

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING
May 10, 2012

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 10, 2012 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Scott Burton, Chair	City of Ontario
Rosemary Hoerning	City of Upland
Raul Garibay	City of Pomona
Dave Crosley	City of Chino
Mark Kinsey	Monte Vista Water District
Van Jew	Monte Vista Irrigation Company
Sheri Rojo	Fontana Water Company
Josh Swift	Fontana Union Water Company
Robert Tock	Jurupa Community Services District
Geoff Kamansky	Niagara Bottling Company
Ben Lewis	Golden State Water Company
Charles Moorrees	Santa Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company

Watermaster Board Members Present

Bill Kruger	City of Chino Hills
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Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present

Seth Zielke	Fontana Water Company
Tom Love	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Eunice Ulloa	Chino Basin Water Conservation District
Brian Dickenson	Chino Desalter Authority
Dennis Mejia	City of Ontario
Marsha Westropp	Orange County Water District

Chair Burton called the Appropriative Pool Meeting to order at 9:01 a.m.

AGENDA - ADDITIONS/REORDER

There no agenda additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held April 12, 2012

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2012
2. Watermaster VISA Check Detail for the month of March 2012
3. Combining Schedule for the Period July 1, 2011 through March 31, 2012
4. Treasurer's Report of Financial Affairs for the Period March 1, 2012 through March 31, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through March 31, 2012

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 169.944 acre-feet of water from the City of Ontario. The transfer will be made first from the City of Ontario's Excess Carryover Account. Date of Application: March 26, 2012
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 169.944 acre-feet of water from Cucamonga Valley Water District. The transfer will be made from Cucamonga Valley Water District's under-production in Fiscal Year 2011-12, then any additional from storage. Date of Application: March 26, 2012
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 16.394 acre-feet of water from Ontario City Non-Ag. The transfer will be made from Ontario City Non-Ag's Local Storage Account. Date of Application: March 26, 2012

Motion by Tock, second by Garibay, and by unanimous vote

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

II. BUSINESS ITEMS**A. WATERMASTER BUDGET**

Mr. Jeske introduced this item. Mr. Jeske stated there was a workshop held on the budget which was well attended. Mr. Joswiak stated the workshop was held on April 26, 2012 and the numbers being presented today came from those workshop discussions. Mr. Joswiak gave the FY 2012/2013 Budget presentation in detail.

Mr. Garibay inquired about the reserve money remaining unless the funds are fully exhausted. Mr. Joswiak stated the monies will remain there because of the new Reserve Policy. Mr. Kinsey stated the number is calculated annually.

Ms. Rojo inquired if the reserves budgeted are shown in the budget. Mr. Joswiak stated they are not in the budget. Ms. Rojo inquired about showing the reduced income in the miscellaneous income, which results in an increase in the assessments. Ms. Rojo referenced a slide from the presentation and inquired about several items. A discussion regarding Ms. Rojo's questions ensued. Mr. Joswiak stated that he and Ms. Rojo can get together after today's meeting to discuss the items she addressed.

Ms. Hoerning inquired if there was a special assessment done during the year would it show up – is that correct. Mr. Jeske stated yes, if there is a special assessment done. Mr. Jeske described some examples to show how Ms. Hoerning's question could be answered. Mr. Jeske stated the proposed budget still has a contingency reserve in it of \$871,425, and those are dollars that are included in the assessments but not appropriated; sometimes those are appropriated as they go along which is why you don't see it showing up. Mr. Jeske stated last year there was a higher reserve level and then instead of changing the assessment rate it was returned.

Ms. Rojo referenced page 133 of the meeting package regarding the total income and offered comment on the figures. Ms. Rojo stated it appears that those reductions are already factored in when we are seeing the \$6.6M of revenue. Mr. Joswiak stated yes, they are factored in and

offered further explanation to Ms. Rojo's comments. Ms. Rojo offered further comment on this matter. Mr. Jeske stated her comments are partly true and there are other factors that are added in. Mr. Jeske stated the picture that staff is presenting to you is that it is generally a status quo amount in terms of a total budget and it is certainly not going up. Mr. Jeske stated Watermaster does not set assessments at this time, staff is just trying to give you an early look at what they could be, and staff is telling you how much the assessment would change based on the fact that we are no longer going to be over-projecting interest income and we no longer have one-time monies coming in from a settlement. Mr. Jeske stated in prior years Watermaster used those one-time monies in to reducing the assessments; that's not a sustainable approach. Ms. Rojo offered further comment on revenue and assessments. Mr. Joswiak continued with the budget presentation.

