered to the Basin for future purchase by Upper District, in accordance with the terms of this Agreement.

The San Gabriel Exchange and Purchase Agreement executed between San Gabriel Valley Municipal Water District ("San Gabriel") and Metropolitan in September 2013, provides for a Metropolitan Cyclic Storage that may hold water delivered directly through Metropolitan's spreading connection or through sale or exchange between Metropolitan and San Gabriel. Watermaster agrees to transfer and to perform accounting for transfers from San Gabriel's cyclic storage account to Metropolitan's Cyclic Storage Account when Metropolitan and San Gabriel jointly make such request.

Watermaster agrees that Metropolitan's Cyclic Storage shall occupy space in the Basin pursuant to the Judgment. Watermaster agrees that Metropolitan's Cyclic Storage shall be credited to Metropolitan and shall occupy up to 200,000 acre-feet of space until such time as purchased from Metropolitan by Upper District to meet its supplemental water requirements to Watermaster. Upon purchase of the water by Upper District, that water shall be credited to the supplemental water requirements of Upper District in accordance with the Judgment.

All water stored in Metropolitan's account pursuant to this Agreement shall be: (i) spread by the Los Angeles County Flood Control District in accordance with its agreement with Watermaster; (ii) transferred by Watermaster from the San Gabriel cyclic storage account upon

request by San Gabriel and Metropolitan; (iii) or pursuant to other arrangements approved by Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster. Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

a) That water previously authorized to be stored under this Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operation; or

b) That such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or

c) That the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well or to protect basin water quality.

During periods of delivery, Metropolitan shall issue a monthly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage in Metropolitan's account. Such report shall be subject to Watermaster's verification.

4. Delivery, Amount, and Ownership of Stored Water

The amount of water to be stored in the Basin for Metropolitan under this Agreement shall not exceed 200,000 acre-feet at any point in time. Prior to each delivery of water by Metropolitan into the Cyclic Storage Account, the Parties shall mutually agree to: (1) the amount, location, and timing of actual water delivered pursuant to this Cyclic Storage

Agreement; and (2) a schedule by which Upper District shall purchase the stored water. Any amendment to the delivery schedule shall require mutual written agreement.

Until such time as Upper District purchases the stored water in accordance with Section 8, the water shall be accounted for in the Cyclic Storage Account, pursuant to Section 5.

5. Cyclic Storage Account

Watermaster agrees to perform accounting of spreading and transfer deliveries and purchases pursuant to this Agreement (the “Cyclic Storage Account”, or “Account”) and to report all spreading and extraction activities in compliance with the Judgment. Upper District will account for all spreading and transfer deliveries in and out of the Cyclic Storage Account and will maintain a record of the balance of water in the Cyclic Storage Account. The Parties to this Agreement will confirm accounting of transactions and balance at the end of each fiscal year for inclusion in the Watermaster Annual Report.

6. Delivery from the Cyclic Storage Account

Metropolitan shall deliver water to Upper District from the Cyclic Storage Account in accordance with the purchase schedule agreed to by the parties pursuant to Section 4. Metropolitan will bill Upper District for the water at the time of such deliveries in accordance with Section 8. In the event Upper District does not meet its purchase obligation in accordance with Sections 4 or 8, Metropolitan retains the prerogative to meet regular untreated water demands by Upper District either from water stored in its Cyclic Storage Account or from water in its distribution system. Metropolitan need not provide advance notice to Upper District when it exercises its prerogative under this Section.

7. Loss of Water

There shall be no losses assigned to Metropolitan's Cyclic Storage account as a result of the delivery process into the account. Water delivered into this Cyclic Storage Account shall be fully credited to Metropolitan's Account. Losses may be assigned to Metropolitan's Cyclic Storage Account only for water stored in the account after delivery. Watermaster may determine and assign losses in water stored in Metropolitan's Account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

