

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

March 14, 2013

The Agricultural Pool meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 14, 2013 at 1:30 p.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
John Huitsing	Dairy
Rob Vanden Heuvel	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
Pete Hall	State of California, CIM

Watermaster Board Members Present

Geoffrey Vanden Heuvel	Dairy
------------------------	-------

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
--------------	-------------------------------------

Others Present

Tracy Egoscue	Egoscue Law Group
Craig Parker	Inland Empire Utilities Agency
Majid Karim	Inland Empire Utilities Agency
Larry Dimock	California Department of Corrections
Julie Cavender	California Department of Corrections
Marilynn Levin	State of California, Department of Justice
Dave Crosley	City of Chino
Gil Aldaco	City of Chino
Rick Reese	Amec
Jack Safely	Western Municipal Water
Curtis Paxton	Chino Desalter Authority
Allison Burns	Stadling Yocca Carlson & Rauth for the CDA

Chair Feenstra called the Agricultural Pool meeting to order at 1:33 p.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held February 14, 2013

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2013
2. Watermaster VISA Check Detail for the month of January 2013
3. Combining Schedule for the Period July 1, 2012 through January 31, 2013
4. Treasurer's Report of Financial Affairs for the Period January 1, 2013 through January 31, 2013
5. Budget vs. Actual Report for the Period July 1, 2012 through January 31, 2013

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

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

A party in the audience inquired if there was someone on the conference call line. Mr. Kavounas stated the first item of business is regarding the Chino Desalter Authority (CDA) request regarding the remediation of the Chino Airport groundwater plume, and he was contacted by Ms. Elizabeth Brockman from Chamberlin, Keaster & Brockman LLP representing the County of San Bernardino on March 13, 2013 regarding Business Item A. Ms. Brockman could not be in attendance today, so she asked for a call in number; however, it does not appear she has called into the Watermaster conference line.

II. BUSINESS ITEMS**A. CDA REQUEST RE REMEDIATION OF CHINO AIRPORT GROUNDWATER PLUME**

Mr. Kavounas introduced the CDA presentation. Mr. Kavounas stated before the presentation on this item is given, he wanted to let this Committee know this item is being brought forward by the request of the Watermaster Board. The Watermaster Board asked for the review and advice of all three Pools.

Mr. Kavounas stated Watermaster has notified, by certified letter, the representatives for the County of San Bernardino to be made aware of today's meetings and extended an invitation to them if they wanted to see the presentation and/or offer any comment. Mr. Kavounas stated at the Appropriative Pool this morning Mr. James Jenkins from the County of San Bernardino, Department of Airports spoke regarding this matter. Mr. Jenkins could not stay for the rest of today's meetings; however, he asked that staff relay that he was present this morning. Mr. Jenkins commented at that meeting that he was comfortable with the approach that is being taken by Watermaster and the CDA. Mr. Kavounas stated the concept for today is to have Mr. Paxton give a presentation on the CDA's request of Watermaster and after his presentation the Appropriative Pool's action will be read.

Mr. Paxton introduced himself and Ms. Burns who is here representing the CDA as their legal counsel. Mr. Paxton gave a Chino Airport Plume Remediation presentation. Mr. Paxton stated what the CDA is requesting is to secure an order from the Watermaster Court (Judge Reichert) directing the County of San Bernardino to reimburse the CDA for costs to treat TCE contamination at Well 18 and other impacted CDA wells.

Mr. Kavounas read the action from the Appropriative Pool meeting confidential session today, which was to "request that Watermaster not move this item forward at this time. And Watermaster was requested to defer in taking any definitive action on this matter until such time as a meeting can be facilitated with Watermaster staff, Watermaster legal counsel, CDA staff, CDA legal counsel, and the Appropriative Pool members who wish to attend and their legal counsel, to review the historical context, what options exist, and the legal strategies." Mr. Kavounas noted the Non-Agricultural Pool made the same recommendation at their meeting today.

Mr. Kavounas stated at this time staff is planning on taking this recommendation back to the Watermaster Board in two weeks and in the meantime Watermaster's general counsel will be facilitating the requested meetings.

Mr. Pierson inquired if all three Pools take this to the Advisory Committee, can the Advisory Committee then elect to advise the Watermaster Board on the proper action, or is this from the Watermaster Board directly to the Pools. Mr. Kavounas stated the Appropriative and Non-Agricultural Pools wanted this item to be deferred; however, an update will be provided to the Watermaster Board, and staff sees little value in taking this item to the Advisory Committee. Mr. Pierson inquired if those meetings will take place before the Watermaster Board meeting, and then at the April Pool meetings this item will be back on the agenda as a business item. Mr. Kavounas stated an attempt will be made to hold these meetings prior to the Watermaster Board meeting; however, there are a lot of people involved and it is always a challenge scheduling meetings on short notice.