Mr. Jeske offered comment on the budget and assessment numbers. Mr. Jeske stated we are not doing the assessments today, we are doing the budget for expenses, and that budget for expenses also sets the reserve levels under Watermaster's new Reserve Policy – those are the two things we are working on today. Mr. Jeske stated in October Watermaster will do the Assessment Package, which then puts that budget together with the pumping and any other revenues that we may or may not have, or changes that we may or may not have at that time, and that puts together the assessment for the next fiscal year.

Mr. Kinsey asked that Mr. Joswiak go back to the last slide and noted he understands what Ms. Rojo is saying in that the proposed budget is less than both the prior year's adopted budget and the amended budget. Mr. Kinsey offered further comment on why the assessments should be less. Mr. Joswiak stated for this fiscal year Watermaster is increasing production. A discussion regarding the assessment amounts ensued. Mr. Joswiak continued with the budget presentation.

Mr. Garibay asked that Mr. Joswiak go back a slide. Mr. Garibay inquired about the Non-Agricultural Pool administration and asked if one of the reasons for the budget dropping 15%+ was because they hold a lot of conference call meetings. Mr. Joswiak stated no that is not it; built into this \$101,000 there was \$75,000 of legal fees and the Non-Agricultural Pool basically assess themselves for whatever legal fees they need, similar to the Appropriative Pool. Mr. Joswiak stated if they or you choose to do a special assessment that is not in this budget.

Mr. Kinsey inquired about the basis for the 42% increase in Board expenses. Mr. Joswiak stated for this year there has been a lot of legal work that has been done on behalf of the Board. Mr. Kinsey inquired if staff anticipates that occurring again next year. Mr. Joswiak stated that is correct. Mr. Jeske stated we need to account accurately now on all categories. Mr. Jeske offered comment on controlling the budget; we are looking at things more closely and controlling things better through the process. Mr. Kinsey stated there are two major costs, engineering and legal services, and every year we would like to see those costs being brought under control. Mr. Kinsey stated we are not doing the amount of legal work which was done during the Peace Agreement days. Mr. Kinsey stated, as an example, when Watermaster holds its Recharge Master Plan Update (RMPU) workshops, it is not understood why legal counsel needs to sit in and listen on those calls unless there is a real critical topic; we must reduce expenses. Mr. Jeske offered comment on Mr. Kinsey's comments, on legal expenses, and he noted Watermaster is open to suggestions. Mr. Jeske stated because so many parties are involved in this operation legal opinions are needed at times, and with regard to the RMPU we will eventually need legal's input to structure some items into a legal context and legal will have a better understanding if they have heard the actual discussions which took place at those meetings; this will actually minimize costs later on down the road.

Mr. Tock stated with regard to the RMPU, he thinks this is a good idea to have legal participate in those meetings because the reports will be going to the court, and it is good that legal was there to hear the discussions and is at future meetings for a better understanding of the issues and Jurupa Community Services District (JCSD) encourages legal participation.

Chair Burton asked that Mr. Joswiak go back a slide and inquired about the Agricultural Pool attorney fees and inquired if there was a breakdown for those expenses. Mr. Joswiak stated that breakdown is provided in the meeting package. Mr. Joswiak provided a detailed breakdown of the Agricultural Pool legal fees, special projects, and compensation expenses. Chair Burton inquired about the Agricultural Pool legal fees from last year's work done, and this year's projected expenses for the Restated Judgment. Mr. Jeske discussed the Restated Judgment and the annotated Judgment. Mr. Jeske stated the next step would be the annotated version, which is on hold today and noted this is next year's budget which is planned for the next fiscal year. Mr. Jeske stated for the third portion which is after the annotated version, if there are discrepancies that are found, there would be an in-house legal opinion on those, and that part is on hold indefinitely. Chair Burton asked if there are monies set aside for next year's budget and Mr. Jeske stated yes, for the annotated version. Mr. Jeske stated the Agricultural Pool retained Mr. Dan McKinney, their former counsel, to participate in that, which is a good idea since he worked with all of the Pools and on the original Judgment. Mr. Jeske noted the Agricultural Pool did not come close to spending their authorized amount this year; they have only been authorizing expenditures when necessary. Mr. Jeske stated the Agricultural Pool asked to budget the same dollar amount as they did last year. Mr. Kinsey stated the Agricultural Pool made a commitment to the Appropriative Pool as part of the budgeting process last year that they will use the money wisely and only charge certain components, and they have clearly done that. Mr. Crosley inquired about the Agricultural Pool special projects in the budget and asked if they are identified projects. Mr. Jeske stated yes, they are identified in the budget and offered further comment on the Agricultural Pool budget. Mr. Joswiak continued with the budget presentation.

