

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

November 8, 2012

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, on November 8, 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
Justin Scott-Coe	Monte Vista Water District
Van Jew	Monte Vista Irrigation Company
Seth Zielke	Fontana Water Company
Josh Swift	Fontana Union Water Company
Tom Harder	Jurupa Community Services District
Teri Layton	San Antonio Water Company
Shaun Stone	West Valley Water District

Watermaster Board Members Present

Paula Lantz	City of Pomona
Steve Elie	Inland Empire Utilities Agency

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
--------------	-------------------------------------

Others Present

Sheri Rojo	Fontana Water Company
David De Jesus	Three Valleys Municipal Water District
Mike Maestas	City of Chino Hills
Nadeem Majaj	City of Chino Hills
Todd Corbin	Jurupa Community Services District
John Bosler	Cucamonga Valley Water District
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Curtis Paxton	Chino Desalter Authority
Marsha Westropp	Orange County Water District
Chuck Hays	City of Fontana
Rogelio Mata	City of Fontana
Curtis Aaron	City of Pomona
John Schatz	John J. Schatz, Attorney at Law
Ken Jeske	KJ Consulting

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

AGENDA - ADDITIONS/REORDER

Mr. Kavounas stated Business Item A. Physical Solution Transfer Rate Substitution will be taken during the Confidential Session.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Appropriative Pool Meeting held October 11, 2012

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2012
2. Watermaster VISA Check Detail for the month of September 2012
3. Combining Schedule for the Period July 1, 2012 through September 30, 2012
4. Treasurer's Report of Financial Affairs for the Period September 1, 2012 through September 30, 2012
5. Budget vs. Actual Report for the Period July 1, 2012 through September 30, 2012

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

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

Business Item A. will be taken during confidential session.

II. BUSINESS ITEMS

A. PHYSICAL SOLUTION TRANSFER RATE SUBSTITUTION

1. Consider Approval of FY 2012-13 Substitute Physical Solution Transfer Rate
2. Consider Approval of Motion to Court to Allow FY 2012-13 Physical Solution Transfer Rate Substitution

This item was taken during the Confidential Session.

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

Moved to approve staff recommendation for Fiscal Year 2012-2013 Substitute Physical Solution Transfer Rate and the legal motion, as presented

B. CONSIDERATION OF RMPU AMENDMENT SCHEDULE

Mr. Kavounas stated Wildermuth Environmental Inc. (WEI) prepared a schedule for the Recharge Master Plan Update Amendment, and staff is recommending to the Advisory Committee and Watermaster Board a change from what the Watermaster Board adopted in December 2011. Mr. Kavounas stated a full review of the schedule was recently completed by the Steering Committee. The Steering Committee has committed to continue meeting twice a month until the work is completed. Mr. Kavounas stated he believes that if the parties commit to this schedule, there should be no reason Watermaster could not meet the Court's deadline of October 2013. Mr. Kavounas stated the schedule is ready for adoption.

Mr. Burton stated it was his understanding that Watermaster, through WEI, will be recalculating the safe yield of the basin in 2013 and he does not see that factored into the presented schedule because it seems like to him that it should be included. Mr. Kavounas stated it was left out of the schedule intentionally; however it is fully intended for that to be a process done in parallel with the RMPU. Mr. Kavounas offered further comment on this matter. Mr. Kavounas stated the safe yield recalculation is not a necessary element of the amendment to the Recharge Master Plan Update; it is essential, and it will happen in a parallel path. Mr. Burton inquired as to what we need to take a look at to protect and enhance the safe yield of this basin; and how much is it actually declining. Mr. Kavounas stated WEI was pressed for time just to do what was needed on the schedule let alone working on this also; it will be done and there will be a clear

understanding of what that is. Mr. Kavounas stated he just does not know if WEI can commit to doing much more right now.

Chair Zvirbulis stated if this work is moving on a parallel tract then in all likelihood that work associated with review and re-establishing safe yield is all work that needs to be taken into consideration as part of the parallel work that is being done on the RMPU. Chair Zvirbulis asked if staff could verify with WEI that if it was possible that Watermaster does not need the safe yield number in order to make the decisions based on the analysis that is being performed.

Mr. Burton stated maybe WEI will be far enough along that they might be able to give us a good estimate. Mr. Burton stated today we are looking at the schedule which is a good thing; although, we need another schedule to show decisions that are being made before we know what the change in the safe yield is expected to be.

Mr. Kavounas stated there are a lot of ways that we might slip from this schedule. Mr. Kavounas stated staff needs a very strong commitment from all the parties.

Mr. Justin Scott-Coe stated there is a process in place for what to do when safe yield is reset or recalculated that has potential financial impact. Mr. Justin Scott-Coe stated maybe staff can have that information available when we start the discussions on finance.

A discussion regarding this matter ensued.

