

MINUTES
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

September 14, 2017

The Agricultural Pool meeting was held at the offices of Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on September 14, 2017.

AGRICULTURAL POOL MEMBERS PRESENT

Bob Feenstra, Chair	Dairy
Jeff Pierson, Vice-Chair	Crops
Pete Hall	State of California – CIM
Bob Page	County of San Bernardino
Carol Boyd	State of California – CIM
John Huitsing	Dairy
Nathan deBoom	Dairy
Ron LaBrucherie, Jr.	Crops
Ronald Pietersma	Dairy

WATERMASTER BOARD MEMBERS PRESENT

Geoffrey Vanden Heuvel	Dairy
Paul Hofer	Crops

WATERMASTER STAFF PRESENT

Peter Kavounas	General Manager
Joseph Joswiak	Chief Financial Officer
Edgar Tellez Foster	Senior Environmental Engineer
Anna Truong	Executive Services Director/Board Clerk
Justin Nakano	Water Resources Senior Associate

WATERMASTER CONSULTANTS PRESENT

Brad Herrema	Brownstein Hyatt Farber Schreck, LLP
Andy Malone	Wildermuth Environmental, Inc.

OTHERS PRESENT

Richard Rees	AMEC
Tracy Egoscue	Egoscue Law Group
Chris Berch	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency

CALL TO ORDER

Chair Feenstra called the Agricultural Pool meeting to order at 1:34 p.m.

AGENDA - ADDITIONS/REORDER

(0:00:50) Mr. Kavounas stated that there are two places in the semi-annual status reports that need the word “proposed” inserted before the word “agreement,” where it pertains in the 2015 Safe Yield Reset Agreement.

(0:01:43) Ms. Boyd requested to pull Item I.D. from the Consent Calendar to be discussed separately.

(0:01:56) Mr. Kavounas stated that the Appropriative Pool deferred Consent Calendar Items I.G., I.H., and I.I. to October 2017 meetings, and the Non-Agricultural Pool approved all three Items.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held on July 13, 2017
2. Minutes of the Agricultural Pool Special Meeting held on August 28, 2017

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2017
2. Watermaster VISA Check Detail for the month of June 2017
3. Combining Schedule for the Period July 1, 2016 through June 30, 2017
4. Treasurer's Report of Financial Affairs for the Period June 1, 2017 through June 30, 2017
5. Budget vs. Actual Report for the Period July 1, 2016 through June 30, 2017
6. Cash Disbursements for the month of July 2017
7. Watermaster VISA Check Detail for the month of July 2017
8. Combining Schedule for the Period July 1, 2017 through July 31, 2017
9. Treasurer's Report of Financial Affairs for the Period July 1, 2017 through July 31, 2017
10. Budget vs. Actual Report for the Period July 1, 2017 through July 31, 2017

C. PROFESSIONAL PUBLIC OUTREACH SERVICES AGREEMENT BETWEEN RAUCH COMMUNICATION CONSULTANTS INC. AND CBWM

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the contract on behalf of Watermaster.

D. OBMP SEMI-ANNUAL STATUS REPORTS 2016-2 AND 2017-1

Recommend to the Advisory Committee to recommend to the Watermaster Board to adopt the Semi-Annual OBMP Status Report 2016-2 and 2017-1, along with filing a copy with the Court, subject to any necessary non-substantive changes.

E. SAN ANTONIO WATER COMPANY APPLICATION FOR RECHARGE FOR WATER YEAR 2017/18

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve San Antonio Water Company's Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in San Antonio Water Company's existing Local Supplemental storage account.

F. CITY OF CHINO HILLS APPLICATION FOR RECHARGE FOR PERIOD AUGUST 2017 THROUGH AUGUST 2025

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the City of Chino Hills Application for Recharge and direct Watermaster staff to account for any recharge into the Chino Basin in the appropriate storage account.

G. CALMAT COMPANY (VULCAN MATERIALS CO.) APPROPRIATIVE POOL INTERVENTION REQUEST

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

H. NCL COMPANY, LLC APPROPRIATIVE POOL INTERVENTION REQUEST

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

I. WATER TRANSACTIONS

Provide advice and assistance to the Watermaster Board on the proposed transactions:

1. Notice of Sale or Transfer – The purchase of 4.375 acre-feet of water from San Antonio Water Company by Calmat Company (Vulcan Materials). This purchase is made from San Antonio Water Company's Excess Carryover Account. Calmat Company (Vulcan Materials) is utilizing this transaction to produce its San Antonio Water Company shares. This purchase is contingent on Calmat Company (Vulcan Materials) successful intervention in to the Appropriative Pool.

