

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

December 13, 2012

The Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 13, 2012, at 1:30 p.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Gene Koopman	Milk Producers Council
Rob Vanden Heuvel	Milk Producers Council
Jeff Pierson	Crops
Carol Boyd	State of California, Department of Justice

Watermaster Board Members Present

Geoffrey Vanden Heuvel	Dairy
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Watermaster Staff Present

Peter Kavounas	General Manager
Danielle Maurizio	Assistant General Manager
Joe Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

Watermaster Consultants Present

Brad Herrema	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Tracy Egoscue	Egoscue Law Group
Dave Crosley	City of Chino
Rick Reese	Amec
Brian Dickenson	Chino Desalter Authority

Chair Feenstra called the Agricultural Pool meeting to order at 1:37 p.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Special Confidential Agricultural Pool Meeting held November 6, 2012
2. Minutes of the Agricultural Pool Meeting held November 8, 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 Koopman, second by deBoom, 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 the Peace II Agreement required the Recharge Master Plan Update (RMPU) to be done in 2010, and that every year after that the Watermaster make a finding that we are in compliance with our Recharge Master Plan. The first such finding was made last year, and the finding was that we do have enough recharge capacity to continue operating the Chino Basin after the 400,000 acre-foot overdraft in finished. Mr. Kavounas stated the action is basically giving the parties a green light to continue using that 400,000 acre-feet; this is just for that finding and does not have to be reported to the court, and that is what this committee is being asked to recommend that to the Watermaster Board.

Motion by Pierson, second by Koopman, 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 as the Pools are aware Watermaster has a contract with WEI to have services performed that are technical in nature. Watermaster does not have an in-house capability for those services so Watermaster contracts that work with WEI. The WEI contract has been in place for a long time and staff has taken a good hard look at the capabilities of WEI and staff believes WEI is very capable to continue to provide those services. Mr. Kavounas stated staff has also looked at the quality of their work and, their responsiveness, and staff is extremely pleased with the services WEI offers. Dialog has taken place between Watermaster and WEI, and WEI is willing to work with Watermaster as their technical engineer; a mutual agreement on a term for the contract was agreed upon. Mr. Kavounas stated staff is recommending approval of this three-year contract, as budgeted, to the Watermaster Board for their final approval. The benefit of this contract is continuing to have the services of someone who is knowledgeable, capable and qualified, and for the three-year term WEI has agreed to keep their billing rates flat, at the same rate as what they are right now in 2012. Mr. Kavounas stated both the Appropriative and Non-Agricultural Pools approved the WEI contract at their meetings today.

Mr. Geoffrey Vanden Heuvel referenced the redline version of the WEI contract regarding the ownership of the work product and the model and asked for further explanation. Mr. Kavounas stated there are no changes to the ownership of the model; the model has been developed by WEI, and paid for and owned by Watermaster. Mr. Kavounas stated as a result of this agreement the model will continue to belong to Watermaster; the intent in the agreement is to clarify that if Watermaster uses the model, WEI is not liable for the results and would like to be informed of any results. Mr. Kavounas stated this agreement also notes that if WEI wants to use the model for their own purposes, they would also have access to the model – but the model clearly belongs to the Chino Basin Watermaster. Mr. Kavounas stated the second set of changes is clarifying that HydroDaVE (HD), which is an exceptional tool that WEI has developed at their expense, is a tool that does not belong to Watermaster and WEI has offered the consultant protection from any future claims Watermaster might make on that program. Mr. Kavounas stated HD is not something Watermaster has paid for and is something that WEI has developed and paid for. Mr. Kavounas noted WEI, as a courtesy to Watermaster, has given Watermaster a free license to use HD, which is a great advantage to Watermaster. Mr. Geoffrey Vanden Heuvel stated what Mr. Kavounas just explained is very different from what he understood regarding the ownership of the groundwater model or the term/program HD.

