

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

November 10, 2011

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on November 10, 2011 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

John Mura, Chair	City of Chino Hills
Mark Kinsey	Monte Vista Water District
Raul Garibay	City of Pomona
Mohamed El-Amamy	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Sheri Rojo	Fontana Water Company
Josh Swift	Fontana Union Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Robert Tock	Jurupa Community Services District
Dave Crosley	City of Chino
Rosemary Hoerning	City of Upland
Charles Moorrees	San Antonio Water Company
Ben Lewis	Golden State Water Company

Watermaster Board Members Present

Bob Kuhn	Three Valleys Municipal Water District
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Watermaster Staff Present

Danielle Maurizio	Senior Engineer/Interim CEO
Joe Joswiak	Chief Financial Officer
Gerald Greene	Senior Environmental Engineer
Sherri Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present Who Signed In

Scott Burton	City of Ontario
Bob Gluck	City of Ontario
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Tom Harder	Jurupa Community Services District
Ron Craig	City of Chino Hills
Craig Miller	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Eunice Ulloa	Chino Basin Water Conservation District
David De Jesus	Three Valleys Municipal Water District
Curtis Paxton	Chino Desalter Authority
Seth Zielke	Fontana Union Water Company
Marsha Westropp	Orange County Water District
John Schatz	Attorney at Law

Chair Mura called the Appropriative Pool Meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

Chair Mura deferred Business Items B, C, D, and E until after the closed session which was reordered to be taken directly after the Consent Calendar. A lengthy discussion regarding Item D on the Preemptive Replenishment Agreements ensued by the Appropriative Pool members and Inland Empire Utilities Agency (IEUA) staff regarding the payment and the penalties that could incur on the purchase of the MWD replenishment water. It was noted this item will be discussed in greater detail in confidential session today. Mr. Love offered comments on the Turner Basin Improvement Project that IEUA is working on. Chair Mura offered comment on holding Business Items B, C, D, and E until further discussion during closed session.

Motion by Zvirbulis, second by El-Amamy, and by unanimous vote

Moved to defer Business Items B, C, D, and E until after the closed session, as presented

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Appropriative Pool Meeting held October 13, 2011
2. Minutes of the Appropriative Pool Confidential Session held November 2, 2011

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2011
2. Watermaster VISA Check Detail for the month of September 2011
3. Combining Schedule for the Period July 1, 2011 through September 30, 2011
4. Treasurer's Report of Financial Affairs for the Period September 1, 2011 through September 30, 2011
5. Budget vs. Actual July 2011 through September 30, 2011

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

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

The regular open Appropriative Pool meeting was convened to hold its confidential session at 9:56 a.m.

Taken out of order: CONFIDENTIAL SESSION - POSSIBLE ACTION

The confidential session concluded at 10:40 a.m.

The regular open Appropriative Pool meeting was reconvened by Chair Mura at 10:41 a.m.

II. BUSINESS ITEMS

A. 85/15 RULE POLICY (For Information Only)

Ms. Maurizio stated this issue has been discussed at various meetings for several months now. Ms. Maurizio stated the main issue with the 85/15 policy, as it stands now, is there have been some issues with the handling of water transfers and preemptive storage. Ms. Maurizio stated there was an 85/15 Rule Workshop held in September, and then discussions took place at the October meetings with this regard. Ms. Maurizio stated the Appropriative Pool recently had a special meeting to discuss this issue and noted it is Watermaster's understanding the recommendations that have come out of the special meeting were there would be no backwards corrections to any of the water transfers that have been handled in the past with regard to the 85/15 Rule; a look forward only. Ms. Maurizio stated there is a draft policy provided in the meeting packet starting on page 61; this draft policy was provided by Chair Mura. Ms. Maurizio stated going forward the 85/15 Rule for water transfers will only be applied to the exact portion of the water transfer that is used to offset that year's overproduction. Ms. Maurizio stated it is possible that in some cases water transfers will have to be split and treated like two different transfers; the 85/15 Rule will be applied to a portion of the transfer. Ms. Maurizio stated there is also a condition written in the policy that it will be revisited with twelve months, also including how

