

SAN GABRIEL VALLEY
MUNICIPAL

WATER DISTRICT

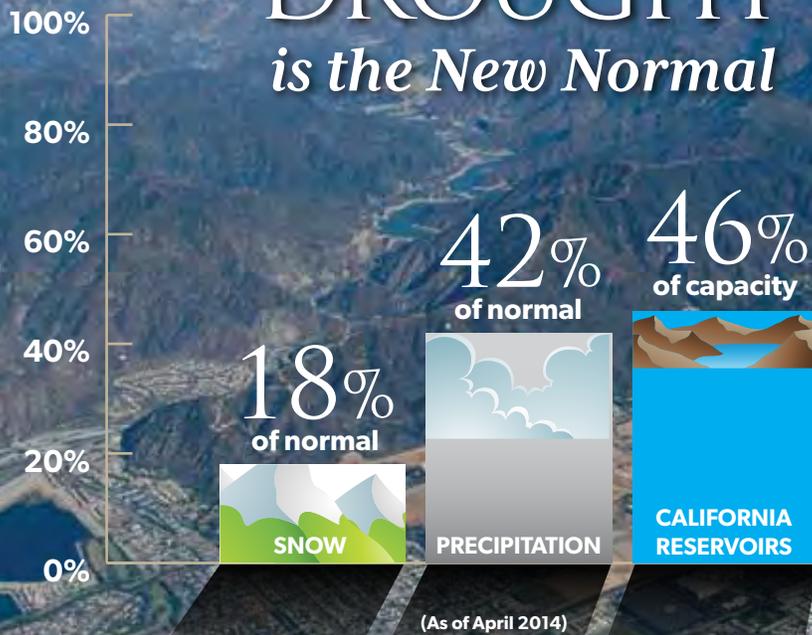
AZUSA | SIERRA MADRE | MONTEREY PARK | ALHAMBRA

2013-14 ANNUAL REPORT



MANAGING, CONSERVING AND DEVELOPING
OUR WATER RESOURCES

DROUGHT *is the New Normal*



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Thomas Love
Division IV,
Sierra Madre,
President

Mission Statement

The San Gabriel Valley Municipal Water District is dedicated to providing reliable water for the communities of Alhambra, Azusa, Monterey Park and Sierra Madre in a cost-effective manner.



Darin J. Kasamoto
General Manager



Dave Johnson
Assistant
Manager



Dear Friends:

Our Board is proud to represent the member cities which make up the San Gabriel Valley Municipal Water District during these critical times for our "water resources." The "Drought Emergency" and severe cutbacks in water deliveries via the State Water Project are a wake-up call for the water industry and all stakeholders to take action to increase water conservation, protect water quality and develop new water supply solutions.

Fortunately, the San Gabriel Valley and our member cities have planned ahead and our water supply situation is better than many parts of California. We have enough water stored locally to meet the Valley's needs for the next year or two, even if the current drought continues, and we will continue to work with the State Water Project to optimize the amount of supplemental water we can deliver to the San Gabriel Valley.

2013-14 in Review

Internally, District's first long-range strategic planning process in many years resulted in a new Committee structure that increases the efficiency and effectiveness of our Board and management. Another outcome is an unprecedented number of financial, operational and asset reviews to create a stronger base of information to guide decision making.

Externally, we increased the amount of partnering we do with other water agencies and community organizations. Two years ago, our District pioneered the first annual San Gabriel Valley Water Forum in partnership with four other San Gabriel Valley water agencies. In 2013 we went a step further with the 2nd Annual Water Forum (featuring Felicia Marcus, Chair of the State Water Resources Control Board, and Erin Brockovich, environmental advocate), and initiated a series of "Mini-Forums" to reach out to students, educators, labor leaders and local businesses.

