

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

October 11, 2012

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 11, 2012 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Marty Zvirbulis, Chair	Cucamonga Valley Water District
Scott Burton	City of Ontario
Rosemary Hoerning	City of Upland
Raul Garibay	City of Pomona
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
Mark Kinsey	Monte Vista Water District
Van Jew	Monte Vista Irrigation Company
Josh Swift	Fontana Water Company
Seth Zielke	Fontana Union Water Company
Tom Harder	Jurupa Community Services District
Ben Lewis	Golden State Water Company
Shaun Stone	West Valley Water District

Watermaster Board Members Present

Paula Lantz	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company (Calmat Division)

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
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Pete Hall	State of California, CIM
Ken Jeske	KJ Consulting
Chuck Hays	City of Fontana
David De Jesus	Three Valleys Municipal Water District
John Bosler	Cucamonga Valley Water District
Justin Scott-Coe	Monte Vista Water District
Ryan Shaw	Inland Empire Utilities Agency
John Schatz	John J. Schatz, Attorney at Law

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

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held September 13, 2012

B. FINANCIAL REPORTS

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

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

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

II. BUSINESS ITEMS**A. MATERIAL PHYSICAL INJURY ANALYSIS**

Mr. Kavounas stated Watermaster received an application from Vulcan Materials Company for recharge and it is Watermaster's process to ask our engineering consultant, Wildermuth Environmental Inc. (WEI), to perform a Material Physical Injury (MPI) Analysis. Mr. Kavounas stated the MPI Analysis was done, and based on existing prior reports, indicated there was a potential for water quality injury. The analysis is being presented to this committee with a staff recommendation to receive and file the MPI Analysis. Mr. Kavounas stated we believe the MPI Analysis was done appropriately based on the information Watermaster and WEI had, and staff is recommending to receive and file this analysis, which is different from the next item which is for the Application for Recharge.

Motion by Harder, second by Craig, and by unanimous vote

Moved to receive and file the Material Physical Injury Analysis for local storage and it is to be treated as all other local storage agreements to be set aside waiting on specific details as that program is administered, as presented

B. APPLICATIONS FOR RECHARGE**Consider Approval for Application for Recharge**

Mr. Kavounas stated the Application for Recharge has the potential for water quality injury. Mr. Kavounas stated there are prior reports that indicate the presence of a maintenance yard in the recharge pit, and there were prior investigations that were done and written reports that indicated more work needed to be done to identify possible contamination in the areas surrounding the Vulcan Pit. Mr. Kavounas stated, at this point, staff is recommending the Application for Recharge be approved conditioned upon additional studies being done. Mr. Kavounas stated the studies would be soil analyses to identify if there is any contamination in or around the area where recharge would actually take place. Mr. Kavounas stated the applicant, at this point, has not submitted a plan saying exactly where and how the water would be recharged. Mr. Kavounas stated what is being proposed is the applicant show a detailed recharge plan, and provide Watermaster with the exact studies done to prove the soils are not contaminated and would not have spread or have any water quality injury to the basin; then and only then would Vulcan Materials Company be given the approval to proceed with recharge. Mr. Kavounas stated there is a concern about what needs to be done first, meaning do we force the applicant to do the soil studies first, and then give them the go ahead for the recharge, or do we tell them that they will get the approval to recharge after they have provided proof. Mr. Kavounas stated staff is recommending the approval of the application conditioned upon soil studies and an analysis be done to the satisfaction of the Watermaster and the adjoining consultant.