Mr. Garibay inquired about the in-line meters, if they are agricultural wells. Mr. Joswiak stated yes, they are.

Ms. Rojo inquired about the east side being monitored and does that mean when Wildermuth goes to do their reports and the subsidence is reported as a result to drawdown; is that now not going to be displayed for the MZ3 area and the east side of the basin? Mr. Wildermuth stated he is not sure exactly where that boundary is, but in some eastern half of the basin there will be a bright line where that data stops, so probably some large part of MZ3 will be excluded. Mr. Jeske noted the parties will get all the reports on groundwater levels and noted this is not a groundwater level study; this is a land surface subsidence matter and it has not been as much an issue on the east side. Mr. Jeske stated he has met with Jurupa and Mr. Tom Harder after we found out the satellite went down and they agreed that it's probably not necessary this year and they want to wait and see how the new satellite works and see the data that comes from that. A discussion regarding this topic ensued. Mr. Joswiak continued with the budget presentation.

Mr. Kinsey asked if Inland Empire Utilities Agency (IEUA) could explain the increase. Mr. Love stated the habitat monitoring, which is part of the mitigation measures for the Supplemental Environmental Impact Report for the desalter wells and hydraulic control, the monitoring had not started yet so this is just the initial implementation. Mr. Jeske stated what they are asking for is on the basin O&M and not the habitat monitoring. Mr. Jeske offered comment on the habitat costs and basin O&M. Mr. Kinsey inquired about how the regional program agencies determine the basis for the increased costs. Mr. Love stated the overall O&M budget for recharge is based on a yearly monitoring of every basins performance, and over time as those basins percolation rate degrades over time, a determination is made to go in and clean certain basins each individual year. Mr. Love stated that is primarily the basis of how we determine what the anticipated O&M budget; it's an anticipation of which basins we are going to need to spend some time or money on to clean those basins and restore the performance. A lengthy discussion regarding this matter and costs budgeted ensued. Mr. Kinsey offered comment on what is in the Peace II Agreement regarding this matter. Mr. Jeske offered a suggestion to help this situation out and asked that maybe IEUA do a presentation on the maintenance on the basins and the costs. Mr. Love stated IEUA could do that sort of presentation on this topic next month. Chair Burton inquired when the IEUA budget meeting is. Mr. Love stated it is this month. Mr. Love

stated there are other costs for using recycled water. Mr. Garibay offered observations on increased costs in O&M and spreading basins. Mr. Love remarked on Mr. Garibay's comments.

Mr. Love stated he noticed in the legal budget that there was approximately \$18,000 for legal expenses for the Prado Habitat and inquired about that service. Counsel Herrema stated there are 20 hours allocated, 40 hours total, for two attorneys to deal with that. Mr. Jeske offered comment on the legal review for the habitat needs.

Mr. Crosley inquired about the recharge basins O&M and what percent adjustment corresponds to the \$111,000. Mr. Joswiak stated he does not know exactly but it is approximately 17-18%. Mr. Joswiak continued with the budget presentation.

Mr. Tock stated there have been some really good comments and they lasted almost as long as the workshop. Mr. Tock stated on an administration note, at the workshop it was discussed about the preemptive water replenishment agreements and reconciling that transfer which is a finance issue and a volume of water issue, and JCSD would like to see that reconciliation. Mr. Joswiak stated he believes that has been done and he will look it up and resend it.

Mr. Jew inquired about the half million dollars budgeted for fringe benefits which is an increase of 8%. Mr. Joswiak stated that is increasing CalPERS costs and also the slight increase staff is predicting for medical; medical usually increases anywhere between 10-15%. Mr. Jew inquired if Watermaster is still covering 100% of the employee's portion. Mr. Joswiak stated that is correct.

Chair Burton asked if there were any more questions or comments and noted it is staff's recommendation to consider approval of the 2012/2013 budget.