Chair Feenstra stated he was very glad Mr. Geoffrey Vanden Heuvel brought this up because he was unclear on this matter; however, he did have an opportunity to speak to Mr. Wildermuth prior to this meeting and he now has a better understanding.

Mr. Pierson stated the model has always been owned by Watermaster; however, HD is owned by WEI and they allow us to use it.

Mr. Geoffrey Vanden Heuvel asked that Mr. Wildermuth explain what HD is. Mr. Wildermuth stated HD is a piece of software and it's a service that allows you to visualize time series data charts, maps and things of that sort, there is a relational database that sits underneath it which has all of Watermaster's data in it. Mr. Wildermuth stated HD is just a tool which allows you to manipulate and visualize the data; it does quality control checks on data when it is loaded into it and it is a very exquisite and powerful tool. Mr. Wildermuth stated WEI is now marketing HD across the world and normally WEI charges \$15,000 for a license, which allows three people to use it and one person to manage data in it. Mr. Wildermuth offered further information on HD; however, WEI allows Watermaster to use it for free.

A lengthy discussion regarding the groundwater model and HD ensued. It was noted the Agricultural Pool requested a demonstration/presentation on HD in the near future.

Counsel Herrema stated what is in this agreement, in terms of who owns what with regard to the groundwater model and HD, has been in place since 2008, and this is being presented in a redline format; however, the baseline agreement from which the redline was created is the 2008 agreement under which Watermaster has been preceding for the last five-years. Counsel Herrema stated the contract states the groundwater model is owned by Watermaster and HD is owned by WEI.

Ms. Boyd inquired if there are any proprietary materials still owned by WEI that are required to run the groundwater model. Mr. Wildermuth stated when WEI is done calibrating and our staff is making a series of planning runs WEI can then turn these files over to Watermaster and they can manipulate those and continue to run the groundwater model. Mr. Kavounas stated Watermaster would have to have the right person on staff to do that task; however, another consultant with experience could run the model.

Ms. Egoscue stated she thinks it is amazing that WEI is holding their rates steady for the next three years. Ms. Egoscue offered comment on other models and inquired if the Watermaster model is going to be, or can be, shared with others since Watermaster will be assuming liability once it is turned over to the Watermaster. Counsel Herrema stated in the past the model has been made available to other consultants and some of the parties' consultants, and they were asked to sign a similar type of indemnification which releases Watermaster and WEI from any liability related to their use of the model. Ms. Egoscue inquired if counsel and/or staff think it's worth referring to in the WEI agreement, if that is going to be the general practice of allowing others to use the model; that language would add more clarification. Counsel Herrema stated it would not hurt to have that language in it. Mr. Kavounas stated staff will take that good comment/point from Ms. Egoscue into consideration. Ms. Egoscue offered further comment on contracts.

Chair Feenstra inquired who determines what can be released to whom with regard to this model. Chair Feenstra stated Watermaster owns what they pay for, we should and will indemnify WEI; however, the information within that model that pertains to Watermaster who makes the decision what can be given to or used by anyone. Mr. Kavounas stated it would be the Chino Basin Watermaster General Manager. Mr. Kavounas stated he would not make that decision without discussing this with Watermaster legal counsel to ensure we are covered legally, depending on who is asking and why they're asking. Mr. Kavounas stated Watermaster wants to promote good management in the Chino Basin, and to the extent that it would help sharing it, Watermaster will share it.

Ms. Pierson stated he would assume that all parties to the Judgment would have the opportunity to come to the General Manager and ask, if they have the capability, to use the model to make a run with it. Mr. Pierson stated he would assume that if it was a party that had no concept on how to operate the model, and then it would be a cost to that party to have WEI run it given whatever parameters they are trying to see. Mr. Pierson stated anyone else that is not associated with the Judgment then should have cause to really want to run the model, and that is where he sees the question.

