

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

November 15, 2012

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on November 15, 2012 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Jeff Pierson, Chair
Pete Hall

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

Appropriative Pool

Scott Burton
Rosemary Hoerning
Raul Garibay
Ron Craig
Dave Crosley
Marty Zvirbulis
Mark Kinsey
Van Jew
Robert Young
Seth Zielke
Tom Harder
Ben Lewis
Teri Layton

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

Non-Agricultural Pool

Brian Geye
Ken Jeske

Auto Club Speedway
California Steel Industries

BOARD MEMBERS PRESENT

Paula Lantz
Bob Bowcock
Bob Kuhn
Jim Curatalo

City of Pomona
Vulcan Materials Company (Calmat Division)
Three Valleys Municipal Water District
Fontana Union Water Company

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
Michael Cruikshank

Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental Inc.
Wildermuth Environmental Inc.

Others Present Who Signed In

Sheri Rojo
Rick Hanson
Mike Maestas
Nadeem Majaj
Jo Lynne Russo-Pereyra

Fontana Union Water Company
Three Valleys Municipal Water District
City of Chino Hills
City of Chino Hills
Cucamonga Valley Water District

Todd Corbin
 Justin Scott-Coe
 Sandra Rose
 Terry Catlin
 Craig Miller
 Eunice Ulloa
 Curtis Paxton
 Jack Safely
 Rick Reese
 Curtis Aaron
 Chuck Hays

Jurupa Community Services District
 Monte Vista Water District
 Monte Vista Water District
 Inland Empire Utilities Agency
 Inland Empire Utilities Agency
 Chino Basin Water Conservation District
 Chino Desalter Authority
 Western Municipal Water District
 Amec
 City of Pomona
 City of Fontana

Chair Pierson called the Advisory Committee meeting to order at 9:00 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 October 18, 2012

B. FINANCIAL REPORTS

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

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

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

II. BUSINESS ITEMS

A. PHYSICAL SOLUTION TRANSFER RATE SUBSTITUTION

Mr. Kavounas stated he is going to ask counsel to cover this item. Counsel Herrema stated this item is regarding the provisions of Paragraph 9 of Exhibit G which is the Non-Agricultural Pool Pooling Plan. The issue that has arisen is there is a specific rate that is identified within Paragraph 9 of Exhibit G which pertains to physical solution transfers. Physical solution transfers happen when the Non-Agricultural Pool members make water available for transfer to Watermaster, and which is subsequently transfer to members of the Appropriative Pool. This issue came up recently because it has been rumored that Metropolitan Water District (MWD) may not publish a replenishment rate for next year, and that is the rate that is used in the calculation of the transfer in the rate. The Non-Agricultural and Appropriative Pool members discussed this matter as this is a condition to their settlement agreement of the Paragraph 31 litigation, and agreed that the MWD rate for Tier I untreated water would be an appropriate substitute for the mind replenishment rate. Counsel Herrema stated the Watermaster Board, who is also a party to those Paragraph 31 agreements, also agreed to that rate substitution at their last meeting on October 25, 2012. Counsel Herrema gave a summary of the staff letter two-part recommendation and noted at the Pool meetings last week the substitution rate was unanimously approved by the Appropriative and the Agricultural Pools. The Non-Agricultural Pool approved the substitution; however, their motion was of non-opposition to the motion.

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

Moved to approve staff recommendation for Fiscal Year 2012-2013 Substitute Physical Solution Transfer Rate and the legal motion, as presented

B. CONSIDERATION OF RMPU AMENDMENT SCHEDULE

Mr. Kavounas stated this item is brought before the Advisory Committee as a recommendation to approve a schedule for completing the necessary work for the Recharge Master Plan Update Amendment (RMPU). Mr. Kavounas stated in 2010 when the RMP was adopted by court, Watermaster was asked to come back with an amendment and the court implied the date of completion was to be October 2013. The Watermaster Board asked that the completion date be accelerated to December 2012 which is a date, at this point in time, that Watermaster cannot make. Mr. Kavounas stated staff brings before the Advisory Committee a consideration of an amended schedule that will refocus the work and will meet the courts due date of October 2013. Mr. Kavounas stated the amended schedule has been presented at the RMPU Steering Committee meeting and was presented to all three Pools last week, and is being recommended for adoption by the Advisory Committee.