Motion by Tock, second by Garibay, and by unanimous vote

Moved to approve the Watermaster fiscal year 2012/2013 Budget, as presented

B. CHINO BASIN WATERMASTER RECHARGE MASTER PLAN UPDATE FILING

Mr. Jeske introduced the Recharge Master Plan Update (RMPU) item and he thanked all the parties who have been working diligently at the Steering Committee meetings for their comments. Mr. Jeske thanked Mr. Wildermuth for getting all the comments drafted. Mr. Jeske noted Watermaster is not planning on filing the entire sections 1-4 of the report with the court. Mr. Jeske stated what is being recommended is that this committee approves sections 1-4 and we have that data element put to rest so we can now concentrate on sections 5-9. Mr. Jeske stated staff and the parties know there is a lot of difficult work to be done through sections 5-9. Mr. Jeske stated if there is a need to put the whole report together at the end – the whole final report will be filed with the court. Mr. Jeske stated right now the court will just receive an update filing that gives the court an update on the progress to date; that is what the court requested. Mr. Jeske noted Watermaster has met all the schedules of that update and staff is recommending to approve sections 1-4 and to authorize the filing of the update with the court within the June timeline. Mr. Wildermuth gave the Recharge Master Plan Update presentation in detail. Mr. Jeske stated it came out of the Steering Committee to do a sensitivity type study. Mr. Jeske offered comment on the various scenarios.

Mr. Garibay offered comment on one of the slides presented. Mr. Wildermuth stated what we did was we went in and normalized them with some adjustments, and then we sent it out for review by the Appropriators and got some feedback. Mr. Wildermuth offered further comment on Mr. Garibay's comments. Mr. Wildermuth continued with the RMPU presentation.

Mr. Garibay inquired about replenishment obligations and noted that relative to the Judgment, replenishment deals with over pumping, declining levels, recycled, and noted replenishment obligation comes from over pumping. Mr. Garibay inquired as to what was meant by Mr. Wildermuth's statement of having sufficient spreading facilities and other related comments in the presentation. Mr. Wildermuth stated he thinks with the recycled water that appears to be

handled. Mr. Wildermuth offered further comment to answer Mr. Garibay's questions and comments.

Ms. Rojo inquired about the best effort claim and how that ties to the material physical harm, and if a party is actually harmed from the uneven balance of recharge and discharge because we are no longer putting it in balance because of the intentional drawdown. Mr. Jeske asked that counsel answer that question because of the term material physical injury Ms. Rojo brought up and offered comment on Ms. Rojo's question that he could answer. Ms. Rojo stated the words in that paragraph are a very strong and make a very powerful statement, and they are actually indicating that there are no new recharge facilities necessary period; however, we might want to do it because we have this best effort responsibility. Ms. Rojo stated she thinks that in this one regard, because of the amount of water in and the amount of water out, the recharge capacity is satisfied but she thinks that there are so many other elements that actually require it. Ms. Rojo stated there are best efforts that are written here but then you also have the material physical injury part of things. Mr. Jeske stated he thinks she is reading it a little differently. Mr. Jeske stated it says to meet future replenishment obligations not any basin balancing or water quality, it says replenishment obligations. Mr. Jeske stated that is why Mr. Wildermuth had the earlier charts and graphs which showed that the replenishment could be met essentially through the planning area through an efficient storage market, let alone the need to actually purchase water and put it in the ground. Mr. Jeske stated the second bullet point addresses what Ms. Rojo is talking about. Mr. Jeske stated he believes Ms. Rojo is mixing two concepts into one statement. Mr. Jeske offered further comment on this matter. Chair Burton inquired if Mr. Wildermuth will get to some of these questions further in the presentation and Mr. Wildermuth stated yes.

Mr. Tock stated before the presentation continues he has some questions on the first bullet. Mr. Tock inquired if in the first bullet it is based on the assumption of safe yield that has been set for ten years and that analysis would have to be redone as annual safe yield as re-determined at a lower level. Mr. Wildermuth stated the analysis that WEI did assumes that the safe yield drops to 130,000 by 2030. Mr. Tock stated then that is in the first bullet already. Mr. Wildermuth stated yes, and that first bullet comes from a requirement in an order by the court on the 2010 Recharge Master Plan Update. Mr. Wildermuth stated WEI had to demonstrate that we had enough recharge capacity to meet the Judgment obligations. Mr. Wildermuth offered further comment on other engineering work done for the Peace Agreement.