Mr. Kavounas stated, based on what he understands about the models, it is not easy to pick up somebody else's groundwater model, with detailed information and knowledge, and just give it to their modeler to run. Mr. Kavounas offered further comment on the complexity of the Watermaster groundwater model.

Mr. Pierson inquired about WEI's rates for 2011. Mr. Wildermuth stated WEI had lowered its rates for Watermaster in prior years, and restored them in 2012.

Motion by Vanden Heuvel, second by Pierson, 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 according to RMPU Amendment staff wanted to bring some of the key steps forward through the Pools, Advisory Committee, and Watermaster Board process. Mr. Kavounas stated one of the first questions that staff came across is how much effort should be spent on refining projects, and with the discussions that took place with the Steering Committee it is staffs view also, that we should take a look at all the possibilities basin wide before any refining is done. The Steering Committee had strong advice to not go wild and look at projects regardless of cost; they advised that there should be some limitation of costs and staff has tried to capture that in the recommendation. Mr. Kavounas stated the recommendation is to approve, move forward, and gather cost and yield data for all projects unless a preliminary estimate seems to be at \$1,500 per acre-foot or higher in range. Mr. Kavounas explained the high acre-foot range in greater detail. Mr. Kavounas stated that is what is in the staff letter being presented today; however, it was slightly modified at the Appropriative Pool meeting today. Mr. Kavounas stated the modification discussion was that they do not want to lose sight of those projects because there may be some of them, in some areas, that Watermaster may still want to pursue. Mr. Kavounas offered some examples that were given at the Appropriative Pool meeting. Mr. Kavounas stated the motion which was approved by the Appropriative Pool Committee and is being recommended to the Agricultural Pool as well is to approve staff moving forward with the collection/development of cost and yield information for potential recharge projects, as shown on the attached list. In case a preliminary estimate indicates the project cost would be greater than \$1,500 per acre-foot, then a detailed estimate will not be pursued, although the project will continue to be included in the 2010 RMPU Amendment in case it is later determined that a more detailed cost estimate should be developed.

Mr. Pierson stated that is not what is indicated in the staff report right now; the staff report just has an economic threshold without the caveat that if any one of the zones has a priority need, then it would be continued as an item of projects. Mr. Kavounas read the recommendation written on the staff letter in the meeting package and noted it means all the projects. Mr. Kavounas asked the Committee members to turn to page 84 in the meeting package and he explained several of the paragraphs in greater detail. Mr. Kavounas noted with regard to the \$1,500 per acre-foot concern in the staff letter wording which states, "Projects with initial cost estimates greater than \$1,500 per acre-foot will be dropped from further consideration at this time" staff is going to revise that language to now say, "They will be preserved as far as the

process but not further analyzed.”

Ms. Egoscue inquired if it is really just your prioritizing those that are less than \$1,500 an acre-foot. Mr. Kavounas stated no, this is still the effort process on how much time we want to spend developing cost information, and he noted Watermaster is not choosing projects at this time and are defining how much is a project worth. Mr. Kavounas stated the next part of the effort is evaluation criteria, and cost and yield information is just one of the many evaluation criteria.

Mr. Vanden Heuvel stated there are Agricultural Pool members here who attend the RMPU meetings on a regular basis and maybe a report could be given at a future meeting on the history of this item, what the committee is all about, and some of the projects that are being looked at so that this committee is brought up to speed. Mr. Vanden Heuvel stated he appreciates that some sort of a cost analysis be done on yield, which makes perfect sense to have that information available. Mr. Vanden Heuvel stated when one is looking at yield, he would assume some of these projects have an intensive capital cost up front with yields and perpetuity. Mr. Vanden Heuvel inquired what the yield is over the first five-years, ten-years, or life of the project because there could be some investments that may not be \$1,000 an acre-foot or \$1,500 in the first five-years; however, Watermaster is spending money now to get water in the next fifty to one hundred years, and is that built into that analysis as well. Mr. Wildermuth stated \$1,500 is a unit cost, so that is \$1,500 an acre-foot and that would include amortized capital costs and O&M, so it would be all costs in, turned into a unit cost. Mr. Wildermuth offered further comment on Mr. Vanden Heuvel's comments on costs.