Operationally and financially, we had numerous accomplishments:

- The District delivered approximately 10,080 acre-feet (AF) of water in 2013 that was "banked" in the aquifer for use by our member cities. This compares to 18,720 AF in 2012, 23,040 AF in 2011 and 14,400 AF in 2010 (one AF supplies water for a typical suburban family for one year).
- While water rates are increasing in the region, ranging from \$600-900 per acre-foot in some cases, we have kept the cost of supplemental water sold to our cities at \$130 per AF since 1989. We've also kept our tax rate low and nearly unchanged for more than 30 years.
- We upgraded our computerized Supervisory Control and Data Acquisition system (SCADA) with more efficient and sophisticated technology. This upgrade is the first in the field since 1995 and the first at headquarters since 2007.
- Produced a \$104,000 positive budget impact through our hydro-electric facility.
- We executed an historic water exchange agreement that enhanced the District's fiscal reserves, helped the City of Sierra Madre manage an unprecedented water supply crisis as local wells ran dry, and enhanced water supplies in the San Gabriel Valley.

We are committed to expanding our water conservation and education program which initiated four new water conservation pilot projects at local schools and a regional YMCA, extended our school programs to more than 10,000 students and parents, featured our popular H₂Owl mascot reaching out to tens of thousands of residents at local, grassroots events including some events targeted to Asian and Spanish-speaking residents, and included website improvements, e-Pipeline newsletter distribution, and bus shelter and newspaper informational ads.

2014 and Beyond

Our response to the "Drought Emergency" is centered on both Integrated Resource Planning (IRP) to identify new means of ensuring water reliability, and enhanced partnerships with member cities on water conservation projects. Our public outreach and education programs will continue to lead the way in the San Gabriel Valley to involve the public in the water dialogue.

Our message is: "Know Your H₂O." We encourage people to be as informed about water policy and issues as they are with education, transportation, public safety and health care. The public will have a big say in the future on policy and funding decisions affecting water reliability and water quality in the San Gabriel Valley such as recycled water, water pricing, the Bay Delta Conservation Plan and the 2014 Water Bond.

As the Valley's "Water IQ" increases, we stand a much better chance of shaping solutions that protect the future of water supply and, in turn, our health, economy, environment and quality of life. We look forward to working with our member cities and seek your continued input on how we may serve you better.

Sincerely,

Thomas A. Love
President, Board of Directors, San Gabriel Valley Municipal Water District

P.S. Everyone at the District would like to thank long-time employee Linda Flowers for her 27 years of tremendous dedication and service as she retires in June. We wish Linda and her family the best of health and prosperity in future years.

THE WATER CHALLENGE FACING OUR MEMBER CITIES

Water Supply, the Drought and Water Conservation in the San Gabriel Valley

Ensuring a reliable and safe water supply in the San Gabriel Valley is critical to our health, environment and economy. Shouldn't you know as much about "water" as you do about other public policy issues such as education, transportation, health care and public safety? We know you have questions about the drought...and late winter storms...and the Valley's water supply...and water conservation...and water prices...and water rationing...and more...

Thus, we've created a new section on our website entitled, "Know Your H₂O: Drought Update," which includes frequently asked questions and answers about our water supply, the current drought and water conservation. Here is a summary of the information.

Water Supply in the San Gabriel Valley

65-70% of the Valley's water supply is comprised of local groundwater. The rest is largely imported water from the State Water Project. Imported water deliveries have been reduced significantly due to the drought, but we continue to pump and use local groundwater. Because our ability to replenish that groundwater has been reduced, groundwater supplies are declining more rapidly than usual. The need for conservation and development of alternate water supply solutions such as recycled water and storm water capture is critical.

You'll find answers to these and other water supply questions in our "Know Your H₂O: Drought Update:"

- Is our City going to run out of water?
- Where does groundwater in the San Gabriel Valley come from and what other sources of water does the San Gabriel Valley utilize?
- How are our groundwater supplies managed so that each City gets its fair share?
- Will water rationing or price increases be mandatory?

The Current Drought

As a result of the serious drought, reservoir levels, snow pack/moisture content and groundwater levels are all lower than desired. We are at the whim of Mother Nature and must remember we live in a desert where droughts are common over the long-term.

You'll find answers to these and other drought-related questions in our "Know Your H₂O: Drought Update:"

- What is a drought and when has California experienced droughts before?
- Are we still in a drought and when will it end?
- What sources of our water are being impacted by the drought?