Mr. Harder stated in any soils investigation where there is contamination there is always the risk of missing the detection of contamination, and he is assuming it is being done at the Vulcan Pit,

which is directly up gradient of Jurupa Community Services District (JCSD). Mr. Harder stated he would like to see, in addition to the contamination investigation some sort of a monitoring well installed down gradient, or some type of monitoring system and/or management plan that would be monitored over time to verify that contamination is not getting into the ground and not migrating down gradient from the site. Mr. Kavounas stated it is possible to miss contamination and staff has great faith and confidence in WEI to come up with an appropriate plan that would help identify to the greatest extent possible any contamination. Mr. Kavounas stated we don't know what happens afterwards; however, we do have a fairly good idea of where other contamination exists beyond the recharge pit. Mr. Kavounas stated the recharge pit itself is such a large area, the proposed amount of recharged water is a relatively small amount and it does not appear it will ever have huge quantities of water; the application is for a very small amount of water. Mr. Harder stated the last thing we would ever want to do is discourage people from putting in water in the ground and in the MZ3 area – we just want make sure that if there is impact it is curtailed and there will be no impact for JCSD. Mr. Kavounas stated part of our recommendation for moving this forward is to have all the appropriate safeguards in place, and to be looking at what precedent this could be setting if this is conditioned on doing work that is not necessary. Mr. Kavounas stated staff felt as long as we had credible information and a reason to be concerned about contamination, and then there is good reason to impose conditions. Mr. Kavounas stated staff has had numerous conversations with engineering and legal counsel about the right thing to do in this matter, and staff feels WEI could come up with the right conditions to put on this application.

Mr. Kinsey stated he heard what was said about precedents, and part of our concern is we are being asked to move something forward which, by most standards, is an incomplete analysis, and includes a red flag that there is a potential for material physical injury. Mr. Kinsey stated what he is understanding is that staff is saying let's move forward subject to coming up with some sort of higher level of comfort knowing that if there is going to be an impact that it can be monitored. However, he thinks that in most other decision making arenas a more complete analysis would be expected, and at least a pre-detailed outline of what a mitigation or monitoring plan would look like, which may or may not include a downstream monitoring well if that is necessary. Mr. Kinsey stated in going back to the discussion of precedence he believes as we develop recharge basins, as a government entity, we do the soil analyses and we do the normal investigations before we proceed with an actual act of recharge. Mr. Kinsey stated he does not think it is unreasonable to say if someone wants to come in and recharge in our basins that they would be expected to do the same thing if there was this type of contamination concern, and that any other entity would be expected to do the same thing. Mr. Kinsey inquired to Mr. Bowcock as to the urgency to move this item forward through the process now, as opposed to waiting to assemble all the required information. Mr. Bowcock stated Watermaster has a process and he met and fulfilled the obligations of that process. Mr. Bowcock stated Watermaster is not the Regional Water Quality Control Board (RWQCB) and he believes Watermaster does not have the authority to discuss or enforce those types of stipulations. Mr. Bowcock stated he has met his obligations to the RWQCB. Mr. Bowcock offered further information and history on the Vulcan Pit.

Mr. Garibay inquired to Mr. Bowcock how deep the pits are. Mr. Bowcock stated he is not exactly sure, maybe 60 feet. Mr. Garibay stated we are talking the RWQCB, and he recalls when Inland Empire Utilities Agency (IEUA) was doing their recharge or recycled wells they had to install monitoring which was pursuant to the requirement, so he does not think it is unusual for this to come up and to have the RWQCB make that a prerequisite. Mr. Bowcock stated discharging recycled water in the State of California is a waste discharge permit order, unfortunately the State of California determines that groundwater injection of recycled water constitutes as waste. Mr. Bowcock stated he will meet or exceed all requirements. Mr. Bowcock stated with regard to the precedent issue, we are talking a really fine line here; if you actually read what that says, it says I have to report anything that causes the water quality to change on a notification level. Mr. Bowcock stated he thinks the proper regulatory authorities are in place and he thinks we comply with the regulations and the rules, and this is an activity that is permitted; Watermaster

has a procedure and that procedure is being followed. Mr. Bowcock stated the procedure asks for the storage component of it; we will be working with Watermaster through that procedure.

Mr. Kinsey stated we are not allowed to move things forward if there is a possibility for potential material physical injury, which is exactly what we are being asked to do with this request.