Mr. Garibay stated that with the RMPU Amendment will identify potential projects for improvements, as well as the yield; the critical time comes when time comes for funding decisions. Mr. Garibay offered comment to Mr. Scott's comments.

Mr. Burton stated it looks like the funding aspects and the schedule start around May. Mr. Kavounas stated, yes.

Mr. Harder stated he wanted to personally thank WEI and Watermaster staff for this schedule together; it is very aggressive and he feels it is responsive to JCSD positions in wanting to push this forward and meet the obligations under the Peace II Agreement. Mr. Harder stated he thinks this is a really good step because there was concern about meeting the Board's directive from last year. Mr. Harder stated he would like a commitment from this group to meet these deadlines. Mr. Harder offered comment on this matter.

Mr. Scott-Coe stated he appreciated the schedule; however, he wanted to point out that some of the review periods are very constrain in time, and he noted if at all possible to facilitate those review periods and provide additional time and material ahead of time so we are not seeing documents just at the meeting for the first time but in a way to receive them in advance so thoughts and questions can be formed prior to the meetings. Mr. Scott-Coe noted all the parties need adequate review time or it really does hurt our decision making process. Mr. Kavounas stated what he sees as the biggest possibility for not being successful is WEI being overextended even though Watermaster has been assured by WEI's staff that, that is not the case, and lastly staff's concern is that there will not enough review time. Mr. Kavounas stated the hope is, by having continuous dialog in the Steering Committee meeting twice a month from now until then, catching up on progress that has been made to date, and discussing issues that are being contemplated and reviewed by WEI staff. Mr. Kavounas ensured all the parties that they will be kept in the loop and up to speed. Mr. Kavounas stated staff will do their very best to get the parties the information they need in a timely manner, and in return he would like the parties to carefully read all the provided materials to assist in making educated decisions.

Mr. Burton stated he has a question regarding task five and he read the task five descriptions.

Mr. Burton stated it seems like we are missing something if we don't explore not only what does compliance mean and how do we monitor and measure and account for MS4 recharge; but how can we, within the Chino Basin, maximize recharge, and that will allow us to get to that 12,000 acre-feet or beyond. A discussion regarding this matter ensued.

Mr. Kavounas stated the obligation of the Watermaster is to amend the Recharge Master Plan, and in doing so to create a method for accounting for MS4 recharge. Mr. Kavounas stated what is seen here, a complicated work plan and schedule, is to create a method for accounting for recharge. Mr. Kavounas stated with the current rules in place if there is new yield it is allocated in a particular way; the proposed methods are innovative and worthy of consideration and it is something the Appropriative Pool needs to look into.

Mr. Kavounas stated while doing that, Watermaster will have to foster a great partnership with the agencies that are involved in the MS4 process. Mr. Kavounas offered further comment regarding the MS4 process.

A discussion regarding the schedule ensued.

Chair Zvirbulis stated at the last meeting this Pool had related to this discussion that the agreement was achieved at that point, was important, and that we would continue this discussion; however, outside the track of getting the RMP tasks completed. Chair Zvirbulis stated, in his mind, it has always been envisioned to work through those other issues, other than those that are required by Watermaster as part of the accounting piece of it while working out the benefit and the other issues described. Chair Zvirbulis stated the schedules are tight, and in order to achieve those milestones we have to manage those issues and deal with those issues separately.

Mr. Burton stated that is what he understood and he thought there would be a tie-back into the schedule, so the Appropriative Pool discussed working on this item separately, which could be a more efficient way to accomplish this. Mr. Burton offered comment on the tight schedule.

Mr. Kinsey stated what we appear to be hearing are two different things. Mr. Kinsey discussed what his understandings are. A long discussion regarding finances, safe yield, new yield, benefit, allocation through new yield through storm water capture, and that indeed is a separate process which may or may not need to fit into this overall schedule.

Mr. Burton offered comment on MS4+. Mr. Burton stated, at some point in time, if Watermaster is going to do MS4+ and will be doing more than the regulations are requiring, the parties are going to have to discuss how that is going to be accomplished and especially the financial aspect of that topic.

Mr. Kavounas offered comment on WEI's duties and work product. Mr. Kavounas stated this amendment process is a positive step forward and a necessary process; staff can always revisit this item retroactively. Mr. Kavounas stated the RMPU is due again in 2015, not in five years because it is late.

Mr. Burton stated what he would be comfortable with is clarifying in task five what we are doing; because he is hearing what WEI is saying is maybe it's above and beyond recharge compliance. Mr. Burton stated he thinks the task five descriptions should reflect that, and maybe even call it MS4+ or recharge related to land use. Mr. Burton stated he would be much more comfortable today approving a schedule that reflects that concept.