Mr. Geoffrey Vanden Heuvel stated in light of the Appropriative and Non-Agricultural Pools recommendation, it seems that staff should not go forward in taking this matter to the Watermaster Board and to have it just come back next month through the Pool process because the Pools seem to have a lot of work and/or discussions they want to take place prior to it coming to the Watermaster Board. Mr. Geoffrey Vanden Heuvel offered further comment on this matter.

Chair Feenstra asked that staff provide, in writing, the recommendation from the Pools today before the close of today's meeting. Mr. Kavounas stated staff would do that, and he also encouraged the Committee members to take advantage of Mr. Paxton and Ms. Burns while they are here today to answer any questions or present any concerns.

Chair Feenstra asked that the Confidential Session be taken out of order.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 1:48 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 2:12 p.m.

Ms. Egoscue reported there was no action taken on the CDA request regarding remediation of the Chino Airport groundwater plume, and request that the Agricultural Pool be invited to the meetings as well.

Mr. Kavounas stated as requested the motion made today on this item is now available and noted it is stamped draft because the minutes in which this motion was taken have not been approved yet.

Chair Feenstra asked that Mr. Pierson take over the meeting at 2:13 p.m.

B. NINTH AMENDMENT TO THE CHINO BASIN CYCLIC STORAGE AGREEMENT

Mr. Kavounas stated this item was reviewed by the three Pools last month and it was recommended to move forward. The recommendation by staff is to recommend to the Advisory Committee to recommend to the Watermaster Board to authorize the General Manager to sign the five-year extension of the Cyclic Storage Agreement. Mr. Kavounas stated after further discussion at the Advisory Committee meeting, with no action taken and for this item to come back to the Pools, this allowed members of the Appropriative Pool the opportunity to have more information provided to them as they requested. The extra information was provided and the action taken by the Appropriative Pool today was to approve staff recommendation with the understanding that it is Watermaster's opinion that losses identified in the Peace II Agreement are currently at 6%, or as amended in the future, will apply to the water introduced into this cyclic account; and Watermaster and the Inland Empire Utilities Agency will determine who will pay for the water in advance, in case of agreement termination by Metropolitan Water District (MWD), so that no individual party would be compelled to pay against their will. Mr. Kavounas stated these are provisions that in staff's opinion were already there, and they are clarifying that is their

understanding as part of moving staff's recommendation forward. Mr. Kavounas stated the Non-Agricultural Pool also concurred and moved the same action to the Advisory Committee.

Chair Pierson asked for questions or comments on this issue. A discussion regarding the motion ensued and it was understood the Agricultural Pool would concur with the same motions made at the other two Pool meetings today.

Motion by Durrington, second by Rob Vanden Heuvel, and by unanimous vote

Moved unanimously to approve staff recommendation with the understanding that it is Watermaster's opinion that losses identified in the Peace II Agreement, currently at 6%, or as amended in the future, will apply to the water introduced into this Cyclic Storage account; and Watermaster and the Inland Empire Utilities Agency will determine who will pay for the water in advance, in case of agreement termination by MWD before water is placed in the account, so that no individual party would be compelled to pay against their will, as presented

C. OBMP SEMI-ANNUAL STATUS REPORT 2012-2

Mr. Kavounas stated this item is for the Watermaster OBMP Semi-Annual Status Report which captures progress toward OBMP activities. Mr. Kavounas stated the report is in the meeting package and, as discussed by the other two Pools, the report was approved to be received and filed with the court. A discussion regarding the motion ensued.

Motion by Rob Vanden Heuvel, second by Durrington, and by unanimous vote

Moved to approve staff recommendation to the Advisory Committee to recommend to the Watermaster Board to receive and file with the court, as presented

D. ACM / CSI STIPULATION

Mr. Kavounas stated this item is an informational item which provides notice to the Pools that Watermaster will be adjusting its records to reflect the agreement between Aqua Capital Management and California Steel Industries in the way they have settled their dispute over a joint water right. Mr. Kavounas stated there is another noted item that is not in the staff report; however, it will be in the staff report for the Advisory Committee, which is that this adjustment of the records will be footnoted in the next Assessment Package as well as the next Annual Report. Mr. Kavounas noted there is a transposition of numbers on page 140 and stated the numbers will be corrected in the items presented to the Advisory Committee.

Motion by Rob Vanden Heuvel, second by Durrington, and by unanimous vote

Moved to receive and file Watermaster staff's notice of adjustment of records to reflect reallocation of Aqua Capital Management and California Steel Industries joint water right, as presented

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

Counsel Herrema stated he has no report for today.