Mr. Burton stated I want counsel to explain what receive and file actually means. Counsel Herrema stated it means the acceptance of a report as the fact that the report was done, and it is being received and filed. Counsel Herrema stated the MPI Analysis is the basis for the next request which is the request for the permission to recharge. Mr. Burton stated if we receive and file this today there is going to be additional analysis done; is that correct Mr. Bowcock? Mr. Bowcock stated he does not know what that is and it appears to be an open ended requirement that needs to be discussed. Counsel Herrema stated there are two things that are on the agenda today, one is to receive and file the MPI Analysis; WEI did the MPI Analysis based on all the information he had. Counsel Herrema stated then that forms the basis for the second request, which is the Application for Recharge. Counsel Herrema stated the way that it is proposed or suggested as the recommended action is structured based on the MPI Analysis which says, "This Recharge Application should be granted subject to conditions which come out of WEI's analysis." Mr. Burton stated what he is hearing is it sounds like even with the additional investigation that the report is saying it is needed, is maybe not that well defined, and it is not clear that the applicant is even going to agree with doing that additional work. Counsel Herrema stated whether or not the applicant agrees to those conditions, the suggested action today is that the application be granted conditioned upon on those specific items that are listed in the staff recommendation. Mr. Burton stated it sounds like there is going to be other work done after this receive and file where the applicant and Watermaster will discuss what additional monitoring, if any, is needed and there will be some type of potential negotiations – will this ever come back to this Pool to see if we agree with what is being done? Counsel Herrema stated you can condition your action to include that or how you would like it to be handled. Mr. Burton stated in reading the staff letter and the Wildermuth report they both state this has a potential for material physical injury which makes it very unclear as to why we would receive and file something that states there is a potential for harm to the water body. Counsel Herrema stated the receive and file is exactly that, you have read the report and accept what it says; the receive and file does not mean that you approve any material physical injury and that WEI has done the analysis that is required to analyze whether there will or won't be any injury, and then that forms the basis for your determination on the Application for Recharge. Mr. Bowcock offered comment on MPI Analysis applications.

Mr. Kinsey stated if the Appropriative Pool is uncomfortable moving the application forward because of the potential for material physical injury this committee can say no to that application and we could ask that we see the mitigated monitoring plan before final approval. Mr. Kinsey stated if we talk about precedence here, and what would be required in the mitigation and monitoring plan, that may possibly set precedence which might affect all of us in our activities on a go forward basis.

Chair Zvirbulis stated one of the things that he is hearing, is that we could approve the Application for Recharge subject to additional analysis that needs to be performed to be reviewed with the Pool prior to final approval for the Application for Recharge. Chair Zvirbulis stated for the MPI Analysis, that is a separate issue where there is an application for a Local Storage Agreement and a request for a receive and file for the MPI Analysis, and staff's recommendation for that is to treat the application for Local Storage the same as all of the other pending applications, of this time, just receive and file the report as completed by Watermaster's engineering consultant. Chair Zvirbulis stated from the discussions today that is how he sees this and for two appropriate motions.

Ms. Hoerning stated in the WEI letter to Mr. Kavounas, Mr. Wildermuth indicates that he has assumed the location of the pit and inquired if Mr. Wildermuth feels comfortable that he knows

where the pit is. Mr. Wildermuth stated it is the Vulcan Pit, which is a very large pit. Ms. Hoerning stated the report goes on discussing some data that maybe the Vulcan Materials Company has that is confidential which WEI has not been privy to. Mr. Wildermuth stated in 2006 WEI was provided certain information and WEI signed a Nondisclosure Statement to keep certain information which was reviewed by him as private and confidential. Mr. Wildermuth stated the WEI offices have moved and there are items still in boxes related to this project, and there may be other investigations by others that we don't even know about. Mr. Wildermuth state from what we were able to read, there is a reason to think there is potential material physical injury.