2. Notice of Sale or Transfer – The transfer of 4.000 acre-feet of water from Calmat Company (Vulcan Materials) to NCL Company, LLC. This transfer is made from Calmat Company (Vulcan Materials) Local Supplemental Storage Account. This transfer is contingent on NCL Company, LLC's successful intervention into the Appropriative Pool.

(0:03:17)

Motion by Vice-Chair Jeff Pierson, seconded by Ms. Carol Boyd, and by unanimous vote
Moved to approve the Consent Calendar excluding Item I.D. as presented.

(0:03:35) Vice-Chair Pierson asked Mr. Kavounas why the Appropriative Pool deferred Items I.G., I.H., and I.I. A discussion ensued.

(0:06:53) Ms. Boyd raised a question regarding the interpretation of Item I.D. in paragraph three on page 165 of the meeting package. A discussion ensued.

(0:18:41)

Motion by Ms. Carol Boyd, seconded by Mr. Ronald Pietersma, and by unanimous vote
Moved to approve Consent Calendar Item I.D. as presented.

(0:19:02) Vice-Chair Pierson noted that the Pool did have concerns regarding Item I.D. as expressed by Ms. Boyd and indicated that there could be potential for misunderstanding of the wording describing storage volume in Chino Basin, and due to the context where it was originated from, is acceptable.

II. **BUSINESS ITEMS**

A. **DESALTER REPLENISHMENT OBLIGATION ALLOCATION**

Offer advice to Watermaster on the acceptable methodology to allocate Desalter Replenishment Obligation among parties.

(0:19:34) Mr. Kavounas gave a report. A discussion ensued.

(0:27:55) The Pool took the item into its first confidential session and the reportable action is provided in sequence below.

B. **EVAPORATIVE LOSSES TO SUPPLEMENTAL WATER RECHARGE IN CHINO BASIN**

Recommend to the Advisory Committee to approve the amendment of the Rules and Regulations by adding section 7.2(d) to account for evaporative losses to all supplemental water delivered to Recharge Basins at a rate of 1.5% during the Rainy Season (November through March) and 4.2% during the Dry Season (April through October) beginning on October 1, 2017. Further, that evaporative losses be re-evaluated on a periodic basis as more data becomes available.

(0:29:42) Mr. Kavounas gave a report. A discussion ensued.

(0:37:21)

Motion by Vice-Chair Jeff Pierson, seconded by Ms. Carol Boyd, and by unanimous vote
Moved to approve Business Item II.B. as presented.

C. **2016 ANNUAL REPORT OF THE GROUND-LEVEL MONITORING COMMITTEE**

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the 2016 Annual Report of the Ground-Level Monitoring Committee, along with filing a copy with the Court.

(0:38:26) Mr. Malone gave a presentation. A discussion ensued.

(0:47:22)

Motion by Mr. Pete Hall, seconded by Mr. John Huitsing, and by unanimous vote
Moved to approve Business Item II.C. as presented.

D. MASTER AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS

Recommend to the Advisory Committee to approve the proposed Master Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency Regarding the Management of Collaborative Projects.

(0:47:41) Mr. Kavounas gave a report. A discussion ensued.

(0:50:14)

Motion by Mr. Nathan deBoom, seconded by Vice-Chair Jeff Pierson, and by unanimous vote
Moved to approve Business Item II.D. as presented.

E. TASK ORDER NO. 1 UNDER THE MASTER AGREEMENT REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS (SALINITY MANAGEMENT)

Recommend to the Advisory Committee to approve Task Order No. 1 (Salinity Management).

(0:51:32) Mr. Kavounas gave a report.

(0:52:08)

Motion by Vice-Chair Jeff Pierson, seconded by Mr. Nathan deBoom, and by unanimous vote
Moved to approve Business Item II.E. as presented.

F. FIRST AMENDMENT TO THE MASTER RECHARGE FACILITIES FINANCING AGREEMENT

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the amended agreement on behalf of Watermaster.

(0:52:30) Mr. Kavounas gave a report.

(0:53:34)

Motion by Mr. Pete Hall, seconded by Mr. Ron LeBrucherie, Jr., and by unanimous vote
Moved to approve Business Item II.F. as presented.

