

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

April 11, 2013

The Agricultural Pool meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on April 11, 2013 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
Glen Durrington	Crops
Carol Boyd	State of California, Department of Justice
Pete Hall	State of California, CIM

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
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Others Present

Tracy Egoscue	Egoscue Law Group
Dave Crosley	City of Chino
Rick Reese	Amec
Bob Gluck	City of Ontario
Curtis Paxton	Chino Desalter Authority

Chair Feenstra called the Agricultural Pool meeting to order at 1:35 p.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2013
2. Watermaster VISA Check Detail for the month of February 2013
3. Combining Schedule for the Period July 1, 2012 through February 28, 2013

4. Treasurer's Report of Financial Affairs for the Period February 1, 2013 through February 28, 2013
5. Budget vs. Actual Report for the Period July 1, 2012 through February 28, 2013

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The purchase of 1,100,000 acre-feet of water from Santa Ana River Water Company (SARWC) by Jurupa Community Services District (JCSD). This purchase is made first from SARWC's Annual Production Right, with any additional from storage. Date of application: March 11, 2013

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

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

II. BUSINESS ITEMS

A. CDA REQUEST RE REMEDIATION OF CHINO AIRPORT GROUNDWATER PLUME

Mr. Kavounas stated this item is a continued deliberation by the Agricultural Pool Committee on the request by the Chino Desalter Authority (CDA) to pursue the issue of the Chino Airport contamination in the Watermaster Court. The Watermaster Board turned the matter over to the Pool Committees and asked for advice and counsel; however, at the March meetings the Pool Committees asked for additional information. The CDA and Watermaster had meetings with each of the Pools individually during the month of March, and the discussions are summarized in the staff letter in the meeting package. Mr. Kavounas stated the Watermaster Board's request remains the same in seeking advice and counsel as how the Watermaster Board should proceed. Mr. Kavounas stated Mr. Paxton is here today from the CDA to answer any questions.

Mr. Paxton stated last month there was a request for additional time to get more information on this matter, and the CDA will provide an extra month to accommodate that request. Mr. Paxton stated the CDA is planning on reimbursing Watermaster for their legal and consultant costs incurred since January 2013. Mr. Paxton stated his current authorization from the CDA board is that the CDA would reimburse Watermaster for those costs, from settlement proceeds. Mr. Paxton noted an additional question has come up with regard to reimbursing Watermaster costs in case of an agreement with the County. At the May 2, 2013 meeting Mr. Paxton will be asking for direction on the issue pertaining to Watermaster legal and consulting costs.

Mr. Kavounas provided the motions made at the Appropriative and Non-Agricultural Pool meetings. Chair Feenstra inquired about the discussions at the Appropriative and Non-Agricultural Pool meetings. Mr. Paxton stated both Pools wanted more information on costs and the potential pleading.

Mr. Durrington inquired about where Well 18 is located. Mr. Paxton gave the location of Well 18. Mr. Durrington asked other questions about locations. Chair Feenstra inquired if this is going to cause any additional stress on the groundwater levels. Mr. Paxton stated this is the Chino Creek Wellfield as proposed which is needed to achieve Hydraulic Control.

Mr. Koopman stated the County is the one that has the liability on this, as well as the airports; however, Mr. Paxton mentioned capital costs and O&M costs – is the County going to reimburse the CDA for O&M costs over an extended period of time. Mr. Paxton stated that is part of what we are requesting. Mr. Koopman inquired to Ms. Egoscue, if by moving ahead with this does Watermaster assume any kind of liability. Ms. Egoscue stated this was discussed in the separate meeting and that Watermaster's counsel, Mr. Slater was confident that the actual filing could be crafted in such a manner as to limit that liability; however, it was something that both Ms. Levine and herself had brought to the attention to those assembled, and it remains to be seen what the actual document will look like. Mr. Koopman inquired if it's prudent to move ahead with this without some assurances regarding liability. Counsel Herrema stated these are the exact kind of comments that we are attempting to surface for answers; however, the Watermaster Board has requested from the Pools advice and counsel, and the identification of