Chair Zvirbulis stated when we are talking about MPI, are we talking about things related to compliance with our RWQCB permit or would this activity cause water quality to be degraded and cause us not to comply with the RWQCB orders. Chair Zvirbulis stated as soon as the work gets done there will be a determination that there is no material physical injury and that the activity would comply with the permit. Mr. Wildermuth stated he believes we are okay with the permit. Mr. Wildermuth stated in the MPI Analysis one of the things WEI is looking at is that we are going to have issues with the recharge permit that is jointly held by Watermaster and IEUA. Mr. Wildermuth stated he is merely concerned that the site is uncharacterized, and we may recharge high quality water into it that may become degraded in the subsequent groundwater. Mr. Wildermuth stated the RWQCB would get pretty excited about that after the fact; however, it would not affect our existing recharge permit.

Mr. Bowcock stated the material physical injury is looking at, "what is it going to do to me" – that is what Watermaster is all about. Mr. Bowcock stated the MPI can include quality and he would encourage Watermaster because this would be within its realm to maintain the monitoring of the MPI as projects progress. Mr. Bowcock stated as a clearing house, Watermaster is going to continue to get a very full in basket if it continues to take this approach on everyone in this basin; Watermaster has a process and a procedure which he has followed and would like his permit.

Chair Zvirbulis stated he has presented a couple of potential actions for business Items A and B, and if there is no further discussion on it he would entertain a motion on those items. Mr. Kinsey stated before we make a motion, is the recommendation here on Item B. which is the storage component. Chair Zvirbulis stated no, it is on recharge. Chair Zvirbulis stated storage is just being put into the queue like everything else that is not being done. Chair Zvirbulis stated, for review, the first item is a request for a local storage agreement to receive and file on the MPI Analysis. Chair Zvirbulis stated the local storage agreement would be treated like all others up to this point and be set aside until specific details related to how that program will be administered are determined. Chair Zvirbulis stated the second item is for approval of the recharge permit subject to additional testing to address potential for MPI subject to the Pool's approval upon completion. Counsel Herrema stated for the ease of the recording secretary, he would ask that each item be taken separately.

Chair Zvirbulis called for a motion on Item A. Chair Zvirbulis called for a motion on Item B. and Mr. Kinsey asked for clarification on the motion for Item B. A discussion on the motion for Item B ensued. Mr. Craig asked if the motion would include all the items recommended in the Watermaster staff report. Chair Zvirbulis stated yes, it would and the only difference between the motion and the staff report is that there is a request to bring it back to the Pool prior to finalizing it. Mr. Bowcock inquired about finalizing what. Chair Zvirbulis stated what we are saying is for the approval of the recharge permit subject to a review of the final mitigation plan, if any. Mr. Kavounas stated what he understands is when our engineer determines the protocol for site characterization on the studies it would be brought back to the Pool for review, which gives Vulcan a little bit of protection. Mr. Bowcock stated it also takes up a lot of time and this is not what we are supposed to do; it should be received and say you can't find anything in the bottom of a virgin hole. Mr. Kinsey stated then WEI will come back and tell us that. Counsel Herrema stated one question is would that come back for further approval or for a notification as to what the plan would be? Counsel Herrema stated he thinks Mr. Bowcock makes an important point.