Motion by Garibay, second by Layton, and by unanimous vote

Moved to approve the RMPU amendment schedule, as presented

C. CHINO BASIN WATERMASTER 2012-2013 ASSESSMENT PACKAGE

Mr. Kavounas stated this is Watermaster's annual presentation and adoption of the Assessment Package. Chair Pierson asked that Ms. Maurizio do an abbreviated version of the presentation. Ms. Maurizio gave the 2012-2013 Assessment Package presentation. Chair Pierson noted the Assessment Package was approved by all three Pools and called for the motion.

Mr. Kavounas stated the Committee should be aware of a change in the Pomona Credit that is related to the Annual Assessment. Mr. Kavounas stated on November 7, 2012 Watermaster received a letter from Three Valleys Municipal Water District (TVMWD) on the subject of the Pomona credit and a copy of that letter is available on the back table. Mr. Kavounas stated the Pomona Credit, is a credit that was determined by, and included in, the Peace Agreement, and the credit was set at a certain amount that would be credited to the City of Pomona over a period of thirty-years; this amount is approximately was in the \$66,000 per year. This credit had been given to the City of Pomona, and everyone who paid assessments provided a proportional share for that credit. Mr. Kavounas stated that under provisions of Peace II Agreement TVMWD willingly took on the payment obligation to provide that Pomona Credit to the City of Pomona to be reviewed on a five-year basis afterward. Mr. Kavounas stated the five-year period is now up and the letter from TVMWD is notifying the Watermaster Board that TVMWD is electing to terminate their responsibilities, which is within their rights. Mr. Kavounas stated starting in 2013, since TVMWD has opted to opt out, in accordance with Peace II Agreement, that credit will now have to be collected by all the Appropriators proportionally, starting with this assessment year 2012-2013. Mr. Kavounas stated, staff strongly recommends this Committee approve the Assessment Package that is being presented today to maintain cash flow and the Pomona Credit matter will be dealt with as a separate assessment by the end of this fiscal year. Mr. Kavounas stated that will be handled as a special assessment, this time around, and in future years it will go through the normal Watermaster Assessment process, Mr. Kavounas stated Mr. Joswiak has prepared a table for this matter that shows the assessment which will be coming back to the individual prior to the end of this fiscal year.

Mr. Kinsey stated one would think that there would be some sort of advance notice so this could have been factored into this Assessment Package. Mr. Kinsey whether Watermaster has reserves that can be used for this purpose. Mr. Kinsey discussed the Watermaster Reserve Policy and the payment of the \$66,000 in greater detail.

Mr. Kavounas stated in terms of the notification; the requirement of TVMWD was that they would notify Watermaster within ninety-days of the completion of the five-year timeframe; which has been met. Mr. Kavounas stated unfortunately the letter arrived too late for getting this change into this Assessment Package; however, this is manageable, and taking it out of the Watermaster reserves is definitely one option that can be explored.

A discussion regarding this matter ensued. Mr. Kinsey stated he would amend his motion to include bringing back a special assessment for the Pomona Credit.

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

Approve the of the Fiscal Year 2012-2013 Assessment Package as Presented, with Express Acknowledgment of the Treatment of the Topics as Described in the Staff Report Package including brining back a Special Assessment for the Pomona Credit through the Watermaster process, as presented

D. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS

Mr. Kavounas introduced this annual item and noted this resolution allows Watermaster to bill all the parties for their assessments.

Motion by Garibay, second by Layton, and by unanimous vote

Approve to approve the Levying Replenishment and Administrative Assessments for Resolution 12-07, as presented

E. APPLICATION FOR RECHARGE

Mr. Kavounas stated this item is for consideration by the Advisory Committee for the Application for Recharge that was received by Watermaster as part of an application for a Local Supplemental Storage Agreement made by Vulcan Materials Company (VMC). The application was reviewed by staff and our consulting engineer Wildermuth Engineering Inc. (WEI), and WEI has performed a Material Physical Injury (MPI) analysis; they have concluded there is potential for MPI. Mr. Kavounas stated staff's recommendation comes from the motion made by the Pools last month which was to conditionally approve the application with the understanding that any discussion about storage would have to be put into the same status as all prior Storage Applications that have been received, and it would take its order in priority behind the other Storage Applications. The conditions for approval of the recharge would be to satisfy the site characterization studies which would be developed by WEI. Mr. Kavounas stated, as part of the Watermaster procedures, this item had to wait to come to the Advisory Committee and Watermaster Board for a month after the Pool's consideration; that has been done. Last week staff presented this item at the Pool meetings for their information which contained the conditions that WEI believes would be appropriate for site characterization studies. Mr. Kavounas stated the item before you today is the conditional approval of that local Recharge Application and staff recommends conditional approval. Mr. Kavounas stated staff is also aware of the requests that were made to come back and present the options that Watermaster has made when the other various applications are submitted to Watermaster and there is potential for MPI; legal counsel is preparing a legal memo which will be brought back in December.