concerns, to assist in crafting a document to limit or eliminate that liability. Counsel Herrema stated the Appropriative Pool, after coming out of closed session, took a three part action with regard to this item. Counsel Herrema stated the actions were they were not going to provide any advice and counsel today, and they requested that legal counsel prepare a pleading which is to be circulated for review and comment first, and then the Appropriative Pool would continue to work with the CDA to explore whether there are non-litigation alternatives for resolution. Counsel Herrema stated the Non-Agricultural Pool took a similar action, after a separate discussion on what they thought might be prudent in the draft pleading.

Chair Feenstra thanked Watermaster staff for holding the individual meetings and noted they were extremely helpful in trying to work through these questions.

Mr. Pierson stated in listening to the Appropriative Pool's points he inquired to Mr. Paxton for any additional comments on those points. Mr. Paxton stated he has no additional comments other than the CDA is willing and able to work with the Pools and Watermaster.

Mr. Geoffrey Vanden Heuvel stated he read that all members of the CDA are members of the Watermaster, and inquired what percentage of Watermaster is made up of CDA members. Mr. Kavounas stated he would get back with that answer and inquired if that request was to be determined by percent of operating safe yield. Mr. Geoffrey Vanden Heuvel stated yes, for the Appropriative Pool; what percent of the Appropriative Pool is part of the CDA and what percentage are not. Mr. Geoffrey Vanden Heuvel stated we are trying to accomplish something here although this item keeps getting dragged out, and he expressed his concerns about pushing this item out again. Mr. Kavounas stated his best guess estimate is that approximately 35% of the operating safe yield is by a CDA member. Mr. Geoffrey Vanden Heuvel stated that means that 65% is not part of the CDA. Mr. Kavounas offered comment on the different formulas for allocating things like money and water, and noted water rights are calculated that way, however, desalter replenishment obligation falls on everyone and their percentages. Mr. Kavounas stated he believes that all are vested in the success of the CDA and the Desalter operation. Mr. Kavounas stated this is something that is good for everyone.

Mr. Geoffrey Vanden Heuvel stated he remembers when Hydraulic Control was being developed and parties knew we needed to construct water production facilities in the part of the basin where water quality is impaired. Mr. Geoffrey Vanden Heuvel stated that was known up front because it was being done for the greater good of all to accomplish this. Mr. Geoffrey Vanden Heuvel stated parties implied strongly that collectively they would be there, and now it is time to make good on those commitments; legitimate questions need to be answered, but if these questions turn into delaying tactics, that is where he has a real concern. Mr. Geoffrey Vanden Heuvel stated he is being patient, but at some point in time a resolution is needed sooner rather than later. Mr. Kavounas noted staff is looking for the Agricultural Pool's advice and counsel to the Watermaster Board. Mr. Kavounas stated staff will note whatever recommendations were made today and present those to the Watermaster Board.

Chair Feenstra stated he supports all of Mr. Geoffrey Vanden Heuvel's comments. Chair Feenstra stated he questions as to why this process keeps being continued on and on.

Chair Feenstra inquired about reimbursement from the CDA and if Mr. Paxton felt that reimbursement was achievable. Mr. Paxton stated, yes. Mr. Paxton stated the current authorization from the CDA board was that the CDA would reimburse Watermaster for its legal and consulting expenses from whatever settlement is achieved with the county. Mr. Paxton stated what he will be asking at the next CDA board meeting, is if a process is arrived at that is different than reaching a settlement with the county, and this matter takes off in a different direction, would the CDA still provide reimbursement.

Mr. Durrington inquired about the Chino Airport plume. Mr. Paxton stated other plumes are not currently affecting the CDA wells. Mr. Paxton stated what the CDA is concerned about is the Chino Airport plume.

Mr. Geoffrey Vanden Heuvel stated we are running up the legal expenses and consulting costs by all these delays; it would be interesting to know how much this item has really costing and will end up costing because of these delays.