Water Conservation

Water conservation is the easiest, most efficient and least expensive means of fighting the drought and preserving our water supply. Every drop of water conserved saves money, saves energy, and does not need to be imported or recycled. The Valley has achieved 15% water conservation the past few years, but increased water conservation is needed.

You'll find answers to these and other water conservation-related questions in our "Know Your H₂O: Drought Update:"

- What can I do to save water?
- Why should I use water-wise plants and landscaping?
- What water conservation pilot projects, rebate programs and education programs does the District provide, especially for schools and youth?

Please view/download the "Drought Update" on our website (www.sgvnwd.org), or request a copy by contacting us (feedback@sgvnwd.com or 626-969-7911).



You've asked:
"Where does my water come from?" Here are the answers.

Alhambra's water supply:

Alhambra's water supply is primarily groundwater pumped from a portion of the Main San Gabriel Basin which is referred to as the "The Alhambra Pumping Hole." The City supplements this source of water with a direct connection to the Metropolitan Water District's (MWD) pipeline. Whenever the City's groundwater production exceeds its water rights, untreated imported water is delivered to the San Gabriel Basin via the pipeline operated by the San Gabriel Valley Municipal Water District to replace that amount of water which was produced in excess of the City's water rights. Water is treated, pumped to and stored in reservoirs located in the City, and then transported via the City's water distribution system to your tap.

Azusa's water supply:

Azusa draws its water primarily from San Gabriel Basin wells located in Azusa adjacent to spreading grounds which are located at the terminus of the pipeline operated by the San Gabriel Valley Municipal Water District. The City supplements this source of water with water from the San Gabriel River. Whenever the City's groundwater production exceeds its water rights, untreated imported water is delivered to the San Gabriel Basin via the pipeline operated by the San Gabriel Valley Municipal Water District to replace that amount of water which was produced in excess of the City's water rights. Water is treated, pumped to and stored in reservoirs located in the City, and then transported via the City's water distribution system to your tap.

Monterey Park's water supply:

Monterey Park's water comes primarily from San Gabriel Basin wells located in neighboring Rosemead. Whenever the City's groundwater production exceeds its water rights, untreated imported water is delivered to the San Gabriel Basin via the pipeline operated by the San Gabriel Valley Municipal Water District to replace that amount of water which was produced in excess of the City's water rights. Water is treated, pumped to and stored in reservoirs located in the City, and then transported via the City's water distribution system to your tap.

Sierra Madre's water supply:

Sierra Madre's groundwater historically came primarily from wells in the Raymond Basin and from surface water that is transported via tunnels reaching into the San Gabriel Mountains. Presently, in early 2014, Sierra Madre is 100 percent reliant on its MWD connection due to low groundwater levels in its local wells. Water is treated, pumped to and stored in reservoirs located in the City, and then transported via the City's water distribution system to your tap.

2013-14 HIGHLIGHTS

WATER SUPPLY RELIABILITY & OPERATIONS HIGHLIGHTS

The District's operational focus is to deliver imported replenishment water from the State Water Project (California Aqueduct) through our pipeline to underground aquifers in the San Gabriel Valley, where it is stored for future use. We provide "water insurance" to our member cities – Alhambra, Azusa, Monterey Park and Sierra Madre.

Our major operational accomplishments in 2013 included:

- Supplemental Water – despite drought-related cutbacks in water allocations from the state, we delivered 10,080 acre-feet (AF) of water in 2013 compared to 18,720 AF in 2012, 23,040 AF in 2011, 14,400 AF in 2010 and 11,520 AF in 2009 (one AF supplies water for a typical suburban family for one year).
- Water Supply Exchange Agreement – we executed an historic water exchange agreement enhancing both available water supplies to the San Gabriel Valley and the District's fiscal reserves.
- Master Plan Upgrade for SCADA System (Supervisory Control and Data Acquisition) – investments in new equipment in both the Field and Headquarters provide more efficient and sophisticated computerized support for our water delivery system.
- "Green" Energy – we operate a 1.05 megawatt hydroelectric power plant to generate "green power" as the gravity-fed water flows through our pipeline. We are studying the feasibility of seeking funding to build additional hydroelectric plants along our pipeline.



