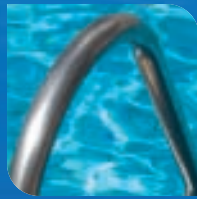


SAN GABRIEL VALLEY
MUNICIPAL
WATER DISTRICT

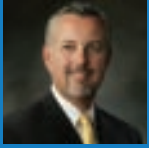
AZUSA | SIERRA MADRE | MONTEREY PARK | ALHAMBRA

MANAGING &
CONSERVING OUR WATER RESOURCE



2008 ANNUAL REPORT

BOARD OF DIRECTORS



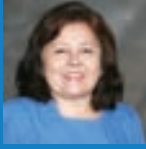
Mark R. Paulson
Division I



Thomas Love
Division IV



John S. Leung
Division II



Carol Montano
Division V



Joseph C. Reichenberger
Division III, President

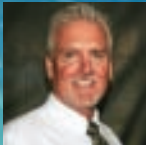
Mission Statement

To help our four member cities manage their water supply safely and cost-effectively by:

- Improving the quality and quantity of the water supply
- Investing in water technology and infrastructure
- Providing cost savings and stability for homes and businesses
- Promoting water conservation efforts



Darin J. Kasamoto
General Manager



Dave Johnson
Assistant Manager



Dear Friends:

The Water District had a productive 2008. The worsening drought and economic conditions created a sense of urgency for the District in its efforts to assist our member cities. Our primary accomplishment was delivering 7,212 acre feet of water from the State Water Project to supplement water supplies in the Basin, in spite of severe restrictions on imported water supplies.

We also lowered property tax rates in member cities by 10 percent, and provided significant financial assistance to our member cities to support water quality and supply projects. Our enhanced public education program, featuring the H₂Owl mascot, informed and motivated thousands of youth and residents to conserve water.

We've set aggressive goals for 2009 such as:

- Maintaining our current level of financial reserves
- Replenishing the San Gabriel Basin's water supply by delivering in excess of 4,000 acre-feet of water from the State Water Project
- Studying alternate sources of replenishment water including recycled water for groundwater recharge and recycled water for direct use in Monterey Park and Alhambra
- Expanding our school/youth outreach programs to include educational activities and H₂Owl mascot appearances at schools and community events
- Possibly expanding our appliance rebate program to include high-efficiency clothes washers and smart irrigation controllers
- Implementing water-saving pilot programs targeted to residences, public facilities, and heavy water-using buildings and facilities.

We appreciate the opportunity to partner with our member cities to protect our water resource and welcome your input and recommendations.

Sincerely,

Joe Reichenberger
President, Board of Directors
San Gabriel Valley Municipal Water District

THE WATER CHALLENGE

FACING OUR MEMBER CITIES

Geographic, Climatic, and Political Challenges

Although we live in what many would consider to be an ideal climate, our desert topography (scant water resources) and desert climate (scarce rainfall) pose significant water supply challenges. Increasing population, expanding businesses, ongoing agricultural uses, and environmental issues throughout the southwestern United States place an unprecedented demand on our regional and local water supplies and infrastructure. The ongoing drought, recent court decisions, and changing government water policy make our predicament worse, as both local and regional sources of water are being limited in new ways.

Here's a snapshot of our present drought situation:

- rainfall in southern California is below both last year's levels and annual averages
- snow moisture content in the Sierra Nevada Mountains is below both last year's levels and annual averages
- reservoir levels statewide are well below average and below capacity
- Endangered Species regulations limit water supplies for the State Water Project.

Partnering for a Long-Term Solution

In 1959, our member cities made the strategic decision to band together to create the Water District as a form of water "insurance." Today, the District is again focusing on strategic partnerships to develop long-term water solutions. First and foremost, we are providing financial assistance in the form of grants and loans to help member cities build necessary infrastructure such as water treatment facilities and reservoirs.

Second, we are working with our member cities to test improved technology/equipment that decreases water loss such as Advanced Metering Infrastructure (AMI) and Automated Meter Reading (AMR) systems. Third, we plan to pilot equipment and programs that reduce outside water usage such as "smart" irrigation timers and water-efficient landscaping. Additionally, we are partnering with nearby water agencies to explore innovative recycled water programs and to conduct educational workshops for heavy water-using industries and facilities.

*Use drought-tolerant plants
in residential or commercial
landscaping.*



Conservation and Education to Combat the Drought

It's been said that water conservation is the quickest and least expensive source of "new" water. All around us we are hearing increased talk of water rationing and strict enforcement of water use regulations. We must implement an effective and sustainable strategy of changing water-wasting attitudes and behavior. This is why we are making significant investments in public education geared toward residents, employers, youth and schools. Our goal is to expand our equipment rebate program this year to provide added incentives to residents and employers to conserve water and, in these tough economic times, to save money. In the bigger global picture, saving water also saves energy which increases our energy independence and has a positive effect on climate change.