Mr. Koopman discussed the rising price of water with regard to Metropolitan Water District's rates and availability of water, and noted a lot of money has been spent on capital.

Chair Feenstra stated he has asked Mr. Pete Hall to attend all RMPU meetings and to report back to this committee; however, today he was unable to attend this meeting. Chair Feenstra stated he believes having Mr. Hall attend those meetings is of great benefit to this committee. Chair Feenstra stated he would recommend that a motion be passed to have the Watermaster staff move forward with the collection and development of the costs. Ms. Boyd asked the chair if that is as clarified and Chair Feenstra stated as clarified.

Mr. Geoffrey Vanden Heuvel inquired what the anticipated cost for staff and consultant time to analyze these projects and prepare a cost estimate is. Mr. Kavounas stated this is something that was covered in a Watermaster staff report a few months ago; money is in the budget to do the RMPU Amendment and staff believes, at this time, this might be over budget. Mr. Kavounas stated if this is over Watermaster's budget a budget amendment will come through the regular Watermaster process for approval around the February timeframe. Mr. Geoffrey Vanden Heuvel stated it looks like there are about twenty-five projects here. Mr. Wildermuth stated it is more like fifty. Mr. Geoffrey Vanden Heuvel stated with those amounts of projects does staff think it will be \$10,000, \$50,000, or \$5,000 in analysis; what does it cost to analyze all of these projects. Mr. Kavounas stated Inland Empire Utilities Agency (IEUA) will analyze some of them and IEUA is going to share that load and not charge Watermaster, and then Watermaster will analyze some. Mr. Kavounas stated his best estimate for the total RMPU Amendment is \$80,000 for the year, which is budgeted for.

A discussion regarding this cost ensued.

Mr. Geoffrey Vanden Heuvel thanked Mr. Kavounas for the phenomenal job over the few months on this large and time consuming project because prior to involvement the project, in his opinion, was completely chaotic.

Mr. Kavounas thanked Watermaster staff, WEI staff, and legal counsel for tremendous effort and assistance on this project.

Motion by Boyd, second by Pierson, and by unanimous vote

Moved to approve staff recommendation as clarified, as presented

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

Mr. Kavounas stated this item is following Watermaster's procedure and is asking the Overlying Non-Agricultural Pool to let Watermaster know how much water might be available in advance of the Notice of Availability. This does not require any action today, this is just providing notice.

Mr. Koopman offered comment on the Metropolitan Water District (MWD) replenishment rate and inquired if this rate will have to be renegotiated. Mr. Kavounas stated that is correct.

Mr. Geoffrey Vanden Heuvel stated he believes he has recently seen some development on the substitute replenishment rate and he noted that in the future Watermaster should consider some sort of a more competitive way to price this water out. Mr. Geoffrey Vanden Heuvel offered further comment on the replenishment rate. Mr. Kavounas stated he could not agree more with Mr. Geoffrey Vanden Heuvel's comments. Mr. Kavounas stated this particular mechanism for making water available is spelled out in the Judgment as amended by the Peace Agreement and the Peace II Agreement, and the ability to change the rate, as was done this year, is spelled out in the Paragraph 31 Settlement. Mr. Kavounas stated where comments are extremely helpful and constructive are in the way Watermaster purchases water for replenishment purposes; staff is looking for a competitive way to price water.

Mr. Koopman offered comment on this matter and noted how important it is that Watermaster and the parties need to look at how we all can get water into the Chino Basin.

Chair Feenstra stated he recently had an opportunity to speak with Mr. Kavounas and discuss his involvement with the Agricultural Pool. Chair Feenstra offered final comment on this matter.

No motion was made - this item was for information only.