Chair Feenstra mentioned some of the comments which were made at the recent workshop. Chair Feenstra thanked Mr. Paxton for taking the time to come to this meeting today to answer questions. Counsel Herrema noted legal counsel has heard and understands the concerns.

Mr. Pierson stated he does not want to keep repeating himself, and noted he did offer his comments at the workshop that he agrees with what Mr. Geoffrey Vanden Heuvel has stated, and that this item just seems be continued on and on which potentially could end up being a Paragraph 31 issue because the Watermaster Board is not taking action. Mr. Pierson stated we can say yes, please move along as advised by the Board's legal counsel, or pursue litigation which is not an option; we need to move forward with this and stop this stalling.

Chair Feenstra stated he appreciates the comments made today; however, he hopes that Mr. Geoffrey Vanden Heuvel will articulate these discussions at the next Watermaster Board meeting that this either gets moving or the parties need to take a good hard look at an alternative action plan.

Mr. Geoffrey Vanden Heuvel stated the Watermaster Board asked the Pools to give the Board input and the input was to give them more time. Mr. Geoffrey Vanden Heuvel stated today Mr. Paxton told us that the CDA would give us another thirty days. Mr. Geoffrey Vanden Heuvel stated the Watermaster Board gave this process another thirty days, and the Pools just put it off for another thirty days, so it sounds like the Watermaster Board is going to be asked again for more time. Mr. Geoffrey Vanden Heuvel stated he can't answer for the rest of the Board members; however, it sounds like all the Board can do, at this point in time, is extend this another thirty days since that is what the CDA has offered. Mr. Geoffrey Vanden Heuvel stated he is trying to extend his patience on this matter; however, he wants this taken care of sooner rather than later.

Chair Feenstra stated that is the direction from the Agricultural Pool, that we want this to be decided on now and not delayed even further.

Mr. Rob Vanden Heuvel stated the motion in the staff letter, and from what Mr. Kavounas stated, is for advice and counsel to the Watermaster Board, and it seems there is no motion to be made here today; however, the Agricultural Pool members have expressed their concerns and position to move this forward without delay.

Mr. Geoffrey Vanden Heuvel stated he appreciates this Pool's concerns, and in terms of liability we are always liable, and the only way to not be liable is to just not be involved in anything. Mr. Geoffrey Vanden Heuvel stated at some point we are going to have to make the decision; his frustration with this whole process is that this issue can be beaten to death and at the end of the day everyone is still not going to know everything – we just need to make a decision.

Mr. Pierson inquired to Mr. Kavounas if there is any different action today than what has been stated in the staff letter and in our discussions, or to advise our current Watermaster Board member who is present today anything different. Mr. Kavounas stated what staff is looking for is consolidated advice from the Pool, which is what he has heard today, for the Watermaster Board to weigh its options, to move forward, while minimizing liability, and to move forward sooner rather than later.

Chair Feenstra stated this will be discussed further in closed session.

No action taken.

B. RIGHT OF ENTRY PERMIT BETWEEN THE STATE OF CALIFORNIA AND CBWM

Mr. Kavounas stated the Right of Entry Permit has been worked on by the State and Watermaster staff for approximately a year and a half now and is something that both sides very much want; this benefits both sides. The agreement allows Watermaster to continue gathering data from seventeen wells on the California Institute for Men (CIM) property. That data is used to meet a number of Watermaster's obligations with respect to the Optimum Basin Management Program; that data is needed. Mr. Kavounas stated the agreement gives Watermaster access to the property, authority to install measuring devices and collect depth to water data, as well as water quality data. Mr. Kavounas stated per the agreement, Watermaster would share the data with the State; the only financial implication of this agreement is that the State does not have to decommission the wells as they would otherwise have to do. The obligation to decommission the wells shifts to Watermaster until after the monitoring program is completed. Mr. Kavounas stated if the State decided to terminate the Right of Entry Permit within the first five-years then the State itself would have to go back and decommission the wells. Mr. Kavounas stated this is a win-win all around and staff will recommend to the Watermaster Board approval of this Right of Entry Permit. Mr. Kavounas stated there are still some non-substantive items to be filled in so the recommendation to the Watermaster Board will be to give the general manager the authority to sign the contract and make minor non-substantive changes.

