

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
October 18, 2012

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on October 18, 2012 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Jeff Pierson, Chair
Pete Hall

Appropriative Pool

Marty Zvirbulis
Scott Burton
Rosemary Hoerning
Raul Garibay
Dave Crosley
Sheri Rojo
Mike Maestas
Mark Kinsey
Van Jew
Seth Zielke
Josh Swift
Tom Harder
Ben Lewis
Teri Layton
J. Arnold Rodriguez

Non-Agricultural Pool

Brian Geye
Bob Bowcock

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

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

Auto Club Speedway
Vulcan Materials Company (Calmat Division)

BOARD MEMBERS PRESENT

Paula Lantz
Bob Kuhn
Peter Rogers

City of Pomona
Three Valleys Municipal Water District
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
Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental Inc.

Others Present Who Signed In

Nadeem Majaj
Todd Corbin
John Bosler
Tom Love
Terry Catlin

City of Chino Hills
Jurupa Community Services District
Cucamonga Valley Water District
Inland Empire Utilities Agency
Inland Empire Utilities Agency

Ryan Shaw
Chris Berch
Eunice Ulloa
Curtis Paxton
Jack Safely
Rick Reese
Chuck Hays
Rogelio Mata
Dan West

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

Chair Pierson called the Advisory Committee meeting to order at 9:05 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 September 20, 2012

B. FINANCIAL REPORTS

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

Mr. Kinsey asked Counsel Herrema about voting on minutes when a party was not present at the meeting which are being voted on. Counsel Herrema stated one can vote on the minutes when not present at the meeting.

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

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

II. BUSINESS ITEMS

A. MATERIAL PHYSICAL INJURY ANALYSIS

Mr. Kavounas stated Watermaster has received an Application for Local Storage Agreement by Vulcan Material Company (VMC), and the Watermaster process calls for the Watermaster's engineer to conduct a Material Physical Injury (MPI) Analysis. Mr. Kavounas stated WEI has performed that analysis and has concluded there is potential for material physical injury. Mr. Kavounas stated the item before the Advisory Committee today is to receive and file the WEI MPI Analysis.

Mr. Kinsey stated at the Appropriative Pool meeting the Pool was concerned about moving a Recharge Application forward given the potential for material physical injury. Mr. Kinsey stated he heard the same discussions when he attended the Agricultural Pool meeting, which was why would we not wait until the analyses are done before approving the application. Mr. Kinsey stated at the Appropriative Pool meeting it was suggested that the Pools and Advisory Committee need to have a better understanding of specific actions they can and cannot take when they have a situation such as this. Mr. Kinsey stated we have a proposal moving forward which a Watermaster engineer has identified has the potential for MPI and yet we are being asked to move forward without a full understanding of the potential scope of that, and what may be necessary mitigation measures. Mr. Kinsey stated knowing this might make it easier when we see something like this in the future.

Mr. Kinsey stated that when water is actually being introduced to the Vulcan Pit from Fontana Water Company's (FWC) system, it is a mixture of supplemental and basin water; at some point in time we need to give some thought about having some sort of demonstration by FWC that what is being recharged is basin or supplemental water because there is no cap on storing basin water, so VMC is free to store as much basin water as they want. Mr. Kinsey stated we do currently have caps on supplemental water storage; if what is being recharged is not all supplemental and they can't do the accounting to demonstrate that, then maybe we parcel out the water going into the basin as supplemental water and try to preserve as much as the supplemental water cap, as we have available for all of us collectively. Chair Pierson inquired to Mr. Kinsey if those were questions that need to be answered or are they rhetorical in which you are making comments. Mr. Kinsey stated the first one is that we would like a follow up presentation on what options the Pools have in terms of moving items forward when there is potential for MPI, and then the second one would be that he assumes Watermaster would require some sort of accounting as part of introduction water so it can be properly categorized as basin or supplemental water that is going in. Chair Pierson inquired to Mr. Kavounas if those two items can be brought back through the Watermaster process or what would be the most appropriate method for proceeding. Mr. Kavounas stated he did not hear a question for today; however, he did hear the request for a presentation of options for the future and also the need to clearly quantify what the source of the water is, whether it is basin water versus supplemental water so that it can be accounted for properly.

