

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

December 20, 2012

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 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
Curtis Aaron
Ron Craig
Dave Crosley
Justin Scott-Coe
Van Jew
Robert Young
Seth Zielke
Tom Harder
Ben Lewis
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
Golden State Water Company
San Antonio Water Company

Non-Agricultural Pool

Ken Jeske

California Steel Industries

BOARD MEMBERS PRESENT

Paula Lantz
Bob Kuhn
Bob Bowcock

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

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

Sheri Rojo
Rick Hanson
Mike Maestas
Jo Lynne Russo-Pereyra
John Bosler
Mark Kinsey
Terry Catlin
Craig Miller
Ryan Shaw

Fontana Water Company
Three Valleys Municipal Water District
City of Chino Hills
Cucamonga Valley Water District
Cucamonga Valley Water District
Monte Vista Water District
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Inland Empire Utilities Agency

Brian Dickenson
Jack Safely
Rick Rees

Chino Desalter Authority
Western Municipal Water District
CIM

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 November 15, 2012

B. FINANCIAL REPORTS

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

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

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

II. BUSINESS ITEMS

A. ANNUAL FINDING OF SUBSTANTIAL COMPLIANCE WITH THE RECHARGE MASTER PLAN

Mr. Kavounas stated this item comes to the Advisory Committee with the recommendation of the three Pools. The annual finding of substantial compliance with the Recharge Master Plan Update (RMPU) is a requirement of the Peace Agreement and is due annually. The finding is to show there is enough recharge capacity in the basin so there is no long-term dependence on the planned reoperation or the extraction of the 400,000 acre-feet. There were no questions or discussion on this item.

Motion by Jeske, second by Aaron, and by unanimous vote

Moved to approve that the Watermaster Board adopt the finding in the Wildermuth Report that Watermaster is in substantial compliance with the Recharge Master Plan Update, as presented

B. WILDERMUTH ENVIRONMENTAL INC. CONTRACT WITH WATERMASTER

Mr. Kavounas stated this item comes to the Advisory Committee with the recommendation of the three Pools. Mr. Kavounas stated this item is for the consideration to enter into a contract with Wildermuth Environmental Inc. (WEI) for the next three years. Mr. Kavounas stated Watermaster has a current contract with WEI; however, it expires December 31, 2012. This contract would be to provide Watermaster with services that are needed for Watermaster to provide services to its parties, which includes making sure the Judgment is enforced as appropriate. The three-year contract contemplates a continuation of WEI rates at the 2012 levels, which provides Watermaster a good way to control costs and gain essential services. Mr. Kavounas stated Mr. Wildermuth was scheduled to be here today; however, he had an unexpected family emergency and was unable to attend this meeting. Mr. Kavounas stated Mr. Wildermuth offered to have another WEI staff member attend this meeting; however, Watermaster staff did not feel that was necessary. There were no questions or discussion on this item.

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

Moved to authorize the General Manager to execute the contract with Wildermuth Environmental Inc., including making non-substantive changes to the contract that may arise during the contract language finalization, as presented

C. RMPU AMENDMENT – POTENTIAL RECHARGE PROJECTS AREA OF FOCUS

Mr. Kavounas stated Mr. Wildermuth gave a detailed presentation on this item at the Pool meetings. Mr. Kavounas stated this item is to adopt the range of projects that is to be looked at by staff in terms of developing cost and water yield information from each of these projects. Mr. Kavounas stated the Pools have looked at this item, the Appropriative Pool had an extensive discussion, and all three Pools recommended moving forward. Mr. Kavounas stated the discussion at the Pool meetings was to also reflect what the project cost methodology would be followed in the future, which led to an expanded staff report to reflect those comments for this committee's consideration. Mr. Kavounas reviewed the staff report section which reflects the concept that was developed at the Appropriative Pool meeting regarding projects that, at the preliminary cost estimate level appeared to be prohibitively expensive, meaning they would not be dropped from consideration, and instead would be carried forward in case the stakeholders decided the project is desirable in the future to then be fully developed. There were no questions or discussion on this item.