G. FISCAL YEAR 2016/17 BUDGET TRANSFER (FORM T-17-06-01)

Recommend to the Advisory Committee to approve Budget Transfer Form T-17-06-01 for FY 2016/17 as presented.

(0:54:00) Mr. Joswiak gave a report.

(0:56:14)

Motion by Mr. Ronald Pietersma, seconded by Mr. Nathan deBoom, and by unanimous vote
Moved to approve Business Item II.G. as presented.

H. SCADA INSTALLATION, MONITORING AND REIMBURSEMENT LETTER AGREEMENT BETWEEN WATERMASTER AND MONTE VISTA WATER DISTRICT

Recommend to the Advisory Committee to approve the proposed SCADA Installation, Monitoring and Reimbursement Letter Agreement between Watermaster and MVWD.

(0:56:57) Mr. Kavounas gave a report.

(0:58:03)

Motion by Vice-Chair Jeff Pierson, seconded by Mr. Nathan deBoom, and by unanimous vote
Moved to approve Business Item II.H. as presented.

I. OLD BUSINESS

(0:58:26) Chair Feenstra commented on SAWPA TMDL Research and Study cost, and announced that the \$11,000 cost will be taken from the Agricultural Pool Special Projects Budget before the end of September 2017.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Appeal of April 28, 2017 Order
2. Hearing on Motion to Confirm Stay Pending Appeal

(0:59:45) Mr. Herrema gave a report, and announced that the hearing regarding III.A.2. is scheduled to be heard by Judge Reichert on December 8, 2017 at 1:30 p.m. A discussion ensued.

B. ENGINEER REPORT

1. Storage Workshop
2. Other Efforts

(1:05:54) Mr. Malone gave a report. A discussion ensued.

C. CFO REPORT

1. Status of FY 2016/17 Audit Report

(1:26:15) Mr. Joswiak gave a report.

D. GM REPORT

1. Pump to Waste Reporting
2. DYY Program Update
3. Santa Ana River Update
4. CSI Basin Project Decision
5. Other

(1:27:28) Mr. Kavounas gave a report on Items III.D.1. and III.D.2.

(1:38:32) Mr. Kavounas introduced Mr. Tellez Foster to give a report on Item III.D.3., Santa Ana River Update.

(1:40:54) Mr. Kavounas announced that the Appropiative Pool made the decision to not pursue the CSI Basin Project. A discussion ensued.

IV. INFORMATION

1. Cash Disbursements for August 2017
2. Recharge Investigations and Projects Committee (RIPCom)

V. POOL DISCUSSION

1. Chairman's Update
2. Pool Member Comments

None

VI. OTHER BUSINESS

None

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

The Pool took two Confidential Sessions.

Chair Feenstra called for the first confidential session at 2:02 p.m. to discuss Business Item II.A., Desalter Replenishment Obligation Allocation. The first confidential session concluded at 2:21 p.m. with the following reportable action:

(0:28:05) Ms. Egoscue provided the following reportable action:

Motion by Vice-Chair Jeff Pierson, seconded by Mr. Bob Page, and by unanimous vote.

Moved to offer advice to Watermaster on Business Item II.A. as described below.

It is the advice of the Ag Pool that it is clear that this obligation is entirely borne by the Appropriative Pool. This obligation to cover desalter replenishment has been in existence and part of the Judgement and Peace Agreements and therefore the law of the Basin for some time. The Ag Pool supports the staff recommendation that the proper interpretation is to construe actual production as meaning assessable production and not physical production.

Chair Feenstra called for the second confidential session at 3:35 p.m. to discuss Pool business. The second confidential session concluded at 4:20 p.m. with the following reportable action:

(1:43:11) Ms. Egoscue provided the following reportable action:

Motion by Mr. Bob Page, seconded by Vice-Chair Jeff Pierson, and by unanimous vote.

Moved to direct Pool counsel to prepare an opposition to Appellant’s Motion to Confirm The Stay Pending Appeal.

Additional information is provided below.

Defendants and Appellants Cucamonga Valley Water District, Monte Vista Water District and City of Pomona have filed in the trial court an amended notice of motion (and accompanying Memorandum of Points & Authorities) to confirm stay of the trial court’s April 28, 2017 order pending their appeal. The amended notice of motion requests a hearing on Friday, December 8, 2017.

ADJOURNMENT

Chair Feenstra adjourned the Agricultural Pool meeting at 4:21 p.m.

Secretary: _____

Approved: _____ October 12, 2017