2008 HIGHLIGHTS

Cover pools and spas to minimize evaporation.



OPERATIONS HIGHLIGHTS

The District's primary role is to deliver replenishment water through a complex delivery system that provides water "insurance" to our member cities – Alhambra, Azusa, Monterey Park and Sierra Madre.

The "heart" of the water delivery system is the Devil Canyon-Azusa Pipeline, which was constructed by the District in 1972 to deliver water from the State Water Project to the Main San Gabriel Basin. The Pipeline is about 38 miles long and runs west from the Devil Canyon Metering Facility in the San Bernardino Mountains to the San Gabriel Canyon Spreading Grounds in Azusa. The Pipeline's capacity is 55cfs (cubit feet per second), which is the equivalent of 27,450 gallons per minute.

The Water District's service area is spread over twenty-seven square miles. Combined, we serve a population of over 200,000 people.



Our major operational accomplishments in 2008 included:

- Delivering 7,212 acre feet of water from the State Water Project into the Basin; a portion of that water was used to generate power through our hydroelectric facilities for the City of Azusa
- Maintaining three pressure reducing stations along our pipeline in Glendora, LaVerne and Fontana
- Replacing the deteriorated 24" discharge piping into the San Gabriel Spreading Grounds from our Azusa Flow Control Facility
- Assisting member cities with projects such as water treatment facilities, reservoir construction, water conservation and recycled water
- Upgrading the SCADA System (Supervisory Control and Data Acquisition) in our Operation Center, which controls and monitors the pipeline and pressure reducing stations
- Relocating 4,000 feet of the District's 30" mainline for the Rosedale Housing Project in the City of Azusa, and nearing completion of related road construction adjacent to District headquarters
- Continuing our "green energy" initiative which generates electricity through our 1.05 megawatt hydroelectric power plant at the San Dimas turnout

State Water Project



Hydroelectric Power Plant



Pipe Replacement



FINANCIAL HIGHLIGHTS

The District's water rate is \$130 per acre foot. It has been at this rate since 1994. This is in marked contrast to rates of \$251.90 per acre foot and \$261 per acre foot at nearby districts. This provides low cost water "insurance" to member cities by ensuring that replenishment water is available to member cities at very competitive market prices. The Water District assesses residents in its member cities at a very reasonable rate that is applied to their property taxes.

Our major financial accomplishments in 2008 included:

- Lowering the applicable property tax rate in member cities by 10 percent for the upcoming year
- Providing \$3.9 million to the city of Alhambra in the form of a grant and no-interest loan to help fund its new \$13.2 million water treatment facility (a)
- Providing approximately \$3 million to the city of Sierra Madre in the form of a grant and no-interest loan to help fund its Miramonte Reservoir project (b)
- Providing a \$2 million no-interest loan to the city of Monterey Park for construction of water treatment facilities (c)



(a)



(b)



(c)

Use a broom
instead of a hose to clean
driveways and sidewalks.



PUBLIC EDUCATION & WATER CONSERVATION HIGHLIGHTS

Another of the District's primary goals is to provide public outreach to inform residents, employers, youth and schools about water issues and water conservation. As the region's drought has worsened, the District has put added emphasis on offering helpful information and incentives to conserve water.

Our major public education and water conservation accomplishments in 2008 included:

- Debuting the "H₂Owl" mascot as the cornerstone of our expanded public outreach and education program, with appearances in all four cities, reaching thousands of youth, residents and workers
- Updating and redesigning the District's web site and exhibit display
- Continuing the Ultra Low Flush Toilet give-away program
- Introducing the new *Pipeline e-newsletter* to inform our residents and community leaders of important events and District news
- Providing water saving tips to residents, employers, community leaders, youth and schools via public service ads in local newspapers and our web site
- Conducting outreach to Asian-language media and community leaders



OPERATIONAL OVERVIEW

Delivering Supplemental Water to the San Gabriel Valley

The San Gabriel Valley Municipal Water District was approved in 1959 by voters in Alhambra, Azusa, Monterey Park and Sierra Madre to help those cities meet their long-term water needs. Constructed from 1969-1970, the District's Devil Canyon-Azusa Pipeline delivers water from northern California via the State Water Project to the Main San Gabriel Basin to replenish the aquifer underlying our communities. This thoughtfully planned and engineered system is maintained and operated by Water District personnel 365 days a year.