Mr. Tock stated our concern on the second bullet would be something similar in the sense of commitments made in the Peace II Agreement; not that there "may be" reasons – that "there are" facilities needed so it could be strengthened. Mr. Wildermuth stated this also does not preclude opportunistic activities if there are cost effective recharge projects that could be built for storm water or other supplemental water which is inexpensive that could be brought into the basin for recharge; it does not preclude doing any of those things. Mr. Jeske stated what we are talking about is a bullet point that is not contained in the plan; the second bullet point is the next section of the plan which still needs to be worked on. Mr. Jeske stated this is not something that is being submitted or approved. Mr. Wildermuth continued with the RMPU presentation.

Mr. Tock offered comment on the Hydraulic Control projects, which are the desalters and are impacted across the board. Mr. Wildermuth explained in more detail what he was trying to describe in his presentation.

Ms. Hoerning inquired as to one of Mr. Wildermuth's statements. Mr. Wildermuth stated what is happening is the aquifer is very thin compared to every place else in the basin and there is not a lot of recharge assets there, so if you put water in Wineville Basin that is some distance away, you can only put so much there, but all these wells are kind of grouped together and the aquifer is thin so there is a lot of interference. Mr. Wildermuth offered further comment to answer Ms. Hoerning's questions. A discussion between Mr. Wildermuth and Ms. Hoerning regarding this matter ensued.

Mr. Tock stated he did not understand Mr. Wildermuth's answer and asked that he go back in the slides. Mr. Tock offered comment on the Change in Groundwater Level in 2030 Scenario 1 slide. A discussion between Mr. Wildermuth and Mr. Tock ensued. Mr. Jeske stated there are a lot of issues to settle in sections 5-9, because today is for sections 1-4 where we are showing the issues that need to be done and we are doing the update, which is what we are required to do at this time for the court. Mr. Jeske stated reoperation was intended to make some water level changes and that was all part of the agreements and all part of the court orders and the Basin Plan Amendments; there are a lot of things that functioned off of that. Mr. Jeske offered comment on some of the interference issues, and on this matter. Mr. Wildermuth continued with the RMPU presentation.

Mr. Tock asked for clarification on what staff's recommendation is. Mr. Jeske stated the filing is in the package and that is what the court required. Mr. Tock stated he had a question for legal counsel on page 154 of the meeting package, which restates the motion made at the December 15, 2011 Watermaster Board meeting, and he noted the action which states a Board action and a Board direction. Mr. Tock inquired how we go from that directive; to have a plan done, to the Board setting an ambitious goal of completing the RMP Implementation Plan – how do we go from a directive to an editorial comment like "ambitious goal"? Counsel Herrema stated he reads the Board action as approving that it could take place but not as a direction in the manner that Mr. Tock is characterizing it. Counsel Herrema stated it has been articulated in the present update as a goal; there is no requirement from the court itself that it be done by that time. Mr. Tock stated we need to be true to the Board action in the filing wording. Counsel Herrema inquired if the wording in the filing needed be changed, and it could then be approved with that language change for ambitions goal be removed. A discussion regarding the language change ensued. Chair Burton inquired if Mr. Tock had alternative language he could provide. Mr. Tock stated yes, it is on page 154 quoted from the minutes.

Mr. Tock stated the second comment is that it is his understanding through this process that tasks 1-4 would be included in the update to the court and inquired as to why they would not be included. Mr. Tock referenced the discussions that took place starting on page 258 of the meeting package, which create a picture that is a little different than the modeling results are showing, which is why the judge should be given the updated studies. Mr. Tock stated he believes that was the understanding during the last meeting and there was no discussion on not including tasks 1-4 in the court filing. Mr. Jeske stated we never talked about it one way or the other. Mr. Jeske offered further comment on this matter. A discussion regarding the filing process and what should be included in that filing ensued. Mr. Tock reiterated his position on attaching the documents with the pleading to go to the court. Counsel Herrema stated he does not read the courts requirement for an update to include those documents themselves as part of the update. Counsel Herrema stated the update identifies the progress made and the fact that the parties have agreed on what has been done and are moving forward as outlined in the update. Counsel Herrema stated one reason not to give those chapters to the court at this time, is that it is not the full and final document; it is only a partial. Counsel Herrema stated while everyone is proposing to approve those chapters as the basis for moving forward, until the full document is final, he does not know that it is appropriate to give the court a partial document. Chair Burton stated there is a potential that in finalizing the last half of the report, you may have to go back to the first part and make changes. Counsel Herrema stated it is also a contextual issue as well. Mr. Jeske stated when the final report comes back to the court, the court is going to get the whole document and at that time the parties would want the court to issue an order, which would be included in the documents that the parties had all agreed on. Mr. Jeske stated at this point in time for a status report, you are not getting orders back from the court. Chair Burton stated there is a motion on the floor from the City of Chino and a second from Monte Vista Water District, and it sounds like Jurupa Community Services District would like to amend that motion; however, the maker of the motion has to concede that to Jurupa. Ms. Rojo asked for clarification, if this Committee is just approving this document because she, as well, did not know that. Ms. Rojo inquired to Mr. Tock if it was his intention to postpone this or what is he asking the maker of the motion to do. Mr. Tock stated there is merit in this and there are other avenues to