Motion by Aaron, second by Harder, and by unanimous vote

Moved to approve staff moving forward with the collection/development of cost and yield information for potential recharge projects shown on the attached list, as presented

D. REQUEST FOR OVERLYING (NON-AGRICULTURAL) POOL AVAILABLE WATER PER JUDGMENT EXHIBIT "G"

Mr. Kavounas stated this item is for notice only and will require no action by the Advisory Committee or the Watermaster Board today. Mr. Kavounas stated this item follows the Watermaster's procedure in asking if the Overlying Non-Agricultural Pool wants to let Watermaster know how much of their water might be available in advance of the Notice of Availability going out. If there is water available, it will allow the Appropriative Pool members to purchase this water. Mr. Kavounas stated this discussion constitutes that notice. There were no questions or discussion on this item.

III. REPORTS/UPDATES

A. LEGAL REPORT

1. Motion for Physical Solution Transfer Rate Substitution

Counsel Herrema stated the first item is for the court's approval of the temporary substitute rate for physical solution transfers pursuant to Exhibit G, and these are the same transfers that are the subject of the last informational item. Counsel Herrema stated in November 2011, through Watermaster process the Pools, Advisory Committee, and the Watermaster Board unanimously approved a substitute rate for the replenishment rate that is identified in Exhibit G, based on the fact that MWD has anticipated not having a replenishment rate, let alone a replenishment program, in 2013. Counsel Herrema stated Watermaster legal counsel filed with the court a motion requesting approval of that substitute rate on November 20, 2012. Counsel Herrema stated Watermaster is requesting the court's approval because it would require a deviation from the Judgment, and it was indicated in the motion that because of the unanimity in the approval it was not believed a court hearing was necessary; however, if it was the courts' pleasure to have a hearing that it would be scheduled before the end of 2012. Counsel Herrema stated the reason for the deadline for the court by the end of the year is so that there could be certainty on that substitute rate prior to the December 31, 2012 deadline for the Overlying Non-Agricultural Pool members to make their water available. Counsel Herrema stated Judge Reichert requested a hearing be noticed for Friday, December 21, 2013, at 10:30 a.m. Counsel Herrema stated it is not clear why the court

requested a hearing other than the Judge either wants to see Watermaster or has some questions about the proposed rate substitution. Counsel Herrema stated Watermaster legal counsel will be coordinating with the Appropriative and Non-Agricultural Pool's legal counsel in appearing at that hearing to answer any questions the court may have.

1. Chino Court Closure

Counsel Herrema stated the Chino courthouse will be closing its facility, and staff and counsel has learned from the court clerk that Judge Reichert will remain as Watermaster's Judge and he will be moving this case and his services to the Rancho Cucamonga courthouse.

2. Watermaster Processing of Applications

Counsel Herrema stated this item is related to some questions that were brought up during the processing of the Vulcan Pit Recharge Application by members the Pools as to what Watermaster's obligations are in regard to applications. In response to a request from the General Manager Watermaster legal counsel has prepared a summary memorandum that explains what those obligations are as they are spelled out in the Judgment, the Peace Agreements, and the Rules & Regulations. Counsel Herrema stated that memorandum is available on the back table, and once you have had an opportunity to review it, if you have any questions or requests for clarification counsel can discuss that with those individual parties.

B. ENGINEERING REPORT

1. Model Calibration Update

Mr. Kavounas stated this report was given in detail by Mr. Wildermuth at the Pool meetings and the presentation is available on the Watermaster FTP site for review. Mr. Kavounas stated Mr. Wildermuth will give this presentation to the Watermaster Board in the future.

C. FINANCIAL REPORT

1. 2012-2013 Assessments Due December 21, 2012

Mr. Joswiak stated the assessment invoices were sent out on November 21, 2012, and tomorrow, December 21, 2012 is the due date. Mr. Joswiak reviewed the parties who have already paid their invoices.

2. Non-Agricultural Pool Stored Water Purchase (Payment #4) Due December 31, 2012

Mr. Joswiak stated the Non-Agricultural Pool stored water purchase, payment no. 4, is due December 31, 2012. Mr. Joswiak reviewed the parties who have already paid their invoices.

