

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

September 20, 2012

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on September 20, 2012 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Jeff Pierson, Chair
Bob Feenstra
Pete Hall

Ag Pool – Crops
Ag Pool – Dairy
Ag Pool – State of California – CIM

Appropriative Pool

Marty Zvirbulis
Scott Burton
Rosemary Hoerning
Raul Garibay
Ron Craig
Dave Crosley
Justin Scott-Coe
Van Jew
Sheri Rojo
Josh Swift
Tom Harder
Teri Layton

Cucamonga Valley Water District
City of Ontario
City of Upland
City of Pomona
City of Chino Hills
City of Chino
Monte Vista Water District
Monte Vista Irrigation Company
Fontana Water Company
Fontana Union Water Company
Jurupa Community Services District
San Antonio Water Company

Non-Agricultural Pool

Brian Geye

Auto Club Speedway

BOARD MEMBERS PRESENT

Paula Lantz
Peter Rogers

City of Pomona
City of Chino Hills

Watermaster Staff Present

Peter Kavounas
Danielle Maurizio
Joe Joswiak
Sherri Molino

General Manager
Assistant General Manager
Chief Financial Officer
Recording Secretary

Watermaster Consultants Present

Brad Herrema

Brownstein, Hyatt, Farber & Schreck

Others Present Who Signed In

Seth Zielke
David De Jesus
Nadeem Majaj
Todd Corbin
Jo Lynne Russo-Pereyra
Sandra Rose
Terry Catlin
Eunice Ulloa
Curtis Paxton
Rick Reese
Ken Jeske

Fontana Water Company
Three Valleys Municipal Water District
City of Chino Hills
Jurupa Community Services District
Cucamonga Valley Water District
Monte Vista Water District
Inland Empire Utilities Agency
Chino Basin Water Conservation District
Chino Desalter Authority
Amec
KJ Consulting

Chair Pierson called the Advisory Committee meeting to order at 9:01 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 July 19, 2012

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2012
2. Watermaster VISA Check Detail for the month of June 2012
3. Combining Schedule for the Period July 1, 2011 through June 30, 2012
4. Treasurer's Report of Financial Affairs for the Period June 1, 2012 through June 30, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through June 30, 2012
6. Cash Disbursements for the month of July 2012
7. Watermaster VISA Check Detail for the month of July 2012
9. Combining Schedule for the Period July 1, 2011 through July 31, 2012
9. Treasurer's Report of Financial Affairs for the Period July 1, 2012 through July 31, 2012
10. Budget vs. Actual Report for the Period July 1, 2011 through July 31, 2012

C. OBMP SEMI-ANNUAL STATUS REPORT 2012-1

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has Agreed to Purchase from the Nicholson Trust 2011-2012 Annual Production Right in the Amount of 5.000 acre-feet. Date of Application: June 27, 2012

E. LOCAL AGENCY INVESTMENT FUND

Resolution 12-05 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) and Rescinding Resolution 12-02

Motion by Zvirbulis, second by Zielke, and by unanimous vote

Moved to approve Consent Calendar Items A through E, as presented

II. BUSINESS ITEMS

A. COST SHARING AGREEMENT BETWEEN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY

Mr. Kavounas stated this item has been reviewed by the three Pools and comes with the recommendation by those three Pools. Mr. Kavounas stated this item is to approve the Cost Sharing Agreement between Watermaster and Inland Empire Utilities Agency (IEUA), which pertains to an ongoing process which gives the ability to Watermaster and IEUA to share in that cost.

Ms. Hoerning stated she noticed in the staff report that there is a committee that has been formed to review the progress of the study and she wanted to know if she could get some information as to who, or what agencies, are on that committee. Ms. Hoerning stated she also would like to know if Watermaster will be giving periodic updates on the progress of this activity. Mr. Kavounas reiterated Ms. Hoerning's request and asked that Ms. Maurizio answer that question since she is on that committee and has attended some of the meetings. Ms. Maurizio stated currently it is Watermaster, IEUA, and Orange County Water District (OCWD) staff attending those meetings. Ms. Maurizio stated there is some interest from other agencies that may join later. Ms. Maurizio stated that the committee is planning on sending out a notice and opening up those meetings to a larger group in a few months. Ms. Maurizio stated she can provide updates. Ms. Hoerning inquired as to who would be the lead agency and monitoring the

work that is to be done. Ms. Maurizio stated it is basically Watermaster and IEUA; however, the work that Wildermuth Environmental (WEI) is going to be doing, Watermaster will be monitoring, and IEUA will be issuing some contracts for the drilling of the wells. Ms. Maurizio stated this committee meets almost every two weeks and she can provide updates once there is progress made on the projects.