the 85/15 Rule would apply to preemptive replenishment. Ms. Maurizio stated there was a special request that a table be provided in the Assessment Package that shows which transactions have the 85/15 Rule applied to it. Ms. Maurizio reviewed the draft table in detail. After reviewing the table Ms. Maurizio inquired if it is sufficient for the request made, or if an additional table needs to be created. A lengthy discussion regarding this matter ensued. It was noted Watermaster staff was given direction on how the table should look and what it should contain in the Assessment Package. A lengthy discussion regarding the provided draft policy ensued. It was noted Watermaster staff was given direction on the language change for the draft 85/15 Rule Policy. Mr. Kinsey offered comment on this material and stated he wants to encourage Watermaster to work with members of the Pool on this and then to bring this back through the entire Watermaster process. A discussion regarding ASR facilities and costs ensued. Ms. Maurizio stated staff will work with the City of Ontario to modify another table and Watermaster will bring it back in December for potential approval, which will be timely because staff plans on bringing the Assessment Package forward in January. Chair Mura offered comment and Mr. Kinsey stated he is willing to go ahead and move this item forward today with the language change presented. It was noted the Assessment Package being brought forward would include this newly adopted policy.

Motion by Kinsey, second by El-Amamy, and by unanimous vote

Moved to approve the 85/15 Policy as presented in the agenda package with language modification striking the words "to preemptive replenishment" at the end of the sentence in section 5.1.1 of the 85/15 Policy, as presented

B. CHINO BASIN WATERMASTER RESERVES

No discussion; motion only.

Motion by Harder, second by Russo-Pereyra, and by unanimous vote

Moved to defer the Chino Basin Watermaster Reserves item until December 2011, as presented

C. TURNER BASIN IMPROVEMENT PROJECT UPDATE

No discussion; motion only.

Motion by Harder, second by Russo-Pereyra, and by unanimous vote

Moved to defer the Turner Basin Improvement Project Update until December 2011, as presented

D. PREEMPTIVE REPLENISHMENT AGREEMENTS

No discussion; motion only.

Note: Motion was provided after the confidential session.

Motion by Harder, second by Russo-Pereyra, and by unanimous vote

Moved to approve 1) John Schatz work with Watermaster's legal counsel concerning the development of a uniform Storage Agreement for Inland Empire Utilities Agency and also requested that 2) John Schatz work with Watermaster to facilitate the development of Preemptive Replenishment Agreements without harm or prejudice to the City of Chino or the Jurupa Community Services District Agreements, as presented

E. WEST VENTURE DEVELOPMENT WATER RIGHTS (For Information Only)

No discussion; motion only.

Motion by Harder, second by Russo-Pereyra, and by unanimous vote

Moved to defer the West Venture Development Water Rights item until December 2011, as presented

It was noted Reports/Updates were taken out of agenda order.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 28 Hearing

Counsel Fife stated a lengthy hearing took place on October 28, 2011 with Judge Reichert. Counsel offered comment on the details of the hearing. Counsel Fife noted that because of the questions asked and the presentations given at this hearing made it a very good educational hearing for the Judge. Counsel Fife stated Judge Reichert also took appearances from everyone in the courtroom. Counsel Fife offered final comments on the recent hearing.

2. Restated Judgment

Counsel Fife stated the Restated Judgment was presented to Judge Reichert at the October 28, 2011 hearing as a "Receive and File" action. Counsel Fife noted just prior to the hearing, the Non-Agricultural Pool asked that a disclaimer be added that it was just a receive and file Restated Judgment so that the operative legal document would remain the 1978 Judgment plus the amendments made throughout the course of time. Counsel Fife stated Judge Reichert indicated that was not how he wanted it done, and that he wants the Restated Judgment to be the official document. Judge Reichert asked that Watermaster come back to his court with a motion that presents it as the operative legal document; the 1978 Judgment would be vacated and the 2011 Judgment would become the official Judgment. Counsel Fife offered comment on this matter and noted the only real difference would be a reference to page numbers. Counsel Fife stated that will be framed as a motion and then it will be brought through the Watermaster process. A discussion regarding this matter and the conclusion of the Peace II timeframe ensued.

3. December 17 Recharge Master Plan Filing

Counsel Fife stated under the October, 2010 court order which approved the Recharge Master Plan the court ordered an update to be provided by December 17, 2011, which is six months following the due date for the Urban Water Management Plan (UWMP). Counsel Fife stated in the 2010 filing Watermaster indicated that when the UWMP came out it could change the Recharge Master Plan, so the court requested an update six months after that happened. Counsel Fife stated given the events of the last week, it is going to be difficult for Watermaster to get to that filing in a timely way and it is expected to obtain authorization from the Watermaster Board for some form of continuance of that filing.