B. ENGINEERING REPORT

1. Proposed Recharge Basin SCADA Enhancements for FY 2013/2014

Mr. Kavounas introduced this item and noted Mr. Craig Parker is here from Inland Empire Utilities Agency to present this item. Mr. Kavounas noted this presentation has been given to the two other Committees and the enhancements will affect the Watermaster budget for the next two years. Mr. Kavounas stated this is an important capital project that enhances recharge operations in the basin.

Chair Pierson inquired if this item will come back through the Watermaster process in the form of a business item. Mr. Kavounas stated yes, it will, and this not intended to be approved today, rather this is to be a preview of what is to come.

Mr. Parker gave the Proposed Recharge Basin SCADA Enhancements for Fiscal Year 2013/2014 presentation. A discussion regarding this matter ensued.

C. GM REPORT

1. Refresh, Recharge, and Reunite

Mr. Kavounas stated this was a very good event and was well attended. Mr. Kavounas stated the first few hours were to discuss the legal framework of which Mr. Slater and Mr. Herrema handled that portion, and the second part was a question and discussion portion on the Chino Basin Watermaster establishment. The notes from the second portion have been transcribed and will be made available to the Chairs to disseminate them within the Pool and ask them for comments and feedback.

2. Overlying (Non-Agricultural) Pool Available Water Per Judgment Exhibit "G"

Mr. Kavounas stated this is a report on the process, which is at its end for this year. Mr. Kavounas stated there was water made available by two parties of the Non-Agricultural Pool; however, there were no takers for that water and the process will begin over again next year. Staff has this item on their calendar for next year to meet with the respective chairs of the Appropriative and Non-Agricultural Pools and discuss an appropriate rate for the next year since the rate offered this year was a one-time only rate.

3. Status Report on the 2013 Amendment of the 2010 RMPU

Mr. Kavounas stated the Agricultural Pool asked for an update on the 2013 Amendment of the 2010 Recharge Master Plan Update. The RMPU Steering Committee meetings are still taking place twice a month. At this Wildermuth Environmental Inc. staff is working closely with IEUA staff to develop the cost and yield estimates on various recharge projects. Mr. Kavounas stated in terms of the effort to date Sections 1-4, 6, and 7 are approved so far. As staff is going through these sections, we are finding that maybe some fine tuning improvements to some previous sections that are already approved by the Watermaster Board. Mr. Kavounas reviewed Sections 1 through 8. Mr. Kavounas stated it is anticipated that the first draft of Section 5 will be presented at the next Steering Committee meeting. Mr. Kavounas stated the focus really needs to be placed on Section 8, which is the projects, how much they cost, and how much water will they give. Kavounas stated the schedule does call for filing of the 2013 Amendment to the 2010 RMPU with the court by October 2013; this is on or a little ahead of schedule.

Mr. Vanden Heuvel inquired about the timing of the recalculation of safe yield from Wildermuth Environmental Inc. Mr. Kavounas stated WEI told Watermaster staff sometime in June.

Mr. Hall offered comment on WEI and IEUA's calculations.

Chair Pierson encouraged any member that can attend a RMPU Steering Committee meeting to do that because they are very technical and informative.

IV. INFORMATION

1. Cash Disbursements for February, 2013

No comment was made.

V. POOL MEMBER COMMENTS

Mr. Durrington inquired about an article in the Daily Bulletin on Cadiz. Mr. Kavounas stated he sent out an email with four articles. The Agricultural Pool asked that Mr. Kavounas send the articles to them also.

VI. OTHER BUSINESS

No comment was made.

The confidential session was taken out of order at 1:48 p.m. directly after the CDA presentation.

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.

This was reported as part of Agenda Items II. A of the minutes.

VIII. FUTURE MEETINGS AT WATERMASTER

Tuesday, March 12, 2013	7:30 a.m.	Refresh, Recharge and Reunite – Frontier Project
Thursday, March 14, 2013	9:00 a.m.	Appropriative Pool Meeting
Thursday, March 14, 2013	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, March 14, 2013	1:30 p.m.	Agricultural Pool Meeting
Tuesday, March 19, 2013	10:00 a.m.	Land Subsidence Committee Meeting
Thursday, March 21, 2013	8:00 a.m.	IEUA DYY Meeting
Thursday, March 21, 2013	9:00 a.m.	Advisory Committee Meeting
Thursday, March 21, 2013	10:00 a.m.	CB RMPU Steering Committee Meeting
Tuesday, March 26, 2013	9:00 a.m.	GRCC Meeting
Thursday, March 28, 2013	11:00 a.m.	Watermaster Board Meeting
Tuesday, April 9, 2013	10:00 a.m.	Personnel Committee Meeting
Tuesday, April 16, 2013	9:30 a.m.	Budget Workshop
Tuesday, April 23, 2013	9:30 a.m.	Potential 2 nd Budget Workshop

Chair Feenstra adjourned the Agricultural Pool meeting at 2:48 p.m.

Secretary: _____

Minutes Approved: April 11, 2013