Chair Zvirbulis stated he believes that is what was said is that it is coming back for final review. Chair Zvirbulis stated the motion was to approve the recharge permit subject to further review of any mitigation necessary, or not necessary, related to the activity. Chair Zvirbulis stated WEI goes back and does an evaluation and the findings say it is all good, then we are done; however, if the findings come back and say there is something else going on there, then the situation is different. Mr. Bowcock stated he understands and he hears a very subtle 'but', and that subtle 'but' is called 60 days. A lengthy discussion regarding this matter, time, and the process ensued. Mr. Kinsey noted there has not been a second on the motion. Counsel Herrema asked that the motion for Item B. be restated. A discussion on the motion ensued. Counsel Herrema stated if this Pool wants to take the staff recommendation and add to it that a mitigation and monitoring plan to WEI's standards be one of the conditions, then that could be done in a report provided to this Pool next month. Mr. Kavounas offered final comments on this item. Mr. Burton stated he understands what Mr. Kavounas is saying. However, his question would be if it does come back will it be just for information on the status for this Pool or the Watermaster process to say wait a minute, we do not like what is going on. Mr. Kavounas stated he does not know if by next month the necessary field work will have been done or not; staff will come back and report to this Pool what the status is as of that point in time. Mr. Kavounas stated if at that point in time the field work has been done and comes back that there are significant problems, then the way you have approved this item here today, means no recharge; this is conditioned on going forward if there is no impact. Chair Zvirbulis stated what he thinks Mr. Bowcock is taking exception to is that we are putting a condition on it. Mr. Bowcock offered final comment on this matter. Chair Zvirbulis stated the motion would be to approve the staff recommendation and then to also request that staff report back to this Pool at the next Pool meeting on the results of any further analysis. Mr. Kavounas offered final comment on this matter. Mr. Burton stated what he is hearing is that it will not be Vulcan Materials Company providing additional information or doing the additional studies, but that it will be Watermaster doing it. Mr. Kavounas stated Watermaster would not do the studies but Watermaster would still expend some sort of resource defining what the studies are, and perhaps a site visit with Mr. Bowcock. Chair Zvirbulis stated there is a motion on the floor and Mr. Kinsey stated he would amend his motion to reflect that Watermaster will report back next month on the results of further analysis. Chair Zvirbulis called for a second and the question.

Motion by Kinsey, second by Zielke, and by unanimous vote

Moved to approve the Vulcan Material Company's Application in so far as Recharge is concerned if it demonstrates, to Watermaster's satisfaction, that the water recharged at the Vulcan Pit will not become contaminated through contact with the soil, or that any water quality degradation caused by contact with the soil will not result in a chemical concentration in the recharge water to increase to a level that would exceed a maximum contaminant level established in California Code of Regulation Title 22 or a notification level established by the Department of Public Health. Also, Watermaster should expressly condition the Storage element so that it is expressly subject to subsequent Watermaster determinations on: (1) the quantity of Local Supplemental Water in Storage; (2) the priority among all competing applications for Local Storage Agreements, (3) the general terms and conditions concerning Preemptive Replenishment and Storage; and (4) Watermaster staff to report back next month on the results of further analysis, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

1. Order Adopting Restated Judgment, Approved Intervention of Tad Nakase (TDN Land Company) Into Chino Basin Judgment

Counsel Herrema stated at the last Pool meeting he updated the parties on the motion that had been filed for adoption of the Restated Judgment and approval of the intervention of Tad Nakase into the Chino Basin Judgment. Counsel Herrema stated on the 27th of September the court issued its order adopting the Restated Judgment as the operative copy of the Judgment and there is a copy of that on the Watermaster FTP site under Legal 2012

Restated Judgment. Counsel Herrema stated the court made one minor change to the order that had been proposed and agreed upon by Watermaster legal counsel and counsel for the Pools; it's a minor change to one word, "caveat" to "condition", which does not change the effect of order as we presented it. Mr. Garibay stated now when we refer to the Judgment, it will be speaking of the Restated Judgment and not the original Judgment, is that correct. Counsel Herrema stated that is correct.

B. ENGINEERING REPORT

1. Modeling Update

Mr. Wildermuth stated there are two items under the Engineering Report section; however, he will take both Item 1 and 2 under the Modeling Update. Mr. Wildermuth noted this is a refresher presentation because the majority of the presentation has been given at prior meetings. Mr. Wildermuth gave the Update to the Chino Basin Groundwater Model and Evaluation of Basin Dynamics presentation.

Mr. Garibay inquired about evaluating the DYY put-and-take cycle because he is not seeing the connection in the presentation. Mr. Wildermuth explained Mr. Garibay's question in detail.

