

**Minutes**  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**

*July 19, 2012*

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on July 19, 2012 at 9:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

*Agricultural Pool*

Jeff Pierson, Chair

Pete Hall

*Appropriative Pool*

Marty Zvirbulis

Rosemary Hoerning

Raul Garibay

Ron Craig

Dave Crosley

Dennis Mejia

Justin Scott-Coe

Van Jew

Sheri Rojo

Josh Swift

Tom Harder

Teri Layton

J. Arnold Rodriguez

*Non-Agricultural Pool*

Brian Geye

Ag Pool – Crops

Ag Pool – State of California – CIM

Cucamonga Valley Water District

City of Upland

City of Pomona

City of Chino Hills

City of Chino

City of Ontario

Monte Vista Water District

Monte Vista Irrigation Company

Fontana Water Company

Fontana Union Water Company

Jurupa Community Services District

San Antonio Water Company

San Ana River Water Company

Auto Club Speedway

**BOARD MEMBERS PRESENT**

Paula Lantz

Bob Kuhn

Bill Kruger

City of Pomona

Three Valleys Municipal Water District

City of Chino Hills

**Watermaster Staff Present**

Ken Jeske

Danielle Maurizio

Joe Joswiak

Sherri Molino

Interim CEO

Sr. Engineer/Assistant General Manager

Chief Financial Officer

Recording Secretary

**Watermaster Consultants Present**

Brad Herrema

Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck

Wildermuth Environmental Inc.

**Others Present Who Signed In**

Seth Zielke

Chuck Hays

Rogelio Mateo

David De Jesus

Rick Hanson

Mike Maestas

Todd Corbin

Jo Lynne Russo-Pereyra

John Bosler

Fontana Water Company

City of Fontana

City of Fontana

Three Valleys Municipal Water District

Three Valleys Municipal Water District

City of Chino Hills

Jurupa Community Services District

Cucamonga Valley Water District

Cucamonga Valley Water District

Mark Kinsey  
Terry Catlin  
Craig Miller  
Ryan Shaw  
Dennis Mejia  
Eunice Ulloa  
Curtis Paxton  
Jack Safely  
Rick Reese

Monte Vista Water District  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
City of Ontario  
Chino Basin Water Conservation District  
Chino Desalter Authority  
Western Municipal Water District  
Amec

Chair Pierson called the Advisory Committee meeting to order at 9:06 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held June 21, 2012

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of May 2012
2. Watermaster VISA Check Detail for the month of May 2012
3. Combining Schedule for the Period July 1, 2011 through May 31, 2012
4. Treasurer's Report of Financial Affairs for the Period May 1, 2012 through May 31, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through May 31, 2012

**C. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – The purchase of 1,000.000 acre-feet of water from Santa Ana River Water Company (SARWC) to Jurupa Community Services District (JCSD). This purchase is made first from SARWC's Annual Production Right, with any additional from storage. Date of Application: May 29, 2012
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 782.000 acre-feet of water from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net under-production in Fiscal Year 2011-12, with any remainder to be recaptured from storage. Date of Application: June 1, 2012

*Motion by Mejia, second by Garibay, and by unanimous vote*

***Moved to approve Consent Calendar Items A through C, as presented***

**II. BUSINESS ITEMS**

**A. BUDGET TRANSFERS**

Mr. Jeske stated starting on page 57 of the meeting packet is the budget transfers for the end of the fiscal year to clean up the last fiscal year financials. Mr. Jeske stated there were discussions at all three Pools and the budget transfers were unanimously approved by all three. Mr. Jeske discussed the task order system to be able to track expenses. Mr. Jeske stated last year Watermaster tried to control legal expenses through the budget which were clearly under budgeted from what the anticipated needs were and the actual needs were. Mr. Jeske stated Watermaster is now aligning the budget to the expenses, and legal expenses are best controlled through the parties and the process. Mr. Jeske stated staff was able to close out the year-end budget without requiring any additional revenues.

Mr. Scott-Coe reiterated the comments that he made at the Appropriative Pool meeting regarding continued legal expenses which need to be better controlled. Mr. Scott-Coe stated further efforts need to be made by the Watermaster and the parties to control legal expenses and he offered some potential suggestions to reduce legal counsel expenses.

*Motion by Craig, second by Scott-Coe, and by unanimous vote*

***Moved to approve Watermaster FY2011/2012 Budget Transfer Form T-12-06-01, as presented***

#### **B. WATERMASTER RESTATED JUDGMENT**

Mr. Jeske stated legal counsel will give a brief summary on this item from the discussions at the Pool meetings. Mr. Jeske stated all three Pools have made a recommendation to move forward with the Restated Judgment as the official copy; however, the Non-Agricultural Pool did have a few changes and legal counsel will recap those changes. Mr. Jeske noted the changes did appear to be helpful to the process and not in conflict with anything that was heard from the other two Pools.