Mr. Zielke stated he would like to commend Chino Basin Watermaster staff and General Manager for making water quality preservation a priority and for exercising due diligence in taking a cautious approach towards approving storage and recharge applications and how they can impact water quality. Mr. Zielke stated FWC has wells in the vicinity of the Vulcan Pit and FWC supports any effort to preserve and maintain the water quality of its wells to ensure the protection of its constituents. Mr. Zielke stated FWC also would like to acknowledge Mr. Bowcock's effort to bring recharge into MZ3 and FWC supports any beneficial recharge within the Chino Basin; recharge is important and necessary, and can be very beneficial. Mr. Zielke stated FWC looks forward to viewing the supplemental report that is going to be prepared by WEI, and it is FWC's hope that the supplemental report provides peace-of-mind and confirmation that the proposed recharge project will not negatively impact water quality, which will then allow VMC to move forward with their proposed project. Mr. Zielke stated FWC would also like to request that in light of the FWC wells being near the vicinity that somewhere in that supplemental report those wells are considered as impacted and water quality is considered on those wells. Mr. Zielke stated he would like to turn the committee's attention to the application in which Mr. Kinsey stated that the source is FWC purchase retail water connection; currently FWC has no agreements in place with VMC or anyone else to put any of FWC's water into the Vulcan Pit for recharge or any other purpose. Mr. Zielke stated FWC wants to be on the record stating FWC are not partners in this project.

Chair Pierson asked for any further comments or questions on this item. Chair Pierson stated we will be receiving further information on this matter in the future. Chair Pierson stated all three Pools voted to move this forward on a receive and file motion and he would entertain a motion to receive and file the MPI Analysis to move continue to move this forward. Mr. Kinsey stated he would make that motion.

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

Moved to receive and file the Wildermuth Environmental Inc. Material Physical Analysis for Material Physical Injury Analysis for Vulcan Material Company's Application for Local Storage Agreement, as presented

III. REPORTS/UPDATES**A. LEGAL REPORT****1. Order Adopting Restated Judgment, Approved Intervention of Tad Nakase (TDN Land Company) Into Chino Basin Judgment**

Counsel Herrema stated at the last Advisory Committee meeting he updated the parties on the motion that had been filed for adoption of the Restated Judgment and approval of the intervention of Tad Nakase into the Chino Basin Judgment. Counsel Herrema stated on the 27th of September the court issued its order adopting the Restated Judgment as the operative copy of the Judgment and there is a copy of that on the Watermaster FTP site under Legal 2012 Restated Judgment. Counsel Herrema stated the court made one minor change to the order that had been proposed and agreed upon by Watermaster legal counsel and counsel for the Pools; it's a minor change to one word, "caveat" to "condition", which does not change the effect of the order as we presented it. Counsel Herrema stated it is his opinion the effect of the court's change is negligible and carries out the intent that all the Pools and the Watermaster Board approved in the motion.

B. ENGINEERING REPORT**1. Modeling Update**

Mr. Wildermuth stated this same presentation was given at the Pool meetings and inquired if this committee wanted to see it again. Ms. Hoerning stated she would like to see it again. Mr. Wildermuth stated there are two items under the Engineering Report section; however, he will take both Items 1 and 2 under the Modeling Update. Mr. Wildermuth gave the Update to the Chino Basin Groundwater Model and Evaluation of Basin Dynamics presentation. Mr. Wildermuth stated he would like to start the planning calibrations next month and get scenario 2 done next month also. However, that will depend on getting assurances from the Appropriate Pool members that the production estimates are right. Mr. Wildermuth stated he would like to schedule a workshop in November on calibration. Mr. Wildermuth stated sometime in the New Year we will schedule some workshops on the planning scenarios. It was noted a notice on the workshops will be sent out by Watermaster staff.

Chair Pierson stated this presentation was given at the Pool meetings and now at the Advisory Committee meeting, and he inquired if there were any comments or questions on Mr. Wildermuth's presentation today.