New computer hardware (Programmable Logic Control) helps the District manage and monitor its pipeline and facilities.



The District is one of 29 state water contractors which receive water allocations from the State Water Project (SWP), which delivers/imports water from northern California to replenish groundwater in the San Gabriel Valley. The District's Devil Canyon-Azusa Pipeline connects to the SWP's California Aqueduct and has been importing water since 1975 to supplement local supplies.

FINANCIAL HIGHLIGHTS

The District continued its tradition of conservative management and fiscal prudence. California's Drought Emergency, reduction in State Water Project deliveries, and reduced water supplies – groundwater, reservoirs and snow pack – have brought the subject of water costs and water rates in California to the forefront. Stakeholders and rate payers will demand fiscal integrity and responsibility as increased water prices and water rates are considered throughout the San Gabriel Valley and Southern California.

Our major financial accomplishments in 2013 included:

- Low Property Tax Rate - holding our property tax rate low and nearly unchanged for more than 30 years (see chart).
- Low Cost for Replenishment Water - keeping the District's water rate at \$130 per acre-foot which is unchanged since 1989 and well below that of other importing agencies which range between \$600 - \$900 per acre-foot.
- Strategic Management and Dependable Financial Reserves – the District's new Strategic Planning process led to a revamped Committee structure and an unprecedented number of financial, operational and asset reviews to enhance our conservative financial management and investment practices and our strong balance sheet.



WATER CONSERVATION AND PUBLIC EDUCATION HIGHLIGHTS

Water conservation and water education are integral to our mission of providing water reliability in a cost-effective manner, especially during the current serious drought. Water conservation and education are the most cost-effective water supply solutions within our control: each drop of water that we save spares us from the more expensive alternatives of purchasing, pumping, treating, importing, recycling or desalinating needed water.

2013 San Gabriel Valley Water Forum

The District provided the vision and leadership that led to the 2012 and 2013 San Gabriel Valley Water Forums. Our goal is to raise water to the same level of public awareness as education, transportation, health care, public safety and the economy. Past Forums have explored critical topics such as the Valley's water history, water supply solutions and water quality. The subject of the 2014 Forum will be developing short and long-term solutions for the current, serious drought.



The 2013 Water Forum featured Felicia Marcus, Chair of the California Water Resources Control Board, and Erin Brockovich, environmental advocate, in a discussion of water quality in the Valley.



Educational Mini-Forums

An extension of the Water Forum concept is local, targeted water education outreach. In 2013, two "mini-forums" were conducted: one for faculty and students at Cal State University Los Angeles, and one for labor leaders and members. A third mini-forum for businesses was held in April 2014.

- A. Chamber members and local businesses discussed the drought, water supply, water conservation and the proposed water bond with guest speakers Senator Ed Hernandez, Assemblyman Anthony Rendon, Stetson Engineers' Kevin Smead and SGVMWD Director Mark Paulson.
- B. Students and faculty attended the educational mini-forum at Cal State University Los Angeles.
- C. Assemblyman Anthony Rendon and community college Trustee Mike Eng addressed labor leaders and members at the labor mini-forum.



West San Gabriel Valley YMCA Water Conservation Pilot Program

D. SGVMWD partnered with Upper District to provide a \$75,000 grant to the YMCA to fund indoor water conservation equipment (waterless urinals and shower timers) and water-wise irrigation and landscaping. Additional water conservation pilot programs are being planned for Brightwood Elementary and Macy Intermediate Schools in Monterey Park and Paramount and Mountain View Elementary Schools in Azusa.



Legislative Outreach with Sacramento Delegation

E. Director Raul Romero, Director Tom Love, Senator Ed Hernandez, Director Thomas Wong and General Manager Darin Kasamoto.