look at this at the Advisory Committee and, ultimately, at the Watermaster Board this month. Mr. Tock stated he has two comments to be heard, one is that JCSD would like the discussion regarding the board action language clarified; we take exception to the ambitious goal editorial and we would like to see it as approved by the Board, and then the conceptual question is to understand why we don't include sections 1-4 with the filing to the court. Mr. Tock stated his concern is the five-page pleading gives the judge no update on the analysis, only that it is done. Chair Burton stated for clarification he asked for questions or discussion before the motion was called for. Chair Burton stated the question is to the maker of the motion, Jurupa would like to remove the comment about ambitious goal. Mr. Crosley stated as to Mr. Tock's point, to reflect the language in the pleading is to reflect the language on page 154 of the agenda package – the maker of the motion has no objection to that language revision. Chair Burton stated the second point would be whether or not to submit sections 1-4 to the court. Mr. Crosley stated at the last workshop where this very subject was discussed, and there was consensus around the table, he thought, to file the pleading excluding the actual sections 1-4 material. Mr. Crosley stated there were more people in that workshop than are present here today. Mr. Crosley stated he will withdraw his motion if need be. Chair Burton stated from the City of Ontario's point of view, we are alright submitting the pleading without the sections but we are open to discussion.

Ms. Rojo stated she has a concern which is on the top of page 258 of the meeting package; it discusses the Committee who has conducted an inventory of existing recharge facilities which includes the characterization of recharge basins, recharge capacity, and factors controlling recharge performance. Ms. Rojo stated there were several basins that were identified by Fontana Water Company and the City of Fontana that are included in the Recharge Master Plan that were not evaluated. Ms. Rojo stated what was brought forward to the Committee was just a rehash of the CBFIP basins that were brought up ten years ago. Mr. Rojo stated she wanted to make sure we are not precluding basins that were not part of the CBFIP original project by the wording of this language. Counsel Herrema stated if this language is intended to reflect what was done and if it not accurate as to what was done, it can be changed; however, he does not understand the preclusion. Ms. Rojo offered further comment on her concerns. Mr. Tock stated, to clarify this better, turn to page 258 starting on line 8, the last 2 sentences were written in current tense and those are accurate, the question is when we talk about the analysis done to this point, and it's being processed or proved through the process here as the administrative draft. Mr. Tock stated knowing that we are going to file this after, and in anticipation of the Board meeting, would it not be more up to date to say the analysis for chapters 1-4 have been completed and approved at the Watermaster Board on May 24, 2012 and then is included. Mr. Tock offered further comment to better clarify his statement. Counsel Herrema stated the last sentence of that paragraph states these chapters have been approved by the Appropriative, Overlying Agricultural, and Overlying Non-Agricultural Pools, the Advisory Committee, and the Watermaster Board. A lengthy discussion regarding this matter ensued. Counsel Herrema stated if those chapters are filed they would become part of the record and counsel does not know if there is a value to having administrative draft chapters in the record. Chair Burton stated it is the City of Ontario's position that if we are not required to submit section 1-4, we would prefer to finalize the report before it is submitted as a formal record to the court. Ms. Hoerning stated the City of Upland would agree with the chair's statement. Mr. Jew stated Monte Vista Water District would also agree with the chair's statement. Chair Burton stated the motion on the table from the City of Chino, as amended, is to simply remove the wording ambitious goal and replace it with text consistent with the Watermaster Board's language from the December 15, 2011 action.