Counsel Herrema stated the Restated Judgment is a copy of the 1978 Judgment that incorporates all the amendments that the court has ordered since the 1978 inception. Counsel Herrema stated this was presented to the court last fall as a reference document; however, the court at the October 28, 2011 hearing requested that Watermaster bring it back for approval as the official and operative copy of the Judgment. Counsel Herrema stated he has worked with the Pools on this endeavor, and a separate discussion took place with the Non-Agricultural Pool counsel to address his concern that there might be some order or amendment out there that was somehow missed in compiling the Restated Judgment. Counsel Herrema stated the order which is in the meeting packet today incorporates some changes that were made to address his concern. Counsel Herrema read the changes in the order. Counsel Herrema stated counsel members of the Pools gave comment and is all fine with the document which is before this committee today. Chair Pierson inquired about the language being inserted into the order and the possibility of creating ambiguity with our judge or what he asked for in the Restated Judgment. Counsel Herrema stated he does not believe it will create any conflict, and to date no one has come forward with something that was missed.

*Motion by Garibay, second by Craig, and by unanimous vote*

***Moved to approve the Restated Judgment as the Official Copy of the Judgment, as presented***

### **III. REPORTS/UPDATES**

#### **A. LEGAL REPORT**

##### **1. CSI Paragraph 15 Motion**

Counsel Herrema stated this item is an update on the California Steel Industries (CSI) paragraph 15 motion. Counsel Herrema stated Watermaster has sent out email notices through the Watermaster email process regarding filings by CSI and Aqua Capital Management (ACM) in regard to CSI's motion to confirm post judgment orders. Counsel Herrema stated these are related to disputed water rights for the Non-Agricultural Pool overlying water rights. Counsel Herrema stated there is an ongoing dispute between CSI and ACM as to each of their interest in those water rights. Counsel Herrema noted there is a separately pending quiet title action that was filed by ACM. The motion that was filed by CSI on June 20, 2012 is a motion requesting that Judge Reichert, under paragraph 15 of the Judgment which allows the court to make interpretative orders pursuant to the Judgment in carrying out the Judgment. There has been a request that the judge state that the effect of two of its prior orders related to these particular water rights is that CSI has a interest in those particular water rights for which ACM has filed a this separate quiet title action. Counsel Herrema stated what CSI is looking to do is take an order from the court into its quiet title action as proof of their ownership. Counsel Herrema stated recently ACM filed its opposition; effectively it's their position that the quiet title action is not prohibited by the Judgment and that Judge Reichert should allow it to proceed and not make any order that would have any affect in that proceeding. Counsel Herrema stated he believes the reply by CSI will be due next Monday, and there will be a hearing on the motion next Friday. Counsel Herrema noted the two parties that are active in that are CSI and ACM and both have a

direct interest in those water rights. Mr. Craig inquired if there is any potential precedent setting that could come out of this as the results of this debate. Counsel Herrema stated as far as he knows there has not been a judicial determination on another Paragraph 15 motion prior to this one; there have been Paragraph 15 motions that have been filed previously. Counsel Herrema stated this may be the first Paragraph 15 order that is seen and he does not know if there will be any other precedent coming out of this. A discussion regarding this matter ensued.

## **B. CEO REPORT**

### **1. August Meeting Schedule**

Mr. Jeske stated the three Pools took a previous action to cancel their August meetings. There is only one action item for the Advisory meeting which would be the Fontana Water Company transaction and they were asked if it would be alright to put it through the September meetings and they approved that decision. Chair Pierson stated he agrees to suspend the August meetings as long as Fontana Water agrees to hold their item over for another month.

*Motion by Scott-Coe, second by Zvirbulis, and by unanimous vote*

***Moved to approve suspending the August 2012 Advisory Committee meeting, as presented***

### **2. CBWM 34<sup>th</sup> Annual Report**

Mr. Jeske the 34<sup>th</sup> Annual Report is on the back table for those of you who want a copy.

## **C. INLAND EMPIRE UTILITIES AGENCY**

### **1. MWD Update – Oral/Presentation**

Mr. Shaw stated over the past few years Metropolitan Water District (MWD) has had working groups tackling separate issues, and last month they reinitiated one work group to tackle all those issues now. Mr. Shaw stated MWD has a fairly aggressive schedule to tackle purchase orders, the replenishment program, and any potential fixed versus variable revenue streams which will need to go to their board by the end of the year. Mr. Shaw stated over the next three or four months MWD is going to have one or two meetings every month which will generate a lot of information which we will bring to the parties.

### **2. State and Federal Legislative Reports**

No comment was made.

### **3. Community Outreach/Public Relations**

No comment was made.

### **4. IEUA Monthly Water Newsletter**

No comment was made

## **C. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

Mr. Hansen gave an early heads up on the Metropolitan Water District's Long Range Financial Plan and process, and offered further comment on this matter. A discussion on the 26 purchase orders agreements expiring at the end of the year ensued.

Mr. Safely discussed the Prop 81 grants.

## **IV. INFORMATION**

### **1. Cash Disbursements for June 2012**

No comment was made.

## **V. COMMITTEE MEMBER COMMENTS**

No comment was made.

**VI. OTHER BUSINESS**

No comment was made.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

No confidential session was called.

**VIII. FUTURE MEETINGS AT WATERMASTER**

Tuesday, July 17, 2012	9:00 a.m.	GRCC Meeting
Thursday, July 19, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, July 19, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, July 19, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, July 19, 2012	1:00 p.m.	WM Board Confidential Meeting
Friday, July 20, 2012	10:00 a.m.	WM Board Confidential GM Recruitment Mtg.
Thursday, July 26, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Pierson adjourned the Advisory Committee meeting at 9:32 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: September 20, 2012