8. Obligation for Purchase and Payment

Upper District agrees to purchase water from Metropolitan's Cyclic Storage Account in accordance with Sections 4 and 6 of this Agreement, but no later than the termination of this Agreement. Upper District shall be billed by and pay Metropolitan in accordance with the billing and payment provisions in Metropolitan's Administrative Code, as amended over time. The purchase of water from Metropolitan's Cyclic Storage Account shall be equivalent to the sale and delivery of water for purposes of applying the provisions of Metropolitan's Administrative Code. Payments to Metropolitan for such sale of water from its Cyclic Storage Account shall be calculated using Metropolitan's rate for full service untreated water in effect at the time of the sale of water to Upper District. The sale of water from Metropolitan's Cyclic Storage Account to Upper District shall be included in the calculation of the Upper District's Ten-Year Rolling Sales Average for purposes of Metropolitan's Readiness-to-Serve Charge at

the time stored water is sold to Upper District. The Metropolitan Capacity Charge shall not apply to cyclic water sales because Metropolitan shall deliver water for storage at its discretion.

9. Rent or Offset Credit

Unless otherwise separately agreed in writing for any specific delivery, it is hereby agreed that there shall be no charge, rent assessment, or expense incurred by Metropolitan by reason of the use of the Basin allowed hereunder, nor is there any credit or offset for the benefits thereof, nor shall there be any charge to Metropolitan for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the use of the Basin allowed herein.

10. Indemnity Clause

Neither Metropolitan nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied or delivered by Metropolitan to Upper District after such water has been delivered to Upper District; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond the point of such delivery; and Upper District shall indemnify and hold harmless Metropolitan and its officers, agents, and employees from any such damages or claims of damages, and shall reimburse Metropolitan for costs of repair of Metropolitan's facilities and other damages resulting from the operations of Upper District or the Watermaster. Neither Upper District nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water prior to such water being delivered to Upper District; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling,

use, disposal, or distribution of such water prior to its delivery to Upper District, excepting, however, claims by Metropolitan for costs of repair to Metropolitan's facilities and other damages resulting from the operations of Upper District or the Watermaster; and Metropolitan shall indemnify and hold harmless Upper District and its officers, agents, and employees from any such damages or claims of damages, except claims by Metropolitan for costs of repair of Metropolitan's facilities and other damages resulting from the operations of Upper District or the Watermaster.

11. Term

The term of this Agreement shall commence on the date and year listed at the beginning of the Agreement and shall terminate ten (10) years thereafter. An extension of this term can be made upon mutual written agreement of the Parties. Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension shall be acted upon.

12. Termination

In the event of a material breach hereunder, any party hereto may terminate this Agreement upon thirty (30) days' written notice to the other Parties hereto. Metropolitan may require amendment of this Agreement, or its termination, upon sixty (60) days' written notice if its Administrative Code is amended to change (i) the manner in which Metropolitan sets its water rates and charges for the sale and delivery of water (the rate structure), (ii) designations of classes of water service, or (iii) conditions of water service, in a manner which requires amendment of this Agreement. In the event this Agreement must be so amended, it shall be amended to provide water rates and charges applicable to water service for untreated water applicable to all of Metropolitan's member public agencies, except for any charge specifically set to recover costs incurred to meet peak distribution demands. In the event such an amendment to this Agreement cannot be obtained

from any Party, this Agreement may be terminated by Metropolitan upon sixty (60) days' written notice to the other Parties hereto.

In the event of termination with less than one-year notice, the Agreement shall continue for one year only for purposes of implementing deliveries from the San Gabriel Exchange and Purchase Agreement, Watermaster shall provide one-year notice of intent not to extend or to terminate this Agreement.

13. Purchase of Water After Termination

Upon notice of termination, Upper District is obligated to purchase all water remaining in the Metropolitan Cyclic Storage Account within 90 days. During this period, all untreated water demands from Upper District to Metropolitan will be met with Metropolitan's Cyclic Storage. Until the Cyclic Storage Account is depleted, Upper District shall not obtain water from sources other than Metropolitan with the exception of local resource projects developed to offset imported water requirements.