Motion by Crosley, second by Jew, and by unanimous vote

Moved to approve sections 1-4 of the Recharge Master Plan Update and authorize counsel to file the update with the court after the removal of "ambitious goal" and make the pleading language consistent with the Watermaster Board language from the December 15, 2011 meeting, and to direct staff to continue working with the stakeholders and Recharge Master Plan Update Steering Committee on completing the remaining sections of the update, as presented

C. RE-ALLOCATION OF WEST VENTURE DEVELOPMENT SAFE YIELD

Mr. Jeske recapped the West Venture Development item in detail. Mr. Jeske stated the Appropriative and Agricultural Pools took no action on this item and the Non-Agricultural Pool asked that they make a recommendation first. Mr. Jeske stated the City of Chino has submitted a letter backed up with attorney opinions; however, staff has not yet have received a direct request and they have indicated their city council will hear this on May 15, 2012. Mr. Jeske stated there is the potential for them to enter into the Non-Agricultural Pool. Mr. Jeske inquired if this Pool has any other comments on the disposition on this matter. Mr. Jeske stated a discussion needs to take place and maybe this item can continue for a month. Chair Burton inquired if we are we going to get a legal opinion on this, and Mr. Jeske stated probably not. Mr. Jeske stated it may have to be submitted to the judge to determine this action. Chair Burton inquired if there is any precedent in the past Watermaster activities that would reflect on this. Mr. Jeske stated there are a number of past actions and he offered some examples. Mr. Jeske stated an intervention or transfer of rights will need to go to the court. Chair Burton asked how Watermaster currently accounting for this. Mr. Jeske stated he does not believe Watermaster has been. Mr. Crosley stated the city has been providing water service to the subdivided property since that subdivision occurred, and prior to the time of the letter that West Venture actually sent to Watermaster requesting consideration for the property rights. Mr. Crosley stated that water demand is greater than the 15 acre-feet. Mr. Crosley stated the City of Chino council is going to consider this matter on May 15, 2012 and we have prepared the letter to request the intervention. Mr. Crosley stated the subdivision included street right-of-way, which the city owns, and that measurement is about 22% of the subject acreage; the city believes it is already a holder of at least that measure of overlying right. Mr. Crosley stated as to the disposition of the remaining 78%, as our documentation submitted suggests, that would either be determined by the Watermaster as going to Chino having assumed the service responsibility or Chino could enter into individual agreements with each of the other forty-two property owners, and execute transfer agreements for those rights.

Ms. Rojo stated in almost ten years she does not understand any longer the purpose of having the Non-Agricultural and having it separate from the Appropriative Pool. Ms. Rojo offered further comment on the separation of the two Pools. Ms. Rojo stated she thinks this should still be on the table to be looked at. Ms. Rojo stated in just reading the document it looks like the intention of the developer who bought the land was to get rid of their rights all together, but that they wanted to make sure that it did not negatively impact the homes that were built, meaning they wanted to make sure that those rights were kept to the homes that were built. Mr. Rojo stated to her it make sense that the water stays with the City of Chino, which means they would have to enter into Non-Agricultural Pool or whatever the next steps are going to be.

Ms. Hoerning questioned the sub-division matter. Mr. Crosley stated that is a legal detail that he did not bring with him. A discussion regarding this matter ensued. Mr. Jeske stated he thinks this will be the only time that this issue of abandoning water rights will come up. Chair Burton inquired if there are any other options as to the disposition of this water. Counsel Herrema stated this is something we have not explored to this point. Ms. Hoerning stated it seems like the City of Chino council needs to make a finding, because we do not know what their decision is going to be and we don't know what the Non-Agricultural Pool action is going to be. Counsel Herrema stated the Non-Agricultural Pool did not want to take action until the Appropriative Pool took action. Mr. Crosley stated the recommendation from staff is we are asking that the City Council approve the Chino's intervention into the Non-Agricultural Pool and that the corresponding overlying rights be assigned or transferred to the City of Chino. Chair Burton inquired if it makes sense for the Watermaster Pool process to take action on this item because the disposition of the water could not go to the City of Chino until they have intervened into the Non-Agricultural Pool – is that correct. Mr. Jeske stated that would be correct and that is why staff recommended tabling the discussion for a month. Mr. Crosley stated he had a questions regarding process. A lengthy discussion regarding the process, the motion, and this matter ensued.

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

Moved to table discussions and agendize in June or after it comes back with the Intervention from the City of Chino, as presented

D. WATERMASTER BUDGET TRANSFERS AND BUDGET AMENDMENTS

Mr. Jeske introduced this item in detail and noted this item starts on page 275 of the meeting package. Ms. Rojo stated she will make a motion to approve these items and noted these are not a one-time revenue, it was just unbudgeted revenue.