E. OLD BUSINESS

1. Storage Update

Mr. Kavounas stated this item is listed on the agenda as a storage update and there are actually three parts to this report which are listed in the staff letter that he will be discussing. Mr. Kavounas stated number one is that the Agricultural Pool asked some questions coming out of the last special meeting, specifically asking for the quantification of the volume of water in storage, a resolution of water storage agreement issues, and to renew pursuit of opportunities for larger storage and recovery programs for the collective benefit of the basin just as Mr. Koopman has just been discussing. Mr. Kavounas stated he believes in giving the Pools answers to their questions as soon as possible, and staff has prepared a response which is presented as an attachment to the memo. Mr. Kavounas stated this is the latest version of the Watermaster Assessment Package that shows how the water in storage is calculated and the storage balances for the parties. Mr. Kavounas stated staff hopes this is responsive of what the Agricultural Pool was asking for. Mr. Kavounas stated number two for this report is something that Watermaster will be taking up in 2013 and he noted this does not have a simple solution, and there may be a need to change the way staff tracks and accumulates storage today. Mr. Kavounas stated that will take some time to negotiate with all the parties that are involved in this matter. Mr. Kavounas stated number three of this report is something that is ongoing and long range and staff intends to pursue those opportunities and report back on a regular basis.

Chair Feenstra inquired if Mr. Koopman is satisfied with the way staff is answering this request.

Mr. Koopman stated he believes there was a date mentioned in the Peace II Agreement that all the storage agreements were to be in written form, and that appears not to be accomplished at this time. Mr. Koopman inquired when staff thought this is going to be finished and noted IEUA is also the same question with regard to storage in the basin.

Mr. Kavounas stated the Peace II Agreement suggested that the Storage Agreements were automatically extended to 2010, and they have lapsed; however, from a practical point of view, that means there is a document that needs to be corrected. Mr. Kavounas stated nothing physically has happened to the water that is in storage. Mr. Kavounas stated he is looking at tackling that issue and if he could bring it to resolution quickly he would; however, at this time this is another thing which needs to be resolved and right now the RMPU Amendment has a clear deadline, which takes priority. Mr. Kavounas stated as soon as that amendment is finished, staff can begin working on storage issues. Mr. Kavounas stated he is encouraged by the discussions he has personally had with the Appropriators. The Appropriators are interested in maximizing the use of the basin in a positive collaborative sense; they are looking at some potential changes and staff is looking to help them. Counsel Herrema stated those storage agreements, while they may not be active to introduce additional water to storage, there are provisions to state if their term lapses the water, nonetheless the stored water remains the property of those parties who placed it in the storage.

Mr. Koopman stated at the end of 2010 the amount of water they had in storage, at that date they have valid agreement with it, and it's not any water they would add after that, that doesn't have a Storage Agreement, and then what happens to that water. Counsel Herrema stated they don't have an agreement to add any water to their storage accounts. Mr. Koopman inquired what if they did. Counsel Herrema stated Watermaster is tracking that. Mr. Koopman stated on an annual basis the Agricultural Pool transfers water to the appropriators on a percentage basis on water the Agricultural Pool has not used in the previous year. Mr. Koopman stated he believes that some of that water is going to some parties that exceeds the amount of water they had in storage at the end of 2010. Counsel Herrema stated he does not know on a technical standpoint whether that is true or not. Mr. Geoffrey Vanden Heuvel stated excess carryover storage is where that shows up. Ms. Maurizio stated that will be carried over. Mr. Koopman inquired when that request for storage can be considered. Mr. Kavounas stated as soon as possible and there is no certain Mr. Kavounas offered further comment on this and noted this is a significant issue and it will be addressed.

Mr. Geoffrey Vanden Heuvel inquired about the local excess carryover storage, as Watermaster's rules and the Judgment are written, is there any time limit set on this excess carryover storage. Mr. Geoffrey Vanden Heuvel expanded on his inquiry.