Ms. Rojo stated she wanted clarification regarding staff labor and overhead. This was discussed at the Appropriative Pool meeting and it was noted then that it was not going to be included in the cost sharing because it was not specifically noted in the meeting package staff letter; she wanted to make sure that was still the case. Ms. Maurizio stated that will not be cost shared and is not part of the Cost Sharing Agreement as noted at the Pool meetings.

Motion by Crosley, second by Zvirbulis, and by unanimous vote

Moved to approve the Cost Sharing Agreement Between Watermaster and the Inland Empire Utilities Agency Regarding the Prado Basin Habitat Sustainability Program, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

1. Hearing on CSI Paragraph 15 Motion

Counsel Herrema stated he has three reports to provide which are the same reports presented at the Pool meetings earlier this month. Counsel Herrema stated last time this committee met he gave a detailed update on the Paragraph 15 Motion which was still pending at that time. Counsel Herrema stated there is a separate dispute between California Steel Industries (CSI) and Aqua Capital Management (ACM) as to the ownership interest of each for approximately 700 acre-feet of Non-Agricultural Pool water. This is pending before a separate judge, Judge Ochoa. CSI had filed, prior to last meeting, the motion with Judge Reichert under Paragraph 15 of the Judgment, asking that he confirm the effect of some prior orders made by the court, and asking that he confirm that it is consistent with CSI's position, that the effect of those orders was to establish joint interest in the disputed water rights. A hearing was to be held on July 20, 2012, and at that point in time Watermaster Board had not directed Watermaster legal counsel to take any position either in the separate dispute between ACM and CSI, or in regard to the Paragraph 15 Motion; subsequent to our meeting, the Watermaster Board met and directed legal staff to file a partial joinder in CSI's Paragraph 15 Motion. Counsel Herrema stated the joinder was partial because it was limited to explain what the background facts are from Watermaster's perspective in regard to these disputed water rights while explaining that it is Watermaster's position that the court is able to make these types of orders, so that the parties or Watermaster can come before the court for orders confirming or clarifying its past orders. Counsel Herrema stated also, including that Watermaster takes no position on the ultimate issue and dispute, which is whether ACM took these rights as a bonafide purchase or without notice of CSI's interest. On July 20, 2012 the court held its hearing on the motion and it declined to rule on the motion or found it was not compelled to rule on the motion which counsel believes that was primarily motivated by its desire not to interfere in the separate quite title action. Counsel Herrema stated that quite title action is still pending and Watermaster wants to remain neutral on the ultimate issue.

2. Motion for Adoption of Restated Judgment, Transmittal of Annual Report, and Request for Approval of Intervention

Counsel Herrema stated this item is for the filing of the motion for adoption of the Restated Judgment, transmittal of the Annual Report, and the request for approval on an Intervention which was filed on Monday, September 10, 2012. Counsel Herrema stated all three items were approved by the Pools, Advisory Committee, and Watermaster Board, and there was no deadline from the court to file the Restated Judgment other than at Watermaster's convenience. Counsel Herrema gave a brief description of the three items filed. Counsel Herrema stated the Annual Report was presented to the parties in July.

Counsel Herrema stated there is an intervention request from the City of Chino to intervene into the Non-Agricultural Pool; however, that was not on the calendar this month and will be taken through the Watermaster process in the future.

3. California Steel Industries Settlement Agreement for Paragraph 31 Motion

Counsel Herrema stated the outstanding Paragraph 31 Motion appeal issue with CSI has been resolved through a Settlement Agreement and the executed Settlement Agreement has been distributed to all the parties via the Watermaster notice process for reference on their FTP site. Counsel Herrema stated the basis for that settlement was that CSI, as opposed to the other members of the Non-Agricultural Pool, wished to retain its water in storage and CSI did not enter into that separate Settlement Agreement. This Settlement Agreement settles CSI's claims to any attorneys' fees based on the Court of Appeal's decision and fully resolves the Paragraph 31 litigation.