Chair Feenstra asked for a motion on this item and inquired if the state was comfortable with this agreement. Ms. Boyd stated yes, she is.

Mr. Pierson inquired if this is the final draft and if so, is it ready to be finalized. Counsel Herrema stated the Appropriative Pool and Non-Agricultural Pool approved staff recommendation. Counsel Herrema stated Mr. Kavounas noted there is still some non-substantive information to be filled in such as contact information and a final date of approval.

A discussion regarding the monitoring wells ensued.

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

Moved to authorize the General Manager to execute the proposed right of entry Permit, allowing authority to approve non-substantive changes, as presented

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

Counsel Herrema stated he had no further report other than the report given under the CDA item.

B. GM REPORT

1. Budget Process Update

Mr. Kavounas stated the Personnel Committee met last week and discussed items which were related to the Watermaster budget process. Mr. Kavounas stated there is a budget workshop scheduled for Tuesday` April 16, 2013 at 9:30 a.m. here at the Watermaster office.

2. RRR Update

Mr. Kavounas stated he has distributed his notes from the RRR event to all the Pool chairs and has asked for all comments/input, and after he receives them the revised notes will go to the Watermaster Board to also allow for their input.

3. ACWA Conference

Mr. Kavounas stated the next ACWA conference is coming up in May and it seems to conflict with the May Pool Committee meetings so he will not be attending this conference this year because at the May meetings Watermaster will be presenting its budget.

Added Comments:

Mr. Kavounas stated there is a meeting of the Southern California Water Committee (SCWC), and we have a member that is a member of the SCWC executive committee, Mr. Geoffrey Vanden Heuvel, and he wanted to bring to the Pools attention that the SCWC is having one of its meetings on Friday, April 26, 2013 which is being hosted locally by Inland Empire Utilities Agency (IEUA). Mr. Kavounas stated the luncheon and panel discussion is at noon; the subject is Safe and Secure Water Supplies, and the featured speaker is John Laird, Secretary of California Natural Resources Agency.

Chair Feenstra offered comment on a recent meeting with Mr. Kavounas.

C. OLD BUSINESS

No comment was made.

IV. INFORMATION

1. Cash Disbursements for March 2013

No comment was made.

V. POOL MEMBER COMMENTS

No comments were made.

VI. OTHER BUSINESS

No comments were made.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 2:12 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 2:40 p.m.

No reportable action.

VIII. FUTURE MEETINGS AT WATERMASTER

Tuesday, April 9, 2013	10:00 a.m.	Personnel Committee Meeting
Thursday, April 11, 2013	9:00 a.m.	Appropriative Pool Meeting
Thursday, April 11, 2013	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, April 11, 2013	1:30 p.m.	Agricultural Pool Meeting
Tuesday, April 16, 2013	9:30 a.m.	Budget Workshop
Thursday, April 18, 2013	8:00 a.m.	IEUA DYY Meeting
Thursday, April 18, 2013	9:00 a.m.	Advisory Committee Meeting
Thursday, April 18, 2013	10:00 a.m.	RMPU Amendment Steering Committee Meeting

Thursday, April 18, 2013	1:00 p.m.	Watermaster Board Confidential Conference Call
Tuesday, April 23, 2013	9:30 a.m.	Potential 2 nd Budget Workshop
Thursday, April 25, 2013	10:00 a.m.	Watermaster Board Confidential Session Meeting
Thursday, April 25, 2013	11:00 a.m.	Watermaster Board Meeting

Chair Feenstra adjourned the Agricultural Pool meeting at 2:40 p.m.

Secretary: _____

Minutes Approved: May 9, 2013