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

Mr. Joswiak stated at the Watermaster Board meeting today at 11:00 a.m., Mr. Charles Fedak will be here to provide the information on Watermaster's annual audit. The draft annual report is on the Watermaster FTP site and once the final report has been compiled, it will be distributed and posted to our website.

D. GM REPORT

1. Ninth Amendment to the Chino Basin Cyclic Storage Agreement

Mr. Kavounas stated Watermaster has received a copy from Metropolitan Water District (MWD) of the Ninth Amendment to the Chino Basin Cyclic Storage Agreement. Mr. Kavounas stated, at this point in time, Watermaster staff is holding off on its signature of the five-year extension to the agreement because there are a host of issues related to storage in our basin, and it seems prudent that those issues are discussed first prior to entering into another agreement. Mr. Kavounas stated he has called MWD staff and made them aware Watermaster is holding off on signing because of some issues that Watermaster needs to address.

2. Watermaster Office Holiday Schedule

Mr. Kavounas stated the Watermaster office will be closed from December 24, 2012, through January 1, 2013.

E. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update

Mr. Miller stated MWD was going to take action to eliminate the Replenishment Program and they did that this month. Mr. Miller stated MWD also gave the region of Chino Basin 33,000 acre-feet more of Tier I allocation for compensation for people who have been purchasing replenishment water in the past. Mr. Miller stated we still have room under the Tier I allocation to buy replenishment water at the full Tier 1 rate; there are no more discounts. Mr. Miller reviewed some of the discussions which took place at the recent ACWA conference. Mr. Miller stated workshops were going to be held regarding developing some storage programs that Inland Empire Utilities Agency things would be very beneficial to the region; however, those were put on hold while MWD rolled over the purchase orders. Mr. Miller stated MWD did commit that those workshops should continue at the start of the New Year. Mr. Miller referenced a recent press release from MWD regarding them entering into a transfer agreement with Mexico. Mr. Miller offered further comment on MWD activities.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Safely stated the court ruled against Western Municipal Water District (WMWD) regarding the Santa Ana Sucker Critical Habitat designation and WMWD will proceed with an appeal with that regard.

Mr. Hansen stated Three Valleys Municipal Water District (TVMWD) has a very good relationship with the chairman of MWD Committee that is going to be dealing with the storage program. Mr. Hansen stated that chairman has informed TVMWD that in January MWD will be discussing the storage program again, and before this summer there will be a storage program in place. Mr. Hansen congratulated Chino Basin Watermaster on a great year and he wished all a Merry Christmas and a happy New Year.

IV. INFORMATION

1. Cash Disbursements for November 2012

No comment was made.

V. COMMITTEE MEMBER COMMENTS

No comment was made.

VI. OTHER BUSINESS

No comment was made.

No confidential session was held.

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.

VIII. FUTURE MEETINGS AT WATERMASTER

* Tuesday, December 18, 2012	10:00 a.m.	CB RMPU Steering Committee 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 CANCELLED
**Thursday, December 20, 2012	11:00 a.m.	Watermaster Board Meeting
Thursday, January 3, 2013	10:00 a.m.	CB RMPU Steering Committee Meeting

Thursday, January 10, 2013	9:00 a.m.	Annual & Election Appropriative Pool Meeting
Thursday, January 10, 2013	11:00 a.m.	Annual & Election Non-Ag Pool Conference Call Mtg.
Thursday, January, 10, 2013	1:30 p.m.	Annual & Election Agricultural Pool Meeting
Thursday, January 17, 2013	8:00 a.m.	IEUA DYY Meeting
Thursday, January 17, 2013	9:00 a.m.	Annual Advisory Committee Meeting
Thursday, January 17, 2013	10:00 a.m.	CB RMPU Steering Committee Meeting
Tuesday, January 22, 2013	9:00 a.m.	GRCC Meeting
Thursday, January 24, 2013	11:00 a.m.	Annual & Election Watermaster Board Meeting

* Recently added RMPU Steering Committee Meeting

** Watermaster Board Meeting date change due to the Christmas Holiday schedule

Chair Pierson adjourned the Advisory Committee meeting at 9:18 a.m.

Secretary: _____

Minutes Approved: January 17, 2013