C. WATERMASTER ENGINEERING REPORT

1. Groundwater Model Update

Mr. Wildermuth stated one of the items required by the court order from last October, 2010 to be included in this update to the court was an analysis of projected groundwater production and replenishment. Mr. Wildermuth stated in July Wildermuth Environmental started collecting UWMPs from all of the parties that are required to produce them. Mr. Wildermuth gave the Groundwater Production Projection 2011 Update: Preliminary Results presentation in detail. Mr. Wildermuth reviewed the Projected Production in the Chino Basin Modified 2010 UWMPs and Efficient Market Assumptions chart in detail. A discussion regarding Mr. Wildermuth's presentation and the presented information on rapid drawdown ensued. Counsel Fife stated the parties can make the choice on how the presented scheduled reads and it could be done the way discussed today; however, it would have to go through the Watermaster process and be resubmitted to the court for approval. A further discussion regarding this matter ensued.

2. General Electric/City of Ontario Material Physical Injury Analysis

Mr. Wildermuth stated there is a draft report almost completed on the Material Physical Injury Analysis for the General Electric Injection Project. Mr. Wildermuth stated that report will be submitted to Watermaster staff for review shortly, and then it will be brought through the entire Watermaster process in December.

D. CEO/STAFF REPORT

1. RWQCB Basin Plan Amendment

Ms. Maurizio stated this item has been discussed at numerous meetings. Ms. Maurizio stated the concept for this item is Watermaster staff and engineering consultants have been asking the Regional Water Quality Control Board (RWQCB) to amend the Basin Plan so that Watermaster is not responsible to perform so much surface water sampling on the Santa Ana River. Ms. Maurizio stated the cost for that sampling is approximately \$200,000 per year, and this reduction would save Watermaster approximately \$150,000 a year. Ms. Maurizio reviewed the sampling which is being done presently and then what is being asked for in the reduction in detail. Ms. Maurizio stated it was anticipated the RWQCB would have this item on their December calendar; however, it is understood it has been now placed on the January, 2012 agenda for consideration.

Added: 2. Recharge Update

Ms. Maurizio stated the most recent Recharge spreadsheet is available on the back table for review. Ms. Maurizio reviewed the recharged numbers in detail. Mr. Moorrees inquired about the condition of the Turner Basin for capture of stormwater for the upcoming storms. Mr. Greene stated it is not 100% ready; however, portions of it are up and running.

Added: 3. Meeting Date Updates

Ms. Maurizio reviewed the meeting date changes due to the upcoming Thanksgiving and Christmas holidays. Ms. Maurizio stated a Land Subsidence Committee meeting has been added to the upcoming meeting schedule for Wednesday, November 16, 2011 at 1:00 p.m. here at Watermaster.

IV. INFORMATION

1. Cash Disbursements for October 2011

No comment was made.

2. Newspaper Articles

No comment was made.

V. POOL MEMBER COMMENTS

Mr. Kinsey stated Director David De Jesus was recently appointed as one of the vice-chairs of Metropolitan Water District and offered his congratulations to Mr. De Jesus.

Mr. Kinsey stated he appreciated Mr. Wildermuth's update on the UWMP which is a real success story for the region in terms of more efficient use of water, as well as developing alternative water supplies through recycled water.

VI. OTHER BUSINESS

No comment was made.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

Chair Mura asked that Mr. Kinsey provide the action taken during the closed session which concluded at 10:41 a.m.

Mr. Kinsey provided the action taken from closed session: The Appropriative Pool requested that 1) John Schatz work with Watermaster’s legal counsel concerning the development of a uniform Storage Agreement for Inland Empire Utilities Agency, and also requested that 2) John Schatz work with Watermaster to facilitate the development of Preemptive Replenishment Agreements without harm or prejudice to the City of Chino or the Jurupa Community Services District Agreements.

Chair Mura re-adjourned the regular open Appropriative Pool meeting to discuss Business Items, B, C, D, and E. as presented.

VIII. FUTURE MEETINGS

Thursday, November 10, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, November 10, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, November 10, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Added: Wednesday, November 16, 2011	1:00 p.m.	Land Subsidence Committee Meeting
Thursday, November 17, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, November 17, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, November 17, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Monday, November 28, 2011	1:30 p.m.	Special Watermaster Board Meeting @ CBWM
Thursday, December 8, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, December 8, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, December 8, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, December 15, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, December 15, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
** Thursday, December 15, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM

* **Note:** Watermaster Board meeting date change due to the Thanksgiving holiday

** **Note:** Watermaster Board meeting date change due to the Christmas holiday

Chair Mura dismissed the Appropriative Pool Committee meeting at 11:45 a.m.

Secretary: _____

Minutes Approved: December 8, 2011