Counsel Herrema stated this may be a labeling issue; however, in Mr. Geoffrey Vanden Heuvel's example the 500 acre-feet, each of those two 500 acre-foot portions that were not used, would initially be held in carryover storage which does not require a Storage Agreement. Counsel Herrema stated once the carryover balance exceeds the quantity that is someone's annual right (at least that excess portion) that is considered excess carryover. Counsel Herrema stated the Rules and Regulations, and the governing documents require a Storage Agreement for excess carryover. Counsel Herrema stated, to date, there have been no Storage Agreements for excess carryover. Mr. Geoffrey Vanden Heuvel inquired if that is because they are not needed or they have just not been dealt with it. Ms. Maurizio stated that was the intent of the ones that were committed to 2010. Mr. Geoffrey Vanden Heuvel stated it needs to be dealt with.

Counsel Herrema stated there was a detailed presentation given at the July RMPU Steering Committee meeting that gives very clear explanation of all the different quantities of water in

storage, what requires an agreement, and where we are in terms of who has agreements and what agreements have lapsed.

A lengthy discussion regarding Mr. Geoffrey Vanden Heuvel's questions/concerns ensued.

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 2012 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 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 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, 2012 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 Appropriate and Overlying Non-Agricultural Pool's legal counsel in appearing at that hearing to answer any questions the court may have.

2. 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.

3. 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 of the Pools regarding 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 he is available to discuss any questions by members of the Pool.

B. ENGINEERING REPORT

1. Model Calibration Update

Mr. Kavounas stated Mr. Wildermuth will be giving a presentation on the model calibration workshop which was held on November 27, 2012. Mr. Wildermuth gave the Update of the Chino Basin Groundwater Model and Evaluation of Basin Dynamics Draft Calibration Results presentation. This presentation covered questions to be answered, what work has been done to answer these questions, geometry and aquifer properties suggested by new borehole data and addition of Glen Avon/Stringfellow-area Paleo Channel, several maps, improvements in the resolution of land use and historical estimates of the deep infiltration of precipitation and applied water, recharge and discharge fluxes across the land surface,

hydrologic budget, data requirements to estimate these flux terms, groundwater model calibration draft results, several charts, and project status. Chair Feenstra inquired about some of the diagrams showing activity in 1980 timeframe. Mr. Wildermuth pulled up a diagram and discussed what Chair Feenstra was referencing. Mr. Wildermuth continued with the presentation. A discussion regarding this presentation, information, and water capture presented ensued.

C. FINANCIAL REPORT

1. 2012-2013 Assessments Due December 21, 2012

Mr. Joswiak stated on November 21, 2012, Watermaster issued the standard assessments to the Appropriative and Non-Agricultural Pool members, and those per the Judgment are due 30 days from issuance, or December 21, 2012. Mr. Joswiak noted he sent out notifications on December 11, 2012, to the Pool members who had not paid yet.

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

Mr. Joswiak stated per the Paragraph 31 Settlement Agreement the Non-Agricultural payment number 4 invoice was issued on November 30, 2012, and per the agreement the payment is due on or before December 31, 2012.

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

Mr. Joswiak stated the Watermaster annual audit report has been finalized. Charles Fedak, from the Charles Z. Fedak & Company will be at the December 20, 2012, Watermaster Board meeting to provide a presentation on their findings. Mr. Joswiak stated after that meeting he will be posting those findings onto the Watermaster website.

Added Commend:

Chair Feenstra inquired about balances due and our Watermaster's collections in good order. Mr. Joswiak stated yes they are.