Mr. Burton asked that Mr. Wildermuth talk about the assumptions on additional stormwater capture with respect to balancing discharge and recharge; he is trying to understand how that relates to what our goals may be in the Recharge Master Plan Update (RMPU.) Mr. Wildermuth stated that is something that can be discussed in the next month or two. Mr. Wildermuth stated for the 2010 safe yield, for the balance of recharge and discharge, we should consider using what we have today. Mr. Wildermuth stated in going through these planning results, if we want to try and assume something different, then we could try that also. Mr. Wildermuth stated the plan was to go with what we know about today, and to the extent that we want to try and add new facilities and that is something we can discuss as we go through the process. Mr. Burton stated he agrees and if we are looking at long-term water supply needs and pumping, we also have to look at the RMP, and we may have a base minimum amount of recharge that we need to accomplish; however, there may be add-ons to that based on available financial resources, and the need to accomplish more recharge. Mr. Burton stated he is trying to understand, and as we move forward are we going to be looking at different assumptions, not only on water supply but on the recharge piece. Mr. Wildermuth stated in looking at the balance of recharge and discharge, we seem to be pretty much focused on recharge and not on the discharge side of it. Mr. Wildermuth stated maybe the solution isn't always new recharge facilities, it might be a different production scheme, and that is something that we can explore.

Mr. Kinsey stated he wants to make the same comment that he made at the Appropriative Pool meeting regarding the table. Mr. Kinsey stated he would like to add a column to the table which shows new yield through recharge pursuant to the Peace Agreement. Mr. Kinsey stated it is his understanding that number is wrapped up into the safe yield column and it would be better represented in a separate column which tracks safe yield from recharge. Ms. Rojo stated she did not understand what Mr. Kinsey was saying. Mr. Kinsey stated right now there is new yield from recharge occurring which is now shown separately but is showing as part of safe yield; the safe yield number is probably different than what is presented there. Mr. Kinsey stated he believes it is appropriate to track new yield from recharge separately from safe yield – we just don't want it to get lost in the future.

Chair Pierson inquired to Mr. Kavounas and Mr. Wildermuth if there was any reason that it could not be done as requested. Mr. Kavounas stated he does not know that there is a reason that can't be done; there is a difference between tracking water as water, and tracking water as accounted for by humans and he thinks that a big part of the modeling effort is for us to really understand the hydrology of the basin, and at the same time, keep track of and account for where the different components of water come from. Mr. Wildermuth stated in his office they have something called "the really big spreadsheet," and what that does is it has years across the top, then rows with production, and is a very detailed accounting of the type of information that Mr. Kinsey is talking about. Mr. Wildermuth stated at some level we do keep track of that; the short answer is yes, and we have already made big steps towards doing that. Chair Pierson stated it appears Mr. Wildermuth has the information needed to present what this committee needs to look at and preserve in their mind.

Ms. Rojo stated the column that Mr. Kinsey is asking for is a requirement of Peace II because the new yield from the induced inflow from the river is supposed to get added to the desalter replenishment account and is not part of the safe yield.

Mr. Wildermuth stated this table assumes efficient water market and is used to calculate replenishment. Mr. Wildermuth stated we don't know what the safe yield is when we start this process; we use 140,000 acre-feet as a starting point and then we let the model produce the result, and then we go back and look at what the model is telling us – we run it until we get some kind of convergence. Mr. Wildermuth stated he understands what is being asked for in the columns.

Mr. Kinsey stated maybe another way of going about it is through a footnote that states what the safe yield column does and doesn't include, and then as long as we have a resource for that somewhere else we won't lose the tracked new yield from stormwater capture that currently is allocated the same way safe yield is, so from an accounting standpoint how it is distributed does not make any sense or difference. Mr. Kinsey stated that may or may not be true in the future, so it may be more important to track it for allocation purposes.

Chair Pierson asked for any other comments. Mr. Kavounas stated for the purposes of the Advisory Committee here today, he knows this is a topic of very high importance to everyone, and he believes there will be an opportunity for Mr. Wildermuth to present his modeling in November when there will be a workshop that he is planning on holding. Mr. Kavounas stated that maybe it would be more productive if we compile all those comments at that time instead of at this meeting, when staff and engineering are not really structured to receive and comment on all the suggestions today.