Mr. Kinsey stated if we do the loss analysis and it shows there are continuing losses that possibly promotes argument that we should not implement the Peace Agreement provisions which say once we achieve Hydraulic Control as defined by implementing all the phases of the desalters loss goes to zero. Mr. Wildermuth stated he does not have an opinion on that either way. Mr. Wildermuth stated he would say if you implement that provision and there are losses, what you will see is a change in the safe yield and that plays out.

Mr. Wildermuth continued with his presentation.

Mr. Kinsey inquired where new yield/storm water capture is located on one of the spreadsheets in the presentation. Mr. Wildermuth stated it is in the safe yield number lumped into a particular column. Mr. Wildermuth inquired if Mr. Kinsey was asking about the 12,000 acre-feet. Mr. Kinsey stated, yes. Mr. Wildermuth stated that is there. Mr. Wildermuth stated when WEI did the calculations with the projected recharge we were around 140 or 150, if you are using the Bud Caroll estimate that is safe yield. Mr. Wildermuth stated we are not showing that as a separate column. A discussion regarding yield ensued. Mr. Wildermuth stated in the planning world we are saying it's 134-135. Mr. Burton inquired if in the planning years WEI is assuming 6,000 acre-feet of stormwater capture all the way down that column. Mr. Wildermuth stated it will vary by year and he is not exactly sure which number that is going to be, if it's going to be closer 7 or 8; it's actually more recharge than that, it's the credit you get here in this column. Mr. Wildermuth gave a more detailed answer to Mr. Kinsey and Mr. Burton's questions.

Mr. Kinsey stated the reason he was asking is, how we adjust for safe yield when reduction is different than how we allocate new yield. Mr. Kinsey stated WEI is including it as part of new yield which then affects distribution of rights amongst the parties because there are two different ways to adjust back, and maybe it is more appropriate to keep it tracked as separate. Mr. Wildermuth stated we can certainly do that. Mr. Wildermuth gave a more detailed answer to Mr. Kinsey's question/thoughts. Mr. Kinsey stated the concern is the allocation against loss in the future.

Mr. Wildermuth continued with his presentation.

Mr. Wildermuth stated he would like to start the planning calibrations next month and get scenario 2 done next month also. However, that will depend on getting assurances from the Appropriative Pool that we got the production estimates right. Mr. Wildermuth stated he

would like to schedule a workshop in November on calibration. Mr. Wildermuth stated sometime in the New Year we will schedule some workshops on the planning scenarios. It was noted a notice on the workshops will be sent out by Watermaster staff.

2. Planning Scenarios

This item was discussed under the Modeling Update item.

C. GM REPORT

1. Recharge Master Plan Update Timing

Mr. Kavounas stated the Recharge Master Plan Update (RMPU) is heavily engaged in by all the parties, and for him personally, it was important to take a step back and understand what each item, document, filing, project, etc. is and when it's due. Mr. Kavounas stated he put his thoughts together, compiled them on a spreadsheet, and noted he can make that chart available to any party who wishes to see it. Mr. Kavounas stated he has shared the spreadsheet with John Schatz, who is working with the Appropriative Pool on some RMPU amendment issues. Mr. Kavounas stated his conclusion from reviewing Watermaster's history on the RMP is that the court expects a refinement of the stormwater recharge facilities projects, along with the funding and implement plan, by October 2013, and completion of projects by 2018. The court asked for a committee to be established for monitoring reporting and accounting practices for local stormwater recharge and new yield, but did not set a due date for when that work had to be done. The committee that the court ordered is the Steering Committee and the work itself is Task 5. Mr. Kavounas stated the analysis, funding, and implementation plans for projects were ordered by the court to commence, but again there is no explicit date when the court said that they have to be done, although the implicit date is October 2013. In December 2011 the Watermaster Board adopted a motion to complete the RMPU amendment work including stormwater recharge matters, funding, and implementation plans by December 2012. In December 2011 the Watermaster Board adopted a motion which was also adopted by the Advisory Committee, to complete the RMPU amendment work by December 2012. Mr. Kavounas stated the Board filed a progress report with the court in June 2012 as was required, and the report expressed the Board's direction that all the work would be completed by December 2012, and stated that progress would be made consistent with the Board's action. Mr. Kavounas stated with regard to status, as of today, last month Watermaster prepared a strawman for Task 5 for discussion purposes only. The Appropriative Pool has been meeting and discussing this actively, with John Schatz as the facilitator, and we have received comments from four entities which have been circulated. Mr. Kavounas stated the next step would be to work with the Pools and come up with a process forward.