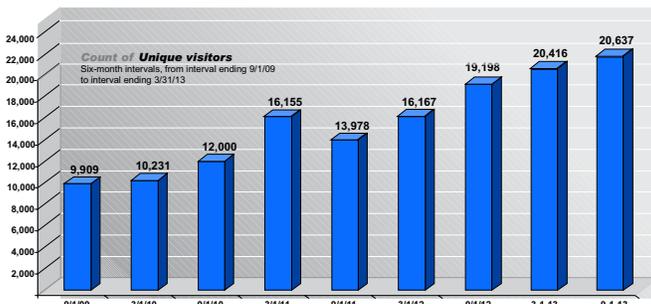


Water-Efficient Washer Rebate Program

F. \$150 rebate is now offered for purchase of water-efficient washing machines (details: www.sgvmd.org/save/washing_machine_rebate.shtml)

H₂Owl Community Outreach

G. H₂Owl attended more than 35 community and ultra-low flush toilet events attended by more than 15,000 residents.



SAVE THE DATE

Please mark your calendar for the 2014 San Gabriel Valley Water Forum to be held on Thursday, October 2 at Fairplex in Pomona.

Ongoing Water Conservation and Education Programs

- Bus Shelter Public Information Ads in Azusa and Alhambra
- Valley-Wide Public Information Ads in the LA Times and the San Gabriel Valley Tribune
- School/Youth Home Water Survey Program now includes more than 10,000 students and their parents, and dozens of teachers in more than 20 elementary schools in Sierra Madre, Azusa, Alhambra and Monterey Park
- Outreach to Chinese and Spanish Speaking Residents at Chinese New Year and Cinco de Mayo community events
- The Theodore Payne Foundation Native Garden Tour visits Sierra Madre School each year to recognize the Native Garden Program sponsored by SGVMWD
- The District's website continues to add substantive educational information and grow in usage by residents in our member cities

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. The District entered into a contract with the State of California Department of Water Resources in 1962 for the delivery of water each year from the State Water Project. Today the District is one of 29 State Water Contractors who obtain water from the vast State Water Project and who pay for retirement of the bond used to construct it, as well as its operation and maintenance. Starting in 1975 and continuing today, the District has been importing water from Northern California to replenish groundwater supplies in the San Gabriel Basin.

Spreading Grounds

Spreading grounds are operated and maintained by the Los Angeles County Department of Public Works. Water from our pipeline is pumped into spreading grounds where it percolates 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 system (SCADA) controls and monitors the pipeline and pressure reducing stations.



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.





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.