Mr. Kinsey verified with Mr. Bowcock that he represents the applicant. Mr. Bowcock stated that is correct. Mr. Kinsey inquired if Mr. Bowcock agreed with all of staff's recommendations. Mr. Bowcock stated as the applicant, the fact that we are able to obtain a permit from Watermaster means we absolutely will meet the conditions of Watermaster under the terms of the MPI. Mr. Bowcock offered further comment on this process. Mr. Kinsey established from Mr. Bowcock's comments that VMC will comply with the suggestions necessary to address the potential for MPI. Mr. Kinsey stated this committee is being asked to approve a Recharge Application conditionally on a project subject to the applicant completing a MPI analysis as laid out by Watermaster. Mr. Kinsey stated tagged along with this matter is a reservation of storage space and Monte Vista Water District's generic concern is that the applicant is asking for reservation for an already limited storage capacity under Watermaster's existing Peace Agreement documents. Mr. Kinsey offered comments regarding this item and storage space. A discussion regarding this matter ensued.

Mr. Bowcock stated all projects, well permits, and everything in Watermaster inasmuch as the court reauthorizes us on an annual basis, is continually subject to MPI analysis; the conditions prescribed, if abided by and meets the satisfaction of Watermaster, noting he understands all projects are subject to MPI analysis and have a continuous holding obligation of all parties.

Mr. Young stated he appreciates Mr. Bowcock bringing this forward; bringing recharge in MZ3 is extremely beneficial. Mr. Young stated Fontana Water Company's (FWC) concern is some of the statements made in the Watermaster staff letter. Mr. Young read the statements of concern from the Watermaster staff letter. Mr. Young offered comment on FWC wells loss of production capacity. Mr. Young inquired about Watermaster's authority and what the level of assurances there will be because they have not yet been clearly defined. Mr. Young offered comments on his concerns and the level of assurance that FWC is looking for with regard to water quality.

Mr. Kavounas stated from Watermaster's point of view, staff is presuming the applicant will produce a work plan and that the Watermaster will approve that work plan, and then the applicant will execute it to Watermaster's satisfaction. The outcome may require the applicant to do additional work beyond that work plan. Watermaster is looking for, along with the site characterization, a workshop to present the results as laid out in the WEI letter and a conceptual hydrological model that looks at how, if there is any contamination, how that would progress as a result of this recharge. Mr. Kavounas stated the letter that staff has put in the meeting package is describing the conditions and is not specific, but provides general guidance; staff is looking to the applicant to come up with the specifics of the plan. Mr. Kavounas stated Watermaster maintains the authority to authorize the final approval before there is the go-ahead of any recharge.

Chair Pierson stated so, in this process, there will be input by all Pool members and Advisory Committee members in a workshop setting to be able to make sure that all are satisfied with the plan that the applicant will promote.

Mr. Kavounas stated, yes, Watermaster expects to have the back and forth between the applicants, technical experts, and our engineer. Once our engineer is satisfied Watermaster will bring the results through the Watermaster process, which will be presented, discussed, and approved through the Watermaster process.

Mr. Bowcock stated VMC has already issued a purchase order to do the soil analysis and reaffirmed that VMC is really going to do what is required. Mr. Bowcock offered further comment on this matter and inquired if all the parties really want to hold a workshop on every one of their projects knowing that normally doing things through workshops is a very time consuming and slow to conclusions process.

Ms. Hoerning inquired to Mr. Kavounas if it would not be more appropriate to review VMC's work plan and accept it rather than approve it. Ms. Hoerning stated VMC is doing a project and they should be held accountable for whatever impacts are associated with that project that may surface at some subsequent date or may not, it's their project. Approval has a number of connotations associated with it, but acceptance without objection, based upon the information that one has today is a different way of prefacing the project before us today.

Mr. Kavounas stated staff does not believe that Watermaster is looking for particular work to be done, rather is looking for results that indicate, and if this site has contamination, and if there is, then where would it migrate to. Watermaster is looking to accept or reject the application based on those results.