Mr. Kavounas stated the direction that staff has is to develop a way of accounting for MS4 recharge. Mr. Kavounas stated what staff has contemplated doing in the schedule is getting out to all the areas that are encompassed by Chino Basin and understanding how MS4 permits are granted; understanding how they are enforced and how continued compliance is verified, and

finally develop a mechanism for how that recharge would be reported to Watermaster. Mr. Burton inquired as to whose requirement is that when the statement is made that it is required. Mr. Kavounas stated that is what the parties were commanded to do in the 2010 court order.

A discussion regarding this matter ensued.

Chair Zvirbulis stated it appears in the discussions that are taking place outside the formal Pool meetings and settings that that issue has been discussed and those commitments have been made by the parties of the Appropriative Pool. Chair Zvirbulis stated this already seems like it has started and has been committed to.

Mr. Burton asked that the schedule descriptions reflect what has been discussed.

Ms. Rojo stated she wanted to make sure that when the parties and staff are referring to MS4+, that the + has never been decided on; it's MS4 discussion or MS4 dialog.

A lengthy discussion regarding this matter and deliverables ensued.

Chair Zvirbulis stated the recommendation today is to approve the RMPU including having Watermaster staff schedule a workshop. Once task five is accomplished a sub-item is looking at potential for maximization. Chair Zvirbulis stated his suggestion is to hold a workshop and discuss this topic and then determine, what, if any, modifications or changes need to be made to task five. Chair Zvirbulis stated after that then staff can respond as to impacts, if there are any, to the schedule for deliverables.

Motion by Layton, second by Scott-Coe, and by unanimous vote

Moved to approve the RMPU amendment schedule, as presented

C. CHINO BASIN WATERMASTER 2012-2013 ASSESSMENT PACKAGE

Mr. Kavounas introduced the Assessment Package presentation. Ms. Maurizio stated Watermaster did things slightly differently with holding a pre-workshop and then holding an actual workshop on the assessments. Ms. Maurizio gave the 2012-2013 Assessment Package presentation. Ms. Maurizio noted she had one minor correction, and a handout explaining that revision is on the back table, and that change does not affect the dollars for the Appropriative or Non-Agricultural Pool. Ms. Rojo asked a question regarding the Fontana Water Company (FWC) credit. Ms. Maurizio asked for clarification and stated she can add a footnote on that page if that assists FWC. Ms. Rojo stated she wants more than a footnote. Ms. Maurizio continued with the presentation.

Mr. Justin Scott-Coe stated he appreciates both workshops and the response to our letter; however, there are some remaining differences and hopefully they can get worked out.

Mr. Harder asked about the 3,000 acre-feet of preemptive replenishment. Ms. Maurizio stated that is in the package. Mr. Harder asked for another week for review. Mr. Crosley stated that most of us attended the workshop and maybe we could meet formally right before the Advisory Committee meeting. Counsel Herrema stated the Appropriative Pool can craft any approval language stating that if JCSD is unhappy later they can say something before the Advisory Committee and Watermaster Board meeting.

Mr. Kavounas stated there will be the three changes that Ms. Maurizio mentioned. Ms. Maurizio offered comment on the changes made since the workshop. Mr. Harder asked for another week for review. Chair Zvirbulis stated that would require a special meeting to vote on this one item prior to the Advisory Committee and Watermaster Board so that they can take action at their meetings while keeping Watermaster on track to get out the assessments to all the parties for payment. A discussion regarding delaying this item ensued.

Mr. Kavounas stated putting together the Assessment Package is a huge undertaking and he wanted to say a special thank you to Ms. Maurizio for all her hard work and the long hours she put in to complete this task.

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

Approve the Assessment Package as presented, with express acknowledgment of the treatment of topics described in the staff report including the additional items described by Watermaster staff, and with the understanding Jurupa Community Services District will give conditional approval for the Assessment Package now, which will allow time for review prior to the Advisory Committee meeting vote, as presented

D. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS

Mr. Kavounas introduced this annual item and noted this resolution allows Watermaster to bill all the parties for their assessments.

Motion by Scott-Coe, second by Burton, and by unanimous vote

Approve to approve the Levying Replenishment and Administrative Assessments for Resolution 12-07, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

Counsel Herrema stated he has no report.

B. GM REPORT

1. Vulcan Pit Potential Sources of Contaminants and Pathways of Concern

Mr. Kavounas stated the first item is an update on the application which was brought to the Pools last month and was conditionally approved; the application will go to the Advisory Committee and Watermaster Board next week. Mr. Kavounas stated one of the conditions placed on the application was that Vulcan would have to perform site investigations that would help identify potential for injury. Mr. Kavounas stated the site investigations have been characterized in a letter written by WEI and is available on the back table. Mr. Kavounas stated if the Advisory Committee and Watermaster Board adopt this conditional application for recharge at their meeting next week, then Watermaster will deliver a letter to Vulcan saying their application for recharge is conditionally approved based on them meeting and satisfying the conditions in the WEI report. Mr. Kavounas stated this item today is for information only and there is no action required.