Mr. Harder stated what he heard is there will be a workshop on this topic, and he strongly encourages that effort as he has some technical questions and is interested in the molecules as opposed to how it is presented today, and to have an opportunity to go through that in more detail.

Mr. Burton stated the stormwater capture is new yield, it's a subset of safe yield and it is allocated based on operating safe yield; however, as Ms. Rojo brought up the other component, which is new yield as a result of hydraulic control, that's allocated to desalter replenishment, so it is important to have a footnote when we are looking at total operating safe yield and how it may change, that we clearly understand that component.

Chair Pierson stated the consensus is we will address this issue at the appropriate time with Mr. Wildermuth at the workshops, which will be scheduled as soon as possible.

2. Planning Scenarios
This item was discussed under the Modeling Update item.

C. GM REPORT

1. Recharge Master Plan Update Timing

Mr. Kavounas stated the Recharge Master Plan Update (RMPU) is heavily engaged in by all the parties, and for him personally, it was important to take a step back and understand what each item, document, filing, project, etc. is and when it's due. Mr. Kavounas stated he put his thoughts together, compiled them, and noted he can make that available to any party who wishes to see it. Mr. Kavounas stated he has shared this with John Schatz, who is working with the Appropriative Pool on some RMPU amendment issues. Mr. Kavounas stated his conclusion from reviewing Watermaster's history on the RMP is that the court expects a refinement of the stormwater recharge facilities projects, along with the funding and implementation plan by October 2013, and completion of projects by 2018. The court asked for a committee to be established for monitoring reporting and accounting practices for local stormwater recharge and new yield, but did not set a due date for when that work had to be done. The committee that the court ordered is the Steering Committee, and the work itself is Task 5. Mr. Kavounas stated the analysis, funding, and implementation plans for projects were ordered by the court to commence, but again there is no explicit date when the court said that they have to be done, although the implicit date is October 2013. In December 2011 the Watermaster Board adopted a motion to complete the RMPU amendment work including stormwater recharge matters, funding, and implementation plans by December 2012. In December 2011 the Watermaster Board adopted a motion, which was also adopted by the Advisory Committee, to complete the RMPU amendment work by December 2012. Mr. Kavounas stated the Board filed a progress report with the court in June 2012 as was required, and the report expressed the Board's direction that all the work would be completed by December 2012, and stated that progress would be made consistent with the Board's action. Mr. Kavounas stated with regard to status, as of today, last month Watermaster prepared a strawman for Task 5 for discussion purposes only. The Appropriative Pool has been meeting and discussing this actively, with John Schatz as the facilitator, and we have received comments from four entities which have been circulated. Mr. Kavounas stated the next step would be to work with the Pools and come up with a process going forward.

Chair Pierson stated it looks like we are not going to make the December 2012 deadline and inquired if staff will report this to the Watermaster Board. Mr. Kavounas stated staff will report this matter to the Watermaster Board. Mr. Kavounas stated that will be discussed during the Steering Committee meeting today and if staff and the parties do not think we will make the deadline then it will be decided what collectively comes back to the Pools, Advisory Committee, and Watermaster Board as an alternative that is credible enough to possibly get an extension to the deadline.

2. Safe Yield Calculation

Mr. Kavounas stated he came across the same question, which is "What are the obligations with regard to the safe yield calculation?" during several meetings, and his conclusion from digging through the history is that according to the Rules & Regulations the safe yield shall be recalculated in 2010/2011 based on data from a ten year period preceding. Mr. Kavounas stated there was a stipulation entered with the court in 2008 to address concerns raised by Monte Vista Water District (MVWD). Mr. Kavounas stated the stipulation included the language that Watermaster shall include in the RMPU, a comprehensive analysis and explanation of how and whether Watermaster will schedule a redetermination of the safe yield. Mr. Kavounas stated in response to that the RMPU of 2010, which was submitted to the court in an agreement by everyone and adopted by the court, included a methodology for recalculating, with the suggestion that Watermaster should use this methodology to recompute the safe yield in 2010/2011, and should apply this method every five years thereafter. Mr. Kavounas stated with regard to that status, the safe yield re-computation was not done in 2011; however WEI's modeling effort will lead us in the next few months to that redetermination. Mr. Kavounas stated there is money in the Watermaster budget for this work and the plan is to proceed forward.