Motion by Rojo, second by Hoerning, and by unanimous vote

Moved to approve the Watermaster Budget Transfer Form T-12-05-01 and Budget Amendment Form A-12-05-01, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

1. Day Creek and San Sevaine Recharge Permit Time Extensions

Counsel Herrema stated this item is for an extension of time for the San Sevaine Project. Counsel Herrema stated Watermaster holds three separate diversion permits for putting the water to beneficial use. Counsel Herrema stated the San Sevaine permit expired in 2010 and, prior to the expiration, an extension for time was filed to make that permit application to beneficial use requirement coterminous with the other permits. Counsel Herrema stated he was in Sacramento two weeks ago on other business and he met with the State Board staff to discuss the classification of those facilities and they are going to issue another draft extension with some clarifications on the way the facilities are labeled. Counsel Herrema stated all the other terms are consistent with what is currently in the permit with the exception for the time for full beneficial use would be extended through 2057, which is the deadline under the most recent permit obtained by Watermaster in 2008.

3. Paragraph 31 Motion

Counsel Herrema stated this item is for the Paragraph 31 Motion. Counsel Herrema stated it was reported last month that the Watermaster Board conceptually approved a settlement at their March meeting. Counsel Herrema stated we are waiting on final language to move forward on that settlement. Counsel Herrema stated Watermaster has not yet signed on to the settlement because the final paper is not finished yet.

B. ENGINEERING REPORT

1. HCMP Monitoring Report

Mr. Wildermuth stated the HCMP report needs to be filed with the Regional Water Quality Control Board (RWQCB) every year. Mr. Wildermuth stated last summer Wildermuth prepared a proposal to the RWQCB that went through coupled with the Basin Plan Amendment, which means the next Hydraulic Control Monitoring report, after the one we just filed, will be in April of 2017 instead of April 2013. Mr. Wildermuth stated this will save Watermaster hundreds of thousands of dollars in having two reports every ten years instead of one report.

2. Groundwater Model Calibration Update

Mr. Wildermuth stated the schedule for the groundwater modeling calibration has been pushed out slightly to accommodate the modeling work that was done for the Recharge Master Plan Update. Mr. Wildermuth stated this will be coming back sometime in July, or possibly August, with the modeling calibration results. Mr. Wildermuth stated this is going to be used for resetting the safe yield; there are some hydrology things we are running down to make sure we do the best job we can.

3. Extensometer Progress

Mr. Wildermuth stated the new vertical extensometer is to be constructed in Chino Creek Well Field; the well has been constructed and we are developing it this week and equipping

it shortly thereafter. Mr. Wildermuth stated that will be on line and ready before the end of the fiscal year.

C. CEO REPORT

No comment was made.

IV. INFORMATION

- 1. Cash Disbursements for April 2012
No comment was made.

V. POOL MEMBER COMMENTS

Mr. Garibay wished all the mothers present today a Happy Mother's Day.

Mr. Jew offered comment on Watermaster picking up 100% share of CalPERS for the employees. Mr. Jew inquired if there was any thought for Watermaster to revisit the CalPERS benefits. Chair Burton stated he would have to defer that to the Watermaster CEO. Mr. Jeske stated he remembers that conversation, and noted staff is not receiving any COLA's. Mr. Jeske stated staff is not recommending any change because staff has no direction to make any change to the benefit plan or the compensation plan; none of this was proposed through the budget process. Mr. Jeske offered further comment on this matter. Mr. Crosley inquired if the Appropriative Pool chair, through participation in the Personnel Committee, can suggest that that Personnel Committee consider this subject, and who can call a meeting of the Personnel Committee. Mr. Jeske stated the Board chair can call a meeting of the Personnel Committee, or the Board as a total. Mr. Crosley offered further comment on this matter. Chair Burton inquired if this is something that Mr. Jew wanted to see happen. Mr. Jew stated potentially, yes.

VI. OTHER BUSINESS

No comment made on this item.

No confidential session was called.

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.

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, May 10, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, May 10, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, May 10, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, May 17, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, May 17, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Tuesday, May 22, 2012	9:00 a.m.	GRCC Meeting
Thursday, May 24, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Burton adjourned the Appropriative Pool meeting at 11:31 a.m.

Secretary: _____