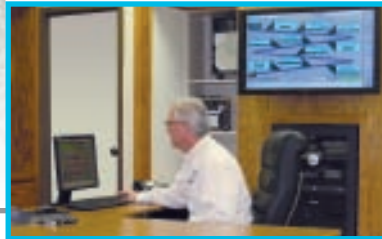
Spreading Grounds

Spreading grounds are operated and maintained by the Los Angeles County Department of Public Works. Water from our pipeline percolates from the spreading grounds to recharge underground aquifers.



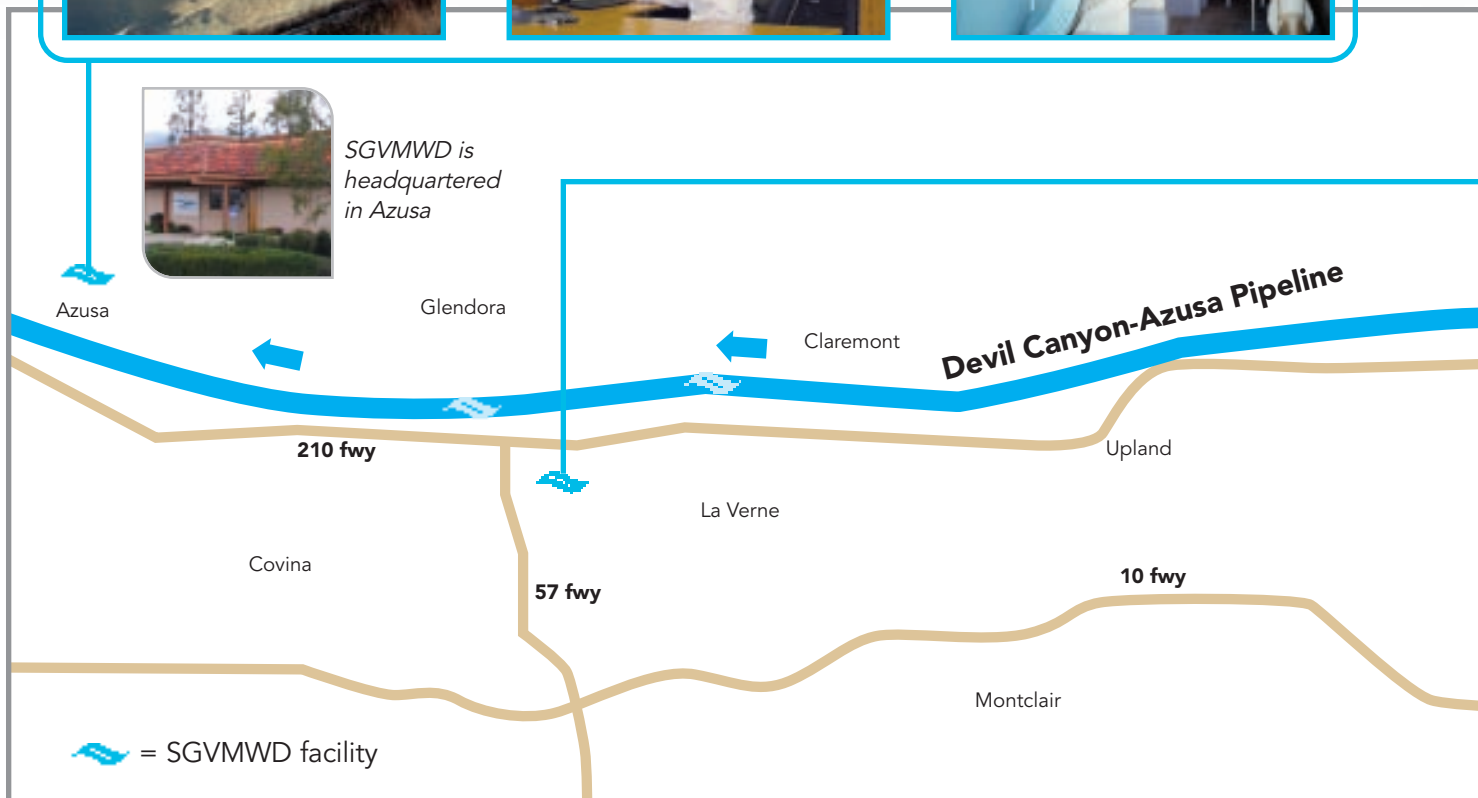
Operation Center

The Operation Center is located at District headquarters. The state-of-the-art computerized Supervisory Control and Data Acquisition control system (SCADA), controls and monitors the pipeline and pressure reducing stations.



Turnouts

As water flows from the State Water Project to our spreading grounds, the water flow and pressure are controlled at pressure-reducing stations located in Glendora, La Verne, and Fontana.



Repair leaks in inside plumbing and external sprinkler systems promptly.