B. GM REPORT

1. Recharge Master Plan Update/Storage Issues Review Process

Mr. Kavounas stated the next Recharge Master Plan Update (RMPU) Steering meeting will be held right after the Advisory Committee meeting today. Mr. Kavounas stated at that meeting staff will be presenting a strawman proposal which was prepared by Mark Wildermuth. The idea was to put out a proposal and have the various parties provide their opinion as to what they think instead of just talking in general concepts. This will then let the parties and staff focus on the discussions more regarding Task 5, and then propose the same approach for Tasks 6 and 7. Mr. Kavounas noted we need to work diligently to comply with the courts orders. Chair Pierson stated that seems like a very good approach.

2. Water Activity Reports (WARs)

Mr. Kavounas stated there are some parties that still need to turn in their Water Activity Reports (WAR). Mr. Kavounas stated the parties who have not turned them in, you know who you are, and staff encourages you to turn them in promptly.

Mr. Justin Scott-Coe inquired if Watermaster is planning to assess losses on carry over water in the next Assessment Package based on the water activity reports. Ms. Maurizio stated staff does not plan on issuing losses on carry over water. Ms. Maurizio stated there is a lot going on regarding losses and lots of little details that need to be addressed, and they will be publically addressed before the published Assessment Package is issued.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update – Oral

Mr. Catlin stated Metropolitan Water District (MWD) is undergoing a rate refinement and information was presented at the IEUA workshop last month. There is a push to have MWD postpone implementing that refinement and extend the purchase orders for a couple of years to allow for additional discussion and in light of the litigation that is presently going on with San Diego and MWD. Mr. Catlin stated while the water rates may not impact every party here, what is tied into that discussion is the topic of replenishment.

Mr. Garibay inquired about the MWD rate refinement; they are talking about pushing it off the current practice they have of purchase orders. Mr. Garibay inquired if they are still talking about pay-as-you go and if so, what happens when the water shortage allocation comes into effect. Mr. Catlin stated his understanding is they extend the purchase orders as they have been to allow for enough discussion to deal with that. Mr. Catlin noted he just has a general report on this topic and he is not aware of a final decision has been made.

2. State and Federal Legislative Reports
No comment was made.
3. Community Outreach/Public Relations Report
No comment was made.
4. IEUA Monthly Water Newsletter
No comment was made.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. DeJesus stated what Metropolitan Water District (MWD) has done is separated both replenishment issues and storage from the finance committee. We are not going to reinvent wheel but a lot of work has been done on the 3 step program with incentives. Any additional input IEUA or other member agencies have in that process would be helpful because it is not yet set in stone. Three Valleys Municipal Water District is also coming out of their summer recess; however, yesterday they approved a CEQA determination which will begin the process of putting in additional wells for reliability of our water supply.

IV. INFORMATION

1. Cash Disbursements for August 2012
No comment was made.

V. COMMITTEE MEMBER COMMENTS

Mr. Craig stated he wanted to make sure all the parties were aware that Mr. Bill Kruger has resigned his council seat at the City of Chino Hills, which includes his seat on the Watermaster Board. Councilman Peter Rogers has been Mr. Kruger's alternate for this year and he will be taking the seat as the representative of the Appropriative Pool, and as a Watermaster Board member for the remainder of the Chino Hills seat. Mr. Craig introduced Mr. Rogers who is here today in the audience observing our Advisory Committee meeting. Chair Pierson welcomed Mr. Rogers.

VI. OTHER BUSINESS

No comment was made.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Advisory Committee Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

No confidential session held.

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, September 20, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, September 20, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Friday, September 21, 2012	10:00 a.m.	Ag Pool Special Confidential Meeting
Tuesday, September 25, 2012	9:00 a.m.	GRCC Meeting
Thursday, September 27, 2012	11:00 a.m.	Watermaster Board Meeting
Thursday, October 4, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, October 11, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, October 11, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, October 11, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, October 18, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, October 18, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, October 18, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mt
Thursday, October 25, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Pierson adjourned the Advisory Committee meeting at 9:21 a.m.

Minutes Advisory Committee Meeting

September 20, 2012

Secretary: _____

Minutes Approved: October 18, 2012