Mr. Harder stated it really is amazing how time flies; in October 2011 we sat right where we are sitting now and the Appropriative Pool agenda was to make a finding of substantial compliance with the RMP, and every year for Peace II we have to make that finding. Mr. Harder stated it was in context of 'do we have recharge capacity in the basin to accommodate desalter replenishment', and the answer is yes. However, at that time we were looking at a December 2011 deadline to get the RMP done, and from Jurupa Community Services District's (JCSD) perspective it was very hard for us to get behind a finding of substantial compliance knowing that was not going to happen. Mr. Harder stated he thinks what precipitated a desire from JCSD in part was to have some sort of commitment, which was the one year implementation plan. Mr. Harder stated in the spring we saw some much focused work and it was very encouraging; we were able to get a lot of work done last spring up to the June submittal, but now it seems like things have fallen off since that time. Mr. Harder stated when he looks at the schedule that WEI has prepared for this RMPU, we have a challenge ahead of us to meet the October 2013 deadline, and again we do have a lot of work to accomplish. Mr. Harder stated from JCSD's perspective, we are willing to work with the group to find an acceptable alternative for this December, in terms of how we can address this more directly, and he noted he has some ideas on how to do that. Mr. Harder stated he encourages the parties support in working together to

address this. Mr. Harder stated the comments from JCSD were late. However, what we would like from this group is a commitment to the October 2013 date in doing everything we can to meet that date. Mr. Harder offered further comments on schedule, projects, and recharge.

Chair Zvirbulis stated point two of the Appropriative Pool's comment letter really addresses the need for us to continue moving the process along and to really separate the discussions and issues that have surfaced related to new yield, and he thinks from the last gathering that there is a commitment to do that. Chair Zvirbulis stated it is clear in IEUA's comment letter that there is some indication of following the same lines that Mr. Harder has outlined, which make a lot of sense, and will help us keep the project and the work on track.

2. Safe Yield Calculation

Mr. Kavounas stated he came across the same question, which is 'What are the obligations with regard to the safe yield calculation?', and his conclusion from digging through history is that according to the Rules & Regulations the safe yield shall be recalculated in 2010/2011 based on data from a ten year period of 2000/2001 to 2009/2010. Mr. Kavounas stated there was a 2008 stipulation to the court addressing comments made by Monte Vista Water District and the stipulation included the language that Watermaster shall include in the RMPU, a comprehensive analysis and explanation of how and whether Watermaster will schedule a redetermination of the safe yield. Mr. Kavounas stated moving forward and looking at that document the 2010 RMPU states that the Watermaster should use the methodology described in section 3.4 to recompute safe yield in 2010/2011 and should apply this method every five years thereafter. Mr. Kavounas stated with regard to that status, the safe yield re-computation was not done in 2011 or since.