Mr. Scott-Coe inquired as to whom the responsible party for the payment of the additional work. Mr. Kavounas stated that would be Vulcan Materials Company; not the review itself but the site characterization studies. A discussion regarding this matter ensued. Mr. Kavounas stated when an MPI needs to be done Watermaster pays for that. Mr. Scott-Coe wanted to know who is responsible for the work and for the payment because it is above and beyond what we normally see being done.

Ms. Layton asked how much WEI will charge for this review. Mr. Kavounas stated that is unknown at this time. Ms. Layton asked if some kind of fee could be set for this. Mr. Kavounas stated if this committee requests that information then Watermaster can work up a proposal and move that through the Watermaster process which will eventually be put in Rules and Regulations.

Mr. Zielke stated there are two things that were not included in WEI letter and since Mr. Wildermuth is not here today he will address his questions to Watermaster staff. Mr. Zielke stated in the portion of the letter which discusses sampling of the site itself, WEI addresses general minerals; however, he did not see anything that would cover VOC or SOC

of all the organics or synthetic organics. Mr. Zielke stated he does not see anything in the letter regarding a Title 22 sampling suite. Mr. Zielke stated the reason Fontana Water Company (FWC) has concerns is because of some of the materials listed that have been historically stored at this particular site could contain VOCs. Mr. Zielke stated he would like to see that the contaminants list be broadened. Mr. Zielke stated FWC has wells in the very near vicinity and we would like some sort of analysis to be conducted along with the assessment on how that recharge might impact the sphere of influence in those wells.

Mr. Garibay stated in reading the WEI report, it looks like they identified the need for an additional assessment on arsenic and inquired if that will be followed up by another presentation by WEI or another company. Mr. Kavounas stated it is his understanding that the requirements for the subsurface characterization and the future potential migration of any water that is recharged is all something the applicant would have to do. Mr. Kavounas stated the results will be reviewed by Watermaster and WEI.

Ms. Hoerning inquired what the applicant position is regarding specific recharge plan at the site. Mr. Kavounas stated no recharge plan has been submitted. Mr. Kavounas stated part of what WEI is asking from the applicant is to submit a written recharge plan.

Mr. Scott-Coe inquired if there is some sort of a standard for recharge applications. Mr. Kavounas offered comment on this matter and noted there is a standard form and the form does require the applicant to disclose the source of where the water is coming from; the whole intent is to understand the nature of the water. Mr. Scott-Coe inquired about the source. Mr. Kavounas stated Watermaster did not ask FWC where they got their water from. A discussion regarding this matter ensued.

2. RMPU Compliance Annual Finding

Mr. Kavounas offered comment regarding the Recharge Master Plan Update Compliance Annual Finding that Watermaster is obligated to turn into the court on compliance with the 2010 Recharge Master Plan Update which relates to having adequate recharge capacity. Mr. Kavounas stated WEI will have a written report on this item next month.

3. Watermaster Annual Audit (Presentation will be given at WM Board meeting 12-20-12)

Mr. Kavounas stated the Watermaster annual audit is nearly complete and there will be a presentation given by the auditors at the Watermaster Board meeting on December 20, 2012.

IV. INFORMATION

1. Cash Disbursements for October 2012
No comment was made.

V. POOL MEMBER COMMENTS

Mr. Garibay introduced Mr. Curtis Aaron as a new interim Waste Water Division Manager for the City of Pomona.

VI. OTHER BUSINESS

No comment was made.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 10:14 p.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.

The confidential session concluded at 10:43 a.m.

*Motion by Crosley, second by Layton, and by unanimous vote
**Moved to approve staff recommendation for Fiscal Year 2012-2013 Substitute Physical
 Solution Transfer Rate, as presented***

VIII. FUTURE MEETINGS AT WATERMASTER

Tuesday, November 6, 2012	1:30 p.m.	Special Confidential Agricultural Pool 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.	CB 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
Tuesday, November 27, 2012	9:00 a.m.	Groundwater Model Update, Scenario 1 – Recalibration Workshop
Thursday, December 6, 2012	10:00 a.m.	CB RMPU Steering Committee Meeting
Thursday, December 13, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, December 13, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, December 13, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, December 20, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, December 20, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, December 20, 2012	10:00 a.m.	CB RMPU Steering Committee Meeting
Thursday, December 20, 2012	11:00 a.m.	Watermaster Board Meeting

* **NOTE:** Watermaster Board Meeting changed from December 27th to **December 20th** due to the Christmas Holiday schedule

Chair Zvirbulis adjourned the Appropriative Pool meeting at 10:44 a.m.

Secretary: _____

Minutes Approved: December 13, 2012