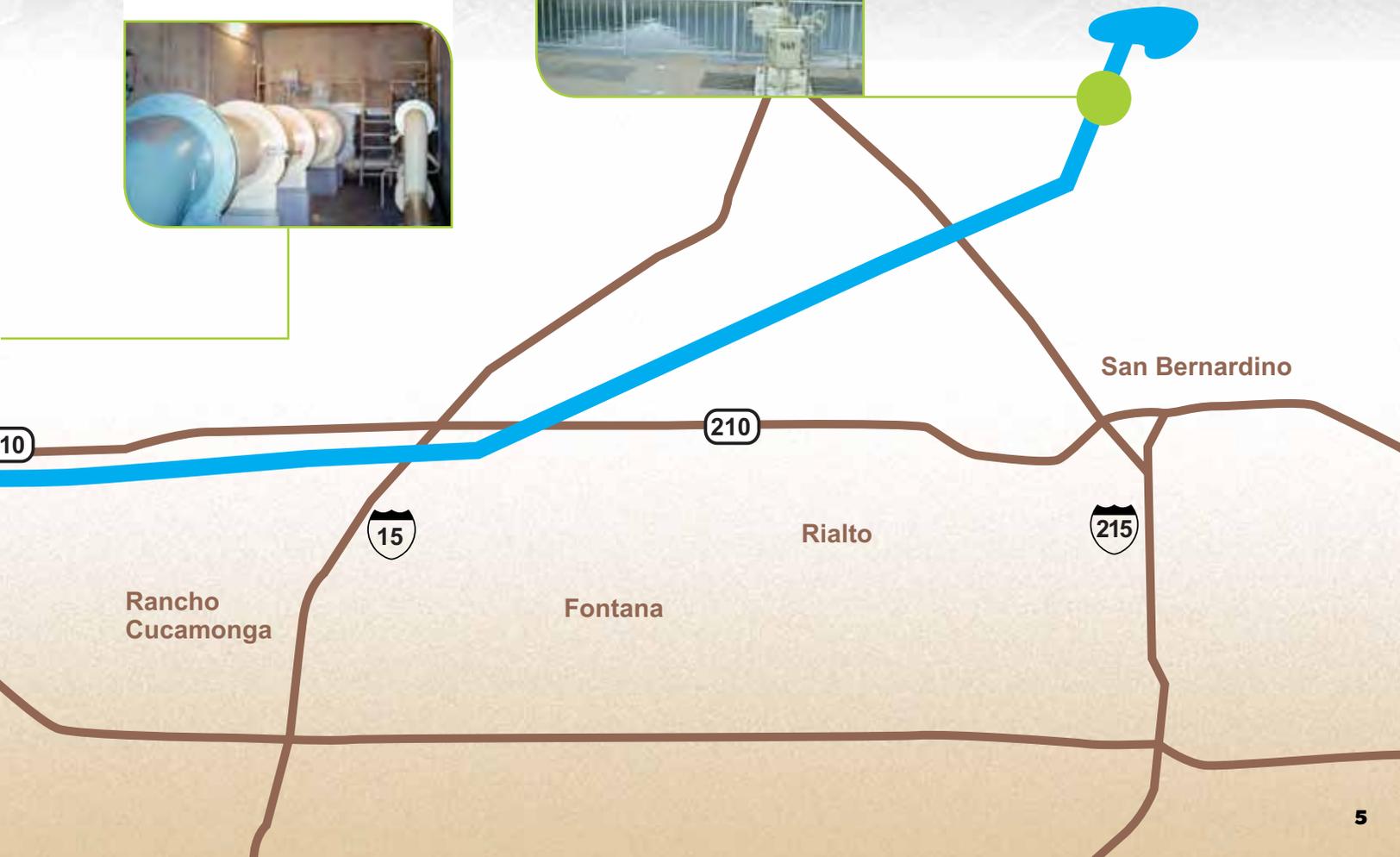
Devil Canyon/Power Plant

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.



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.

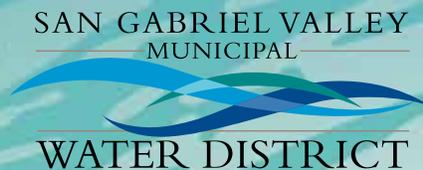


WATER CONSERVATION PILOT AND DEMONSTRATION PROJECTS

The Water District is continuing to invest in water conservation pilot/demonstration projects in each city within our service area. Our objectives are to save water at each location and to provide visible, teaching examples of technology, materials and procedures that save water. For example, based on the very successful water conservation and native plant project at Sierra Madre School, we have recently completed an extensive indoor/outdoor water conservation project at the West San Gabriel Valley YMCA and are planning projects for implementation this summer and fall at elementary schools in Azusa and Monterey Park.

We want to increase our conservation partnership with large, highly visible water customers in the future. Contact us if you have project ideas and suggestions. We will share project information and results via tours, speaking engagements, printed materials and our website.

Pilot Projects	Water Saving Feature: Irrigation	Landscape	Technology
Alhambra			
Gateway Plaza	💧	💧	
The Alhambra Urban Community	💧	💧	💧
West San Gabriel Valley YMCA	💧	💧	💧
Azusa			
Azusa Chamber of Commerce	💧	💧	
Memorial Park, North Recreation Center	💧	💧	
Department of Light and Water	💧	💧	
San Gabriel Canyon Gateway Center	💧	💧	
Azusa Pacific University	💧	💧	💧
Paramount Elementary School	💧	💧	
Mountain View Elementary School	💧	💧	
Monterey Park			
California Native Median Project	💧	💧	
City Hall Planters and Smart Controller	💧		💧
Automated Meter Reader (AMR)			💧
Brightwood Elementary School	💧	💧	
Macy Intermediate School	💧	💧	
Sierra Madre			
Miramonte Reservoir/Mt. Wilson Trailhead	💧	💧	
Sturtevant Street Flood Control Right of Way	💧	💧	
Sierra Vista Park	💧	💧	💧
Sierra Madre School	💧	💧	



AZUSA | SIERRA MADRE | MONTEREY PARK | ALHAMBRA