D. GM REPORT

1. Ninth Amendment to the Chino Basin Cyclic Storage Agreement

Mr. Kavounas stated Watermaster received a copy of the Cyclic Storage Agreement which is an agreement that exists between MWD, IEUA, and Watermaster for a way of storing water in the basin. The Cyclic Storage Agreement came into being in 1978 and has been amended 8 times since then; this would be the ninth annual amendment. This allows MWD to store water primarily by delivering water to parties in the basin, who then back off from their pumping. According to Watermaster procedures staff needs to give at least a thirty day notice to the parties that Watermaster is considering renewing that agreement; Watermaster is at that stage of giving notice by making this report today. Mr. Kavounas stated Watermaster would like to take advantage of the thirty days and take an opportunity to meet with Rick Hansen, John Rossi, and Tom Love, who are representatives for the three MWD agencies, to discuss the Cyclic Storage Agreement, and the value it has to the basin, the provisions that are in the agreement, and whether we as a basin would benefit from any changes. Mr. Kavounas stated counsel Herrema will be assisting in this matter. Mr. Koopman inquired if this was just a simple extension or does this reopen negotiations. Mr. Kavounas stated this is a simple extension and that is what gave him concern even though there was not a lot of change in it. Mr. Kavounas stated he wants to take the time to ensure the contract is in the best interest of Watermaster.

Added Comments:

Mr. Kavounas stated members of the Agricultural Pool are most likely aware that Watermaster has obligations to conduct groundwater and surface water monitoring according to the Basin Plan Amendment. Mr. Kavounas stated the Basin Plan Amendment has been amended and has now been officially adopted by the Regional Water Quality

Control Board and the State Water Board, and with that adoption has changed the surface water monitoring obligations for Watermaster. This change has reduced the monitoring dramatically from what the requirements were before. Mr. Kavounas stated the savings to Watermaster is expected to be approximately \$275,000 per year. Mr. Kavounas stated this change was long overdue and staff, while Watermaster was waiting for the approval, had to continue monitoring according to the old monitoring protocol. Staff had tried to predict when that change would come into effect and how much we would be monitoring; staff has had to conduct a couple of rounds of additional monitoring which will put Watermaster slightly over our budget for this year. Mr. Kavounas stated starting next year Watermaster will be seeing this new savings. Mr. Kavounas stated this is really good news.

Mr. Kavounas stated Watermaster received notice after the posting of the agenda from the Regional Water Quality Control Board (RWQCB) announcing a hearing on December 14, 2012 in Loma Linda on tentative waste discharge requirements for concentrated animal feeding operations. Mr. Kavounas stated this letter came on December 4, 2012 while he was at the ACWA Conference. Mr. Kavounas stated staff is attending this hearing as he is sure many from the Agricultural Pool Committee members will be attending. Mr. Kavounas stated if Watermaster has comments, those will be submitted by the due date around January 21, 2013. Mr. Rob Vanden Heuvel stated this is in an existing general permit that all the dairies in the Chino Basin operate under, which expired in September 2012; this will be for the drafting of a new five-year permit. Mr. Rob Vanden Heuvel stated he has been in contact with the RWQCB staff as well as some of the environmental community. Mr. Rob Vanden Heuvel stated a draft of the new five-year general permit for dairies has been sent out. Mr. Rob Vanden Heuvel offered comment on the differences in the new five-year permit. A discussion regarding this added comment ensued. Chair Feenstra stated the Agricultural Pool will assist in any way needed for agricultural. Mr. Kavounas asked that Mr. Rob Vanden Heuvel please share his gathered information on this matter at a later meeting.

2. Watermaster Office Holiday Schedule

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

E. AGRICULTURAL POOL LEGAL COUNSEL REPORT

Ms. Egoscue stated her comments today are for confidential session only.

IV. INFORMATION

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

V. POOL MEMBER COMMENTS

No comment was made.

VI. OTHER BUSINESS

No comment was made.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 3:22 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

The confidential session concluded at 3:46 p.m.

No action was reported.

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, December 13, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, December 13, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, December 13, 2012	1:30 p.m.	Agricultural Pool Meeting
* 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 Feenstra adjourned the Agricultural Pool meeting at 3:46 p.m.

Secretary: _____

Minutes Approved: January 10, 2013