Mr. Young stated there are so many unknowns here with this project and he thinks WEI did a great job on the opinion of MPI analysis and nothing more than that. Mr. Young offered comment on the Phase I and Phase II assessments which have been done throughout the years. Mr. Young read portions of the WEI letter regarding contamination. Mr. Young offered history on

contamination and FWC, and he noted a more detailed and more defined work plan that answers a lot of the unknowns that are present would make him feel better about approving an application and moving forward.

Mr. Bowcock offered comment on the reportable action levels and on this matter; he read portions of the WEI letter and commented on the letter.

Mr. Young stated he really wants to see a more detailed analysis and a better understanding of how Watermaster is going to provide that assurance; it's too open ended right now.

Mr. Kavounas stated staff believes conditional approval of the application is consistent with the Rules & Regulations. What this condition letter is basically telling the applicant is to bring Watermaster back a work plan. Mr. Kavounas stated the envisioned process is that VMC would bring back a work plan that the parties would consider which would then set the applicant off to do the work; there will be another chance to appraise the work plan.

A discussion regarding this matter and recharging potentially contaminated water ensued.

Mr. Young stated he is in favor of this project and for recharging in MZ3; however, he wants specific oversight or review of the work plan, and not just from Watermaster. If this is going to be approved subject to conditions, he thinks the approval process should be extended beyond just Watermaster, and specifically by FWC or its assigned agents to approve such a plan. Mr. Young offered further comment on the importance of these assurances and reviews.

Mr. Kavounas stated when you look at approving anything; you have to look at what the existing mechanisms are for approvals. In this particular case had there been an NPDES permit associated with the project, as there have been for others, Watermaster would say the Regional Board has looked at it and they are satisfied. Mr. Kavounas stated that is not the case with this item. The existing approval mechanism is Watermaster; Watermaster brings technical resources to the parties. Mr. Kavounas offered caution in injecting one particular agency as an additional layer of approval, there is a bit of uncertainty as to why just FWC and not other agencies as well. Mr. Kavounas stated Watermaster will bring back a very high level of a technical analysis that will be transparent and it will be available for review, including holding a workshop so that the parties will have the availability to ask questions, and staff is certain that the fellow appropriators will give more weight to FWC comments and concerns than someone on the West side of the basin. Mr. Kavounas stated he would caution against creating more layers of approvals and permits that don't exist today.

Mr. Bowcock stated that protections are all already in existence, like the Department of Public Health Watershed Sanitary Survey Program that looks at the well circumference and from where that well is drawing. Mr. Bowcock stated those applications are subject to annual review and Vulcan is subject to the Basin Plan Objectives of the Santa Ana Regional Water Quality Control Board. All these jurisdictions are already there and Watermaster is merely approving that the applicant is putting an acre-foot of water in the ground that is intended to be recaptured – that is where Watermaster's role begins and ends.

Mr. Garibay stated concerns have been shared about what they are proposing to do, just like when Inland Empire Utilities Agency was proposing recharging recycled water, so the level of concern being raised is not unusual for the pumpers. Mr. Garibay stated this is just a matter of good management of recharge. Mr. Garibay stated he is really not concerned with the quality of water, because that is not the issue here; there is more than just that, it is the quality/content of the soil which is the issue for the City of Pomona. Mr. Garibay stated as long as there is appropriate monitoring in place he would not have a problem with this item.

Mr. Bowcock stated he intends to meet or exceed expectations. Mr. Bowcock stated he sincerely hopes that all have a clear understanding of these terms and conditions being placed on this project and for projects in the future; he will completely comply with the conditions put upon this application.

A discussion regarding this matter, workshops, follow-up, rules, conditions, approval processes, regulatory agencies, and procedures ensued.

Ms. Hoerning stated she wanted it noted that she concurred with Mr. Kinsey's comments that this is just the first time this process is being followed.

Chair Pierson stated we have a conditional approval that has been given by all three Pools and he called for the motion.

Motion by Jeske, second by Aaron, and by majority vote – Young voted no

Moved to approve the Vulcan Materials Company's Application for Recharge in so far as recharge is concerned if it demonstrates, to Watermaster's satisfaction, that the water recharged at the Vulcan Pit will not become contaminated through contact with the soil, or that any water quality degradation caused by contact with the soil will not result in a chemical concentration in the recharge water to increase to a level that would exceed a maximum contaminant level established in California Code of Regulation Title 22 or a notification level established by the Department of Public Health, conditioning the Storage element of Vulcan Materials Company's application so that it is expressly subject to subsequent Watermaster determinations on: (1) the quantity of Local Supplemental Water in Storage; (2) the priority among all competing Applications for Local Storage Agreements; and (3) the general terms and conditions concerning Preemptive Replenishment and Storage, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

Counsel Herrema stated he has no report for today.