3. Notice of Availability

Mr. Kavounas stated the notice of availability is on an annual cycle. Annually the Watermaster sends a reminder to Non-Agricultural Pool members, and then they notify the Watermaster of any water they have available for sale to the Appropriative Pool by December 31st. The Watermaster, in turn, notifies the appropriators by January 31st of each appropriator's pro rata share of that water and then the appropriators have until March 1st to notify Watermaster if they are interested. Mr. Kavounas stated normally that is handled by a notice in our agenda package through the Pools, Advisory Committee, and Watermaster Board meetings. Mr. Kavounas stated the reason it is being brought up today is that the rate is set according to the Judgment, which is set at 92% of the Metropolitan Water District's replenishment rate. However, there is presently no replenishment rate. Mr. Kavounas stated the settlement that was entered into for the Paragraph 31 issue provides a process for setting a new rate that would apply to this process of making water available and purchasing water by the appropriators. Mr. Kavounas stated the reason this is being brought up is if there is interest from the appropriators to purchase water, and there is an interest from the Non-Agricultural Pool to sell water, Watermaster would start a process according to the way it is described in the Settlement Agreement. Mr. Kavounas stated Watermaster would have to determine what the new rate would be, and then make the appropriate motion on filing with the court as required. Mr. Kavounas stated there is no action required at this point in time from this Pool; however, the real action would be from the Non-Agricultural Pool which will be discussed at the Non-Agricultural Pool meeting later on this morning.

IV. INFORMATION

1. Cash Disbursements for September 2012

No comment was made.

V. POOL MEMBER COMMENTS

No comment was made.

VI. OTHER BUSINESS

Mr. Kavounas stated staff is planning on two Assessment Package workshops in October; one will be a pre-workshop which is different than how it has been done in the past, although staff feels this will help facilitate the actual final Assessment Package workshop process. Those workshop dates are noted under Future Meetings on the agenda.

Mr. Kavounas stated there are still two outstanding WAR's needed.

Mr. Kavounas stated due to the Thanksgiving holiday the November Watermaster Board meeting will be held one week early on Thursday, November 15th, and not on Thursday, November 22nd as normally scheduled.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 10:16 a.m.

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.

1. Clarification on September 13, 2012 Appropriative Pool Motion on Legal Counsel Payments
2. Paragraph 31 Settlement

The confidential session concluded at 11:05 a.m.

Chair Zvirbulis stated the motions from the confidential session.

Motion: Watermaster staff to prepare a staff item recommending that the price for water to be potentially be made available by the Non-Agricultural Pool be priced at the 92% of the untreated Tier I rate in lieu of the fact that there is no replenishment rate to base that pricing on.

Motion: Authorize Watermaster to pay invoices to Appropriative Pool legal counsel upon approval by the Pool chair for a not-to-exceed amount of \$75,000 to be paid from the Appropriative Pool's amended FY 2012/13 budget; funds expended are to be replenished as an additional billing item on the Assessment package invoice which is scheduled for processing in November or December 2012, or upon approval of the Assessment Package. The \$75,000 is to be allocated to the Appropriative Pool members based upon prorated production numbers from 2011/2012

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, October 11, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, October 11, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, October 11, 2012	1:30 p.m.	Agricultural Pool Meeting
** Tuesday, October 16, 2012	2:00 p.m.	Pre-Assessment Package Workshop
Thursday, October 18, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, October 18, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, October 18, 2012	10:00 a.m.	RMPU Steering Committee Meeting.
Thursday, October 25, 2012	11:00 a.m.	Watermaster Board Meeting
** Tuesday, October 30, 2012	2:00 p.m.	Assessment Package Workshop

Thursday, November 1, 2012	10:00 a.m.	RMPU Steering Committee Meeting
Thursday, November 8, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, November 8, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, November 8, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, November 15, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, November 15, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, November 15, 2012	10:00 a.m.	RMPU Steering Committee Meeting
* Thursday, November 15, 2012	11:00 a.m.	Watermaster Board Meeting
Tuesday, November 20, 2012	9:00 a.m.	GRCC Meeting

* **NOTE:** Watermaster Board Meeting changed from November 22nd to **November 15th** due to the Thanksgiving Holiday

** **NOTE:** Recently added

Chair Zvirbulis adjourned the Appropriative Pool meeting at 11:08 a.m.

Secretary: _____

Minutes Approved: November 8, 2012