

MINUTES
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

July 13, 2017

The Appropriative Pool meeting was held at the offices of Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on July 13, 2017.

APPROPRIATIVE POOL MEMBERS PRESENT

Todd Corbin, Chair
Justin Scott-Coe, Vice-Chair
John Bosler for Marty Zvirbulis
Dave Crosley
Van Jew
Seth Zielke
Ron Craig
Cris Fealy
Ben Lewis
Teri Layton
Rosemary Hoerning
Katie Gienger for Scott Burton

Jurupa Community Services District
Monte Vista Water District
Cucamonga Valley Water District
City of Chino
Monte Vista Irrigation Company
Fontana Union Water Company
City of Chino Hills
Fontana Water Company
Golden State Water Company
San Antonio Water Company
City of Upland
City of Ontario

WATERMASTER BOARD MEMBER PRESENT

Bob Kuhn

Three Valleys Municipal Water District

WATERMASTER STAFF PRESENT

Peter Kavounas
Joseph Joswiak
Edgar Tellez Foster
Anna Truong
Justin Nakano

General Manager
Chief Financial Officer
Senior Environmental Engineer
Executive Services Director/Board Clerk
Water Resources Senior Associate

WATERMASTER CONSULTANTS PRESENT

Mark Wildermuth
Andy Malone
Christopher Guillen

Wildermuth Environmental, Inc.
Wildermuth Environmental, Inc.
Brownstein Hyatt Farber Schreck, LLP

OTHERS PRESENT

Tom Harder
Diana Frederick
Eric Tarango
Curtis Paxton
Amanda Coker
Manny Martinez
David De Jesus
Sheri Rojo
Eunice Ulloa
Sylvie Lee
Mark Kinsey
Braden Yu
John Schatz

Thomas Harder & Company
State of California – DOC
Fontana Water Company
Chino Basin Desalter Authority
City of Chino
Monte Vista Water District
Three Valleys Municipal Water District
Basin Creek Consulting
Chino Basin Water Conservation District
Inland Empire Utilities Agency
Monte Vista Water District
Cucamonga Valley Water District
John J. Schatz, Attorney at Law

CALL TO ORDER

Chair Corbin called the Appropriative Pool meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

(0:00:11) Vice-Chair Scott-Coe recommended closed session be taken after the Consent Calendar, due to time constant and volume of items to be discussed. Business Item II.B., Desalter Replenishment Assessments for Production Year 2013/14 (Based on Assessment Package for Production Year 2013/14), will be taken during closed session.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held June 8, 2017
2. Minutes of the Appropriative Pool Special Meeting held June 29, 2017

B. FINANCIAL REPORTS

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

C. WATER TRANSACTIONS

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

1. The purchase of 119.844 acre-feet of water from the City of Upland by Golden State Water Company, effective for FY 2016/2017. This purchase is made from the City of Upland's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Date of application: May 24, 2017.
2. The purchase of 138.156 acre-feet of water from West End Consolidated Water Company by Golden State Water Company, effective for FY 2016/2017. This purchase is made from West End Consolidated Water Company's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Golden State Water Company is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: May 24, 2017.
3. The purchase of 1,474.258 acre-feet of water from West End Consolidated Water Company by the City of Upland, effective for FY 2016/2017. This purchase is made from West End Consolidated Water Company's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. The City of Upland is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: May 24, 2017.
4. The purchase of 6,000.000 acre-feet of water from the City of Upland by Fontana Water Company, effective for FY 2016/2017. This purchase is made from the City of Upland's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Date of application: June 14, 2017.
5. The permanent transfer of 18.789 acre-feet from Angelica Corporation to 9W Halo Western OpCo L.P. This transfer is contingent on 9W Halo Western OpCo L.P.'s successful intervention into the Overlying (Non-Agricultural) Pool.

D. FONTANA WATER COMPANY APPLICATION FOR RECHARGE

Approve Fontana Water Company's Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in Fontana Water Company's existing Local Supplemental Storage.

E. 9W HALO WESTERN OPCO L.P. OVERLYING (NON-AGRICULTURAL) POOL INTERVENTION REQUEST

Recommend Advisory Committee approval of the filing of request for Intervention.

(0:00:57) Motion introduced by Mr. Ron Craig, seconded by Mr. John Bosler.

(0:01:01) Ms. Layton raised a question on Item I.E. A discussion ensued.

(0:02:28) Ms. Hoerning joined the meeting.

(0:04:19) Ms. Gienger requested Item I.D. pulled for separate discussion.

(0:04:55) Vote Taken

Motion by Mr. Ron Craig, seconded by Mr. John Bosler, and by unanimous vote.

Moved to approve Consent Calendar, excluding Item I.D., as presented.

(0:05:05) Ms. Gienger raised a question about Item I.D. A discussion ensued.