14. Notices

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Upper San Gabriel Valley Municipal Water District
602 E. Huntington Drive, Suite B
Monrovia, CA 91016
Attention: Tom A. Love, General Manager

To: Metropolitan Water District
700 N. Alameda Street
Los Angeles, CA 90012
Attention: Deven Upadhyay, Chief Operating Officer

To: Main San Gabriel Basin Watermaster
725 N. Azusa Avenue
Azusa, CA 91702
Attention: Anthony Zampello, Executive Officer

15. Interpretation

The Parties have developed this Agreement jointly and in consultation with their respective legal counsel. No ambiguity shall be resolved against any Party on the premise that it or its attorneys were responsible for drafting this Agreement or any of its terms.

16. Governing Law

This Agreement shall be construed in accordance with and be governed by the laws of the State of California.

17. Counterparts

This Agreement may be executed in counterparts, and signatures transmitted via facsimile or electronic mail shall be deemed to be originals.

18. No Third Party Rights

This Agreement does not create any rights enforceable by any person or entity that is not a Party to this Agreement.

19. Authority

The Parties represent that the persons executing this Agreement on their behalf are authorized to do so.

20. Assignment

No Party shall assign its rights under this Agreement without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate as of the date and year listed at the beginning of the Agreement.

Approved as to form:

Upper San Gabriel Valley
Municipal Water District

Steven O'Neill
Olivarez Madruga Lemieux O'Neill, LLP

DocuSigned by:
By: Steven O'Neill
73F5513FD25E409
General Counsel

DocuSigned by:
By: Thomas A Love
836E77F78E384AC
Tom A. Love
General Manager

Date: 3/7/2022

Date: 3/8/2022

Approved as to form:

The Metropolitan Water District
of Southern California

Marcia L. Scully
General Counsel

DocuSigned by:
By: Marcia Scully
9D1F0C9E7D578409
General Counsel

DocuSigned by:
By: Adel Hagekhalil
8E4063CE85EF4D2
Adel Hagekhalil
General Manager

Date: 3/14/2022

Date: 3/14/2022

Approved as to form:

Main San Gabriel Basin Watermaster

Frederic A. Fudacz
Nossaman LLP

DocuSigned by:
By: Frederic A. Fudacz
928E53514AC5438
General Counsel

DocuSigned by:
By: Tony Zampielo
33E0A801B00B411
Anthony Zampielo
Executive Director

Date: 3/9/2022

Date: 3/14/2022

EXHIBIT 2

CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AGREEMENT, is made as of the 1st day of July, 1985, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan"; the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District"; and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, herein referred to as "Watermaster".

EXPLANATORY RECITALS

1. Water rights have been adjudicated in the Main San Gabriel Basin (hereinafter referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled, "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water when an individual producer defendant's production in the Basin exceeds his share of the operating safe yield, and for other purposes, hereafter referred to as "supplemental water requirements". Such purchase of supplemental water is confined to three Responsible Agencies, as defined in the

Judgment, which have a source of supplemental water to the Basin.

2. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District, on an interruptible basis, for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by Watermaster to furnish water imported by Metropolitan for supplemental water purposes.
3. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project, hereafter referred to as "State Project Water". A portion of this water supply will be used to meet supplemental water requirements placed on Upper District by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times, Metropolitan may have quantities of State Project Water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for water is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State Project

Water is not as readily adjustable without possible adverse financial consequence.

4. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of cyclic storage agreements to provide for utilization of available storage capacity in Southern California groundwater basins in conjunction with the operation of the State Water Project during its early years of operation, to take advantage of relatively low energy costs, and to reduce future State Water Project construction burdens to the extent reasonably practicable.
5. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 17 of the Judgment; however, pursuant to Section 26(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.
6. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby said District will undertake the responsibilities associated with actual spreading operations in the Basin.

7. Metropolitan entered into an Agreement titled, "Cyclic Storage Agreement - Main San Gabriel Basin," on January 17, 1975, with Upper District and Watermaster. The Agreement granted Metropolitan the right to store 85,000 acre-feet of State Project Water in the Main San Gabriel Basin. That amount was increased to 142,000 acre-feet in 1980 when the Agreement was extended for a second five-year term. The Agreement expired on January 16, 1985. During the past ten years, the Agreement provided Metropolitan with increased operating flexibility at minimum cost, the ability to store water in the Basin during years of abundant water supply, and made such stored water available for transfer and sale to Upper District when Metropolitan could not make, or it was operationally inconvenient to make, deliveries to meet replenishment water requirements. All parties have benefited from the cyclic storage program during the past ten years, therefore, it is the intent and desire of the parties hereto to enter into another five year cyclic storage agreement so that State Project Water may be spread and stored within the Basin for Metropolitan for subsequent use by Upper District for Watermaster credit.

8. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

AGREEMENTS

9. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

10. Agreement Status

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

11. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State project water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 142,000 acre-feet at any point in time.

On January 16, 1985, there was 4,862.4 acre-feet of cyclic stored water that remained in Metropolitan's storage account in the Basin at the time the January 17, 1975, cyclic storage agreement was terminated. That amount shall be transferred to Metropolitan's cyclic storage account under this Agreement on the effective date described under Paragraph 19. In the event this Agreement is terminated for any reason whatsoever, Metropolitan shall retain ownership of all water stored for its account and the terms and conditions of this Agreement affecting disposition of said stored water is to continue until such time as ownership of said water or any portion thereof is transferred by Metropolitan to Upper District and such transfer is recorded by Watermaster.

12. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that when the water level of the Baldwin Park Key Well is at or above elevation 250 Watermaster shall direct Metropolitan not to spread in the Basin; or to limit its spreading activities to the Ben Lomond, Citrus, Forbes, Irwindale, Live Oak, San Dimas and Walnut Creek Spreading Grounds, or any one of them, as directed by Watermaster, unless otherwise approved by the Court.

Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

- (a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operation; or
- (b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
- (c) that the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

Metropolitan shall issue a quarterly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.

13. Metropolitan's Delivery Prerogative

Subject to the provisions of Paragraph 12 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored

for its account in the Basin or from surplus water that may be available in its distribution system.

If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan's Administrative Code, during the monthly billing period for which the water is requested.

14. Loss of Water

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

15. Obligation for Payment

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State Project Water, which may subsequently be purchased by Watermaster from Upper District to meet the supplemental water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan will have caused to be spread more supplemental

water than required on behalf of Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water transfer or delivery. Upper District shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Upper District in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment in effect at the time of such transfer or delivery.

16. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services

utilized in connection with the storage rights granted herein.

17. Indemnity Clause

Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

18. Term

The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.

19. Effective Date of Agreement

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

20. Termination

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice, if the conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sales to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sales which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract cannot be obtained from Watermaster, this contract may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

21. Notices

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Watermaster
11310 E. Valley Boulevard
El Monte, CA 91731

To: Upper San Gabriel Valley Municipal Water District
11310 E. Valley Boulevard
El Monte, CA 91731

To: Metropolitan
1111 Sunset Boulevard
P.O. Box 54153
Los Angeles, CA 90054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

MAIN SAN GABRIEL BASIN WATERMASTER

ATTEST:

By Robert B. Birken
Secretary

By Lin E. Magg
Chairman

APPROVED AS TO FORM
AND EXECUTION:

Joseph B. Achen
Attorney for Watermaster

(SEAL)

ATTEST:

Quinn R. Wotey
Secretary

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By [Signature]
President

APPROVED AS TO FORM.
AND EXECUTION:

Arthur S. Kilman
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By Daren E. Coff
Executive Secretary

By Carl J. [Signature]
General Manager

APPROVED AS TO FORM:
Warren J. Abbott
General Counsel

By [Signature]

(SEAL)

EXHIBIT 3

1 HELM, BUDINGER & LEMIEUX
2 An Association, including
3 A Professional Corporation
4 4444 Riverside Drive, Suite 204
5 Burbank, CA 91505

6 (818) 842-2000

7 Attorneys for Watermaster



8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
9

10
11 UPPER SAN GABRIEL VALLEY) No. 924128
12 MUNICIPAL WATER DISTRICT,)
13 Plaintiff,) NOTICE OF ORDER APPROVING
14 vs.) CYCLIC STORAGE AGREEMENT
15 CITY OF ALHAMBRA, et al,)
16 Defendants.) Hearing: July 18, 1985
Dept. 30, 9:00 a.m.