Green Power/Hydroelectric Generator

A turbine generator, powered by water flowing in the pipeline, creates electricity. Built in 1985, this generator produces enough electricity for over 500 homes annually. The revenue helps to offset some of our operating costs.



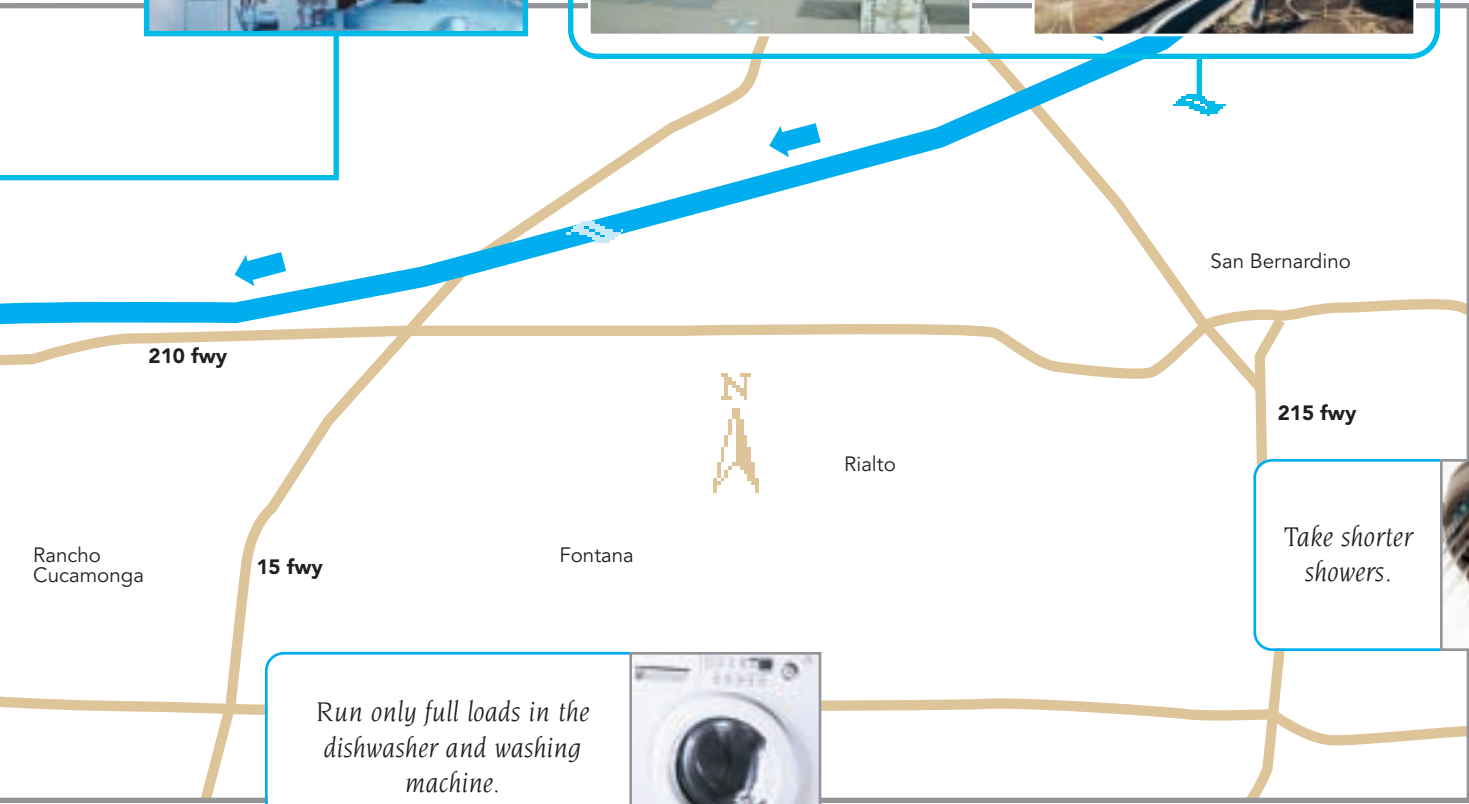
Devil Canyon Power Plant

Water coming from the State Water Project (California Aqueduct) powers turbines in the Devil Canyon Power Plant near Lake Silverwood, and then enters the pipeline through the slidegate.



State Water Project (California Aqueduct)

Water for the Main San Gabriel Basin originates from the State Water Project, also known as the California Aqueduct. Pumps and gravity help move the water from northern California to our Basin.



Run only full loads in the dishwasher and washing machine.



Take shorter showers.



SAN GABRIEL VALLEY
MUNICIPAL



WATER DISTRICT

AZUSA | SIERRA MADRE | MONTEREY PARK | ALHAMBRA

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