Mr. Zielke inquired as to what the time line is to recompute those compilations regarding the safe yield. Mr. Kavounas stated, in looking at all that needs to be accomplished now, it looks like June 2013.

3. Notice of Availability

Mr. Kavounas stated the Pools dealt with this matter at their meetings and Counsel Herrema will finish the report on this item. Counsel Herrema stated the notice of availability is on an annual cycle. Annually the Watermaster sends a reminder to Non-Agricultural Pool members, and then they notify the Watermaster of any water they have available for sale to the Appropriative Pool by December 31st. The Watermaster, in turn, notifies the appropriators by January 31st of each appropriator's pro rata share of that water, and then the appropriators have until March 1st to notify Watermaster if they are interested. Counsel Herrema stated normally that is handled by a notice in our agenda package through the Pools, Advisory Committee, and Watermaster Board meetings. Counsel Herrema stated the reason it is being brought up today is that the rate is set according to the Judgment, which is set at 92% of the Metropolitan Water District's Replenishment Rate. However, there is presently no replenishment rate. Counsel Herrema stated the settlement that was entered into for the Paragraph 31 issue provides a process for setting a new rate that would apply to this process of making water available and purchasing water by the appropriators. Counsel Herrema stated the reason this is being brought up is if there is interest from the appropriators to purchase water, and there is an interest from the Non-Agricultural Pool to sell water, Watermaster would start a process according to the way it is described in the Settlement Agreement. Counsel Herrema stated Watermaster would have to determine what the new rate would be, and then make the appropriate motion on filing with the court as required. A discussion regarding a substitute rate, timing, and this matter ensued.

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update – Oral

Mr. Shaw stated last week the Metropolitan Water District (MWD) board approved a tier extension to the existing ten-year purchase orders; these are the agreements that set out Tier 1 limits. Mr. Shaw stated this is just an extension so our Tier 1 limits will be the same and Inland Empire Utilities Agency will send around amended and restated purchase orders.

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.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comments were made.

IV. INFORMATION

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

V. COMMITTEE MEMBER COMMENTS

No comments were made.

VI. OTHER BUSINESS

Mr. Kavounas reminded the Advisory Committee of the upcoming Assessment Package Workshop on Tuesday October 30 at 2:00 p.m.

Mr. Kavounas stated the Land Subsidence Committee meeting will be held on October 31st at 10:00 a.m. at the Watermaster office.

Mr. Kavounas asked the Advisory Committee to please pay special attention to the Future Meetings schedule due to upcoming holidays and newly scheduled workshops.

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 was called.

VIII. FUTURE MEETINGS AT WATERMASTER

** Tuesday, October 16, 2012	2:00 p.m.	Pre-Assessment Package Workshop
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.	RMPU Steering Committee Meeting.
Thursday, October 25, 2012	11:00 a.m.	Watermaster Board Meeting
** Tuesday, October 30, 2012	2:00 p.m.	Assessment Package Workshop

Thursday, November 1, 2012	10:00 a.m.	RMPU Steering Committee Meeting
Thursday, November 8, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, November 8, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, November 8, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, November 15, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, November 15, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, November 15, 2012	10:00 a.m.	RMPU Steering Committee Meeting
* Thursday, November 15, 2012	11:00 a.m.	Watermaster Board Meeting
Tuesday, November 20, 2012	9:00 a.m.	GRCC Meeting

* **NOTE:** Watermaster Board Meeting changed from November 22nd to **November 15th** due to the Thanksgiving Holiday

** **NOTE:** Recently added

Minutes Advisory Committee Meeting

October 18, 2012

Chair Pierson adjourned the Advisory Committee meeting at 10:56 a.m.

Secretary: _____

Minutes Approved: November 15, 2012