17 TO: DESIGNEES OF ALL PARTIES HEREIN:

18 PLEASE TAKE NOTICE that on July 18, 1985, at 9:00 o'clock
19 a.m. in Department 30 of the above entitled court, Judge Philip
20 F. Jones, Judge Presiding, the attached order was made herein
21 and entered.

22 DATED: July 18, 1985

23 HELM, BUDINGER & LEMIEUX

24
25 By Ralph B. Helm
26 Ralph B. Helm, Attorneys for
27 Watermaster
28

1 HELM, BUDINGER & LEMIEUX
2 An Association, including
3 A Professional Corporation
4 4444 Riverside Drive, Suite 204
5 Burbank, California 91505

6 (818) 842-2000

7 Attorneys for Watermaster

ORIGINAL FILED

JUL 18 1985

COUNTY CLERK

8 SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

9
10
11 UPPER SAN GABRIEL VALLEY) No. 924128
12 MUNICIPAL WATER DISTRICT,)
13) ORDER APPROVING CYCLIC
14 Plaintiff,) STORAGE AGREEMENT
15)
16 vs.)
17)
18 CITY OF ALHAMBRA, et al,)
19)
20 Defendants.) Hearing: July 18, 1985
21) Dept. 30, 9:00 a.m.
22)
23)
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29 Pursuant to Paragraph 26(n) of the Judgment herein, the
30 Petition of Watermaster for approval of the Cyclic Storage
31 Agreement between Watermaster, The Metropolitan Water District
32 of Southern California and Upper San Gabriel Valley Municipal
33 Water District, Watermaster, and notice thereof, duly and
34 regularly came on for hearing on July 18, 1985. HELM, BUDINGER
35 & LEMIEUX and Ralph B. Helm appeared as Attorneys for
36 Watermaster, and proof being made to the satisfaction of the
37 Court and good cause appearing:

38 Watermaster is hereby authorized to enter into a five year
39 renewable Cyclic Storage Agreement Main San Gabriel Basin dated

1 July 1, 1985, by and between The Metropolitan Water District of
2 Southern California, Upper San Gabriel Valley Municipal Water
3 District and the Main San Gabriel Basin Watermaster.

4 DATED: July 18, 1985

5 
6 _____
7 Judge Specially Assigned
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View a Reservation

Reservation
Reservation ID: 898338509961
Reservation Type: Motion re: (Motion for Order Approving Cyclic Storage Agreement)
Case Number: C924128
Case Title: UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT vs CITY OF ALHAMBRA
Filing Party: Main San Gabriel Basin Watermaster (Real Party in Interest)
Location: Stanley Mosk Courthouse - Department 38
Date/Time: May 9th 2022, 9:30AM
Status: RESERVED
Number of Motions: 1

Motions
Motion re: (Motion for Order Approving Cyclic Storage Agreement)
Reschedule >
Cancel >

Reservation History			
Status	Date	Status	Action
			Chat

Status Date	Status	Action
03/30/2022 2:13PM	Updated by the COURT Date: May 9th 2022, 9:30AM Location: Stanley Mosk Courthouse - Department 38 Motions: 1	
02/04/2022 4:00PM	Reserved by User Date: May 6th 2022, 9:30AM Location: Stanley Mosk Courthouse - Department 38 Motions: 1	\$ View Receipt

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Court Reservation Receipt

Reservation	
Reservation ID: 898338509961	Status: RESERVED
Reservation Type: Motion re: (Motion for Order Approving Cyclic Storage Agreement)	Number of Motions: 1
Case Number: C924128	Case Title: UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT vs CITY OF ALHAMBRA
Filing Party: Main San Gabriel Basin Watermaster (Real Party in Interest)	Location: Stanley Mosk Courthouse - Department 38
Date/Time: May 6th 2022, 9:30AM	Confirmation Code: CR-PJWGPMFB2N5ZZODZH

Fees			
Description	Fee	Qty	Amount
Motion re: (name extension) *** Fees Exempted by Fee Waiver ***	60.00	1	0.00
TOTAL			\$0.00

Payment	
Amount: \$0.00	Type: FEE_WAIVER

[← Back to Main](#)

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