B. GM REPORT

1. RMP Compliance Annual Finding

Mr. Kavounas offered comment regarding the Recharge Master Plan Update Compliance Annual Finding that Watermaster is obligated to turn in to the court on compliance with the 2010 Recharge Master Plan Update, which relates to having adequate recharge capacity. Mr. Kavounas stated WEI will have a written report on this item next month.

2. Watermaster Annual Audit (Presentation will be given at WM Board meeting 12-20-12)

Mr. Kavounas stated the Watermaster annual audit is complete and there will be a presentation given by the auditors at the Watermaster Board meeting on December 20, 2012.

3. Other Activities

Mr. Kavounas stated Watermaster was asked to sample three wells at the Artesia Sawdust; however it turns out that only two were able to be sampled. Mr. Kavounas stated after the spigots were installed last week samples were collected, and staff communicated with the Department of Water Resources and verified from their logs that what staff has done with those two wells is adequate to characterize the water that is being used on site.

Mr. Kavounas stated the Agricultural Pool had received a presentation by Cadiz Inc. which came from a request made by the Agricultural Pool, and that presentation is available on the Watermaster FTP site.

C. INLAND EMPIRE UTILITIES AGENCY1. MWD Update – Oral

Mr. Craig stated it looks like the Metropolitan Water District (MWD) board is going to take action this month to terminate the replenishment program. Mr. Craig offered comment on the history of the replenishment program and the MWD replenishment rate. Mr. Craig stated what MWD is going to do is increase Tier I allocation for agencies that have been taking replenishment water, which is approximately 30,000 acre-foot increase for IEUA for Tier I allocation. Mr. Craig stated this will now allow agencies to buy full service water instead of replenishment. Mr. Craig stated staff is working through the rate refinement workshop to try and come up with an alternative replenishment program; that was put on hold for two years and we rolled over the purchase agreements. Mr. Craig stated staff is still making a big push to bring that back in a couple of years, and work on what MWD is going to call storage programs so that IEUA can get some discount replenishment water in surplus years.

2. State and Federal Legislative Reports

No comment was made.

3. Community Outreach/Public Relations Report

No comment was made.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen offered comment on the MWD rate refinement program and purchase order agreements.

IV. INFORMATION1. Cash Disbursements for October 2012

No comment was made.

V. COMMITTEE MEMBER COMMENTS

Mr. Kinsey stated he had a question regarding permitting the Vulcan Pit. Mr. Kinsey offered history on the permitting process that took place when Monte Vista Water District (MVWD) was doing their injection wells. Mr. Kinsey stated as this project proceeds to fruition, his assumption would be that at some point in time it would be added to the list of recharge facilities underneath the umbrella of the Max Benefit permit that IEUA and Watermaster holds. Mr. Kinsey stated it might be something that needs exploring, and he noted that MVWD was subject to an agreement and was deemed permitted by the Regional Board by virtue of the agreement MVWD entered into the IEUA and Watermaster under the Max Benefit Objectives. Mr. Wildermuth stated what Mr. Kinsey stated was correct about MVWD permit.

Chair Pierson stated this all will be worked out through our workshop process.

VI. OTHER BUSINESS

No comment was made.

No confidential session was called.

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.

1. Potential Litigation

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, November 15, 2012	8:00 a.m.	IEUA-DYY Meeting - CANCELLED
Thursday, November 15, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, November 15, 2012	10:00 a.m.	CB 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
Tuesday, November 27, 2012	9:00 a.m.	Groundwater Model Update, Scenario 1 – Recalibration Workshop
Thursday, December 6, 2012	10:00 a.m.	CB RMPU Steering Committee Meeting
Thursday, December 13, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, December 13, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, December 13, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, December 20, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, December 20, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, December 20, 2012	10:00 a.m.	CB RMPU Steering Committee Meeting
Thursday, December 20, 2012	11:00 a.m.	Watermaster Board Meeting

* **NOTE:** Watermaster Board Meeting changed from December 27th to **December 20th** due to the Christmas Holiday schedule

Chair Pierson adjourned the Advisory Committee meeting at 9:56 a.m.

Secretary: _____

Minutes Approved: December 20, 2012