(0:08:09)

Motion by Mr. Justin Scott-Coe, seconded by Ms. Rosemary Hoerning, and by unanimous vote.

Moved to approve Consent Calendar Item I.D. as presented.

(0:08:39) Chair Corbin called for a confidential session to allow the Pool to discuss Business Item II.B., the Desalter Replenishment Assessments.

(0:08:43) Chair Corbin reconvened the meeting into open session.

II. BUSINESS ITEMS

A. 2016 ANNUAL REPORT OF THE PRADO BASIN HABITAT SUSTAINABILITY COMMITTEE

Offer advice and assistance.

(0:11:01) Mr. Kavounas introduced Item II.A.

(0:11:39) Chair Corbin reported that the item was discussed during confidential session, and the Pool supported the efforts.

(0:12:13) Messrs. Tellez Foster and Malone gave a report. A discussion ensued.

B. DESALTER REPLENISHMENT ASSESSMENTS FOR PRODUCTION YEAR 2013/14 (BASED ON ASSESSMENT PACKAGE FOR PRODUCTION YEAR 2013/14)

Offer advice and assistance.

This item was taken in Confidential Session.

(0:09:19) Chair Corbin provided reportable action from Confidential Session indicating that the Pool voted and passed by majority vote to recommend to Watermaster to use the 50/50 formula based on half of Operating Safe Yield and half of Physical Production as the mechanism for Desalter Replenishment assessments. The Cities of Chino and Ontario voted against.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Agricultural Pool Contests
2. Notices of Appeal from April 28, 2017 Order
3. Rules and Regulations Update

(0:26:40) Mr. Guillen gave a report. A discussion ensued.

(0:29:11) Mr. Kavounas stated that the selection of a hearing panel is needed at some point and may take place during the January 2018 Annual Watermaster Board meeting. Additional discussion ensued.

B. ENGINEER REPORT

1. Prado Basin Tour
2. Ground-Level Monitoring Committee Revised Annual Report Schedule
3. 2016 State of the Basin Report
4. Storage Management Workshop
5. Evaporative Losses

(0:33:31) Mr. Malone gave a report. A discussion ensued.

(0:46:28) Mr. Wildermuth commented on parking lot items regarding the Operational Storage Requirement. A discussion ensued.

C. CFO REPORT

1. Exhibit "G" Transactions
2. Appropriative Pool Legal Expense Budget

(0:54:48) Mr. Joswiak gave a report.

(0:57:01) Chair Corbin expressed the Pool's desires regarding the Appropriative Pool Legal Expense Budget as discussed in Confidential Session. A discussion ensued.

(1:01:03)

Motion by Mr. Dave Crosley, seconded by Mr. John Bosler, and by unanimous vote

Moved to approve an additional special assessment for legal services for fiscal year 2016/17 of approximately \$15,756 and request Watermaster to invoice as soon as possible so that invoices can be booked in fiscal year 2016/17, and in addition, request that Watermaster invoice half of the \$75,000 legal services budget for fiscal year 2017/18 immediately so that there are sufficient funds to cover legal expenses.

D. GM REPORT

1. Storage Agreements
2. SGMA Update
3. DYY Program Update
4. Other

(1:01:46) Mr. Kavounas gave a report on Item III.D.1. and also discussed pending items needing resolution. A discussion ensued.

(1:06:48) Mr. Kavounas introduced Mr. Tellez Foster to give a report on Item III.D.2.

(1:07:38) Mr. Kavounas gave a report on Item III.D.3.

IV. INFORMATION

1. Cash Disbursements for June 2017
2. Recharge Investigations and Projects Committee (RIPCom)
3. Ground-Level Monitoring Status Report (Quarterly)
4. South Archibald and Chino Airport Plumes Status Report (Quarterly)
5. RMPU Status Report (Quarterly)
6. Santa Ana River Watershed Status Report (Quarterly)

(1:09:07) Mr. Kavounas asked the Pool if the quarterly reports listed under the Information section can be adjusted to a biannual frequency, which will result in a cost savings. The Pool was supportive of the change in reporting frequency and would reach out to Watermaster with any additional thoughts.

V. POOL MEMBER COMMENTS

None

VI. OTHER BUSINESS

None

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Chair Corbin called for a confidential session at 9:09 a.m. to discuss the Appropriative Pool Strategic Planning, Desalter Replenishment Obligation Formula Resolution, Agricultural Pool Tolling Agreement – Storage Management Plan Development Process, and Item III.C.2., Appropriative Pool Legal Expense Budget. Confidential session concluded at 12:00 p.m. The reportable actions are noted in sequence above.

See Business Items and CFO Report for reportable actions.

ADJOURNMENT

Chair Corbin adjourned the Appropriative Pool meeting at 1:04 p.m.

Secretary: _____

Approved: _____ September 14, 2017 _____