

MINUTES
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

September 14, 2017

The Appropriative Pool meeting was held at the offices of Chino Basin Watermaster located at 9641 San Bernardino Road, Rancho Cucamonga, CA on September 14, 2017.

APPROPRIATIVE POOL MEMBERS PRESENT

Todd Corbin, Chair
Teri Layton, Vice-Chair
Dave Crosley
Kevin Sage
John Bosler for Marty Zvirbulis
Rosemary Hoerning
Van Jew
Ron Craig
Darron Poulsen
Eric Tarango
Ben Lewis
Seth Zielke
Katie Gienger for Scott Burton
Mark Kinsey

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

WATERMASTER BOARD MEMBERS PRESENT

Bob Kuhn
Bob Bowcock

Three Valleys Municipal Water District
Calmat Company (Vulcan Materials Co.)

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

Andy Malone
Brad Herrema

Wildermuth Environmental, Inc.
Brownstein Hyatt Farber Schreck, LLP

OTHERS PRESENT

Eunice Ulloa
Pete Hall
Curtis Paxton
Ryan Shaw
Braden Yu
Chris Berch
Sylvie Lee
Eric Grubb
Sheri Rojo
Vivian Castro
Raul Garibay
John Schatz

City of Chino
State of California – CIM
Chino Basin Desalter Authority
Western Municipal Water District
Cucamonga Valley Water District
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Cucamonga Valley Water District
Basin Creek Consulting
Chino Basin Water Conservation District
City of Pomona
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

(0:00:42) Mr. Kavounas stated that the Pool would like to pull Consent Calendar Items I.G., I.H., and I.I., for separate discussion.

(0:01:11) Mr. Kavounas pointed out that there are two places in the semi-annual status reports that need the word "proposed" inserted before the word "agreement," where it pertains in the 2015 Safe Yield Reset Agreement.

(0:02:02) Ms. Layton requested to pull Consent Calendar Item I.I.1. A discussion ensued.

(0:03:20) Mr. Crosley requested to pull Consent Calendar Item I.E. for separate discussion.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held July 13, 2017

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2017
2. Watermaster VISA Check Detail for the month of June 2017
3. Combining Schedule for the Period July 1, 2016 through June 30, 2017
4. Treasurer's Report of Financial Affairs for the Period June 1, 2017 through June 30, 2017
5. Budget vs. Actual Report for the Period July 1, 2016 through June 30, 2017
6. Cash Disbursements for the month of July 2017
7. Watermaster VISA Check Detail for the month of July 2017
8. Combining Schedule for the Period July 1, 2017 through July 31, 2017
9. Treasurer's Report of Financial Affairs for the Period July 1, 2017 through July 31, 2017
10. Budget vs. Actual Report for the Period July 1, 2017 through July 31, 2017

C. PROFESSIONAL PUBLIC OUTREACH SERVICES AGREEMENT BETWEEN RAUCH COMMUNICATION CONSULTANTS INC. AND CBWM

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the contract on behalf of Watermaster.

D. OBMP SEMI-ANNUAL STATUS REPORTS 2016-2 AND 2017-1

Recommend to the Advisory Committee to recommend to the Watermaster Board to adopt the Semi-Annual OBMP Status Report 2016-2 and 2017-1, along with filing a copy with the Court, subject to any necessary non-substantive changes.

E. SAN ANTONIO WATER COMPANY APPLICATION FOR RECHARGE FOR WATER YEAR 2017/18

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve San Antonio Water Company's Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in San Antonio Water Company's existing Local Supplemental storage account.

F. CITY OF CHINO HILLS APPLICATION FOR RECHARGE FOR PERIOD AUGUST 2017 THROUGH AUGUST 2025

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the City of Chino Hills Application for Recharge and direct Watermaster staff to account for any recharge into the Chino Basin in the appropriate storage account.

G. CALMAT COMPANY (VULCAN MATERIALS CO.) APPROPRIATIVE POOL INTERVENTION REQUEST

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

H. NCL COMPANY, LLC APPROPRIATIVE POOL INTERVENTION REQUEST

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

I. WATER TRANSACTIONS

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

1. Notice of Sale or Transfer – The purchase of 4.375 acre-feet of water from San Antonio Water Company by Calmat Company (Vulcan Materials). This purchase is made from San Antonio Water Company's Excess Carryover Account. Calmat Company (Vulcan Materials) is utilizing this transaction to produce its San Antonio Water Company shares. This purchase is contingent on Calmat Company (Vulcan Materials) successful intervention in to the Appropriative Pool.
2. Notice of Sale or Transfer – The transfer of 4.000 acre-feet of water from Calmat Company (Vulcan Materials) to NCL Company, LLC. This transfer is made from Calmat Company (Vulcan Materials) Local Supplemental Storage Account. This transfer is contingent on NCL Company, LLC's successful intervention into the Appropriative Pool.

(0:03:38)

Motion by Mr. Ron Craig, seconded by Mr. Mark Kinsey, and by unanimous vote.

Moved to approve Consent Calendar, excluding Items I.E., I.G., I.H., and I.I. as presented.

(0:04:10) Mr. Crosley raised a question on Item I.E. A discussion ensued.

(0:09:15)

Motion by Ms. Rosemary Hoerning, seconded by Mr. Van Jew, and by unanimous vote.

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

(0:09:40) Chair Corbin requested Mr. Kavounas to preface Consent Calendar Item I.G. A discussion ensued.

(0:38:42) Motion introduced by Mr. Kinsey, and seconded by Mr. Crosley. Further discussion ensued.

(0:54:01) *Vote Taken*

Motion by Mr. Mark Kinsey, seconded by Mr. Dave Crosley, and by unanimous vote.

Moved to defer Consent Calendar Items I.G. and I.H. to October 2017 Pool meetings.

(0:54:33) Motion introduced by Teri Layton. Further discussion ensued.

(0:56:11) *Vote taken*

Motion by Ms. Teri Layton, seconded by Mr. Van Jew, and by unanimous vote.

Moved to defer Consent Calendar Item I.I.1. to October 2017.

(0:56:43)

Motion by Ms. Rosemary Hoerning, seconded by Mr. Ron Craig, and by unanimous vote.

Moved to defer Consent Calendar Item I.I.2. to October 2017.

(0:56:57) Mr. Bowcock objected to the postponement of Consent Items I.I.1. and I.I.2., the water transactions, and stated that it interferes with his property rights.

(0:57:17) Mr. Kinsey left the meeting.

II. BUSINESS ITEMS

A. DESALTER REPLENISHMENT OBLIGATION ALLOCATION

Offer advice to Watermaster on the acceptable methodology to allocate Desalter Replenishment Obligation among parties.

(0:57:24) Chair Corbin requested this item be taken after the Pool's Confidential Session.

(2:09:09) Chair Corbin asked Mr. Kavounas to preface Business Item II.A.

(2:09:29) Mr. Kavounas gave a report. A discussion ensued.

(2:14:18) Chair Corbin requested that the Board does not take action on Business Item II.A. at its September 2017 meeting as the Pool is still deliberating. No action was taken.

B. EVAPORATIVE LOSSES TO SUPPLEMENTAL WATER RECHARGE IN CHINO BASIN

Recommend to the Advisory Committee to approve the amendment of the Rules and Regulations by adding section 7.2(d) to account for evaporative losses to all supplemental water delivered to Recharge Basins at a rate of 1.5% during the Rainy Season (November through March) and 4.2% during the Dry Season (April through October) beginning on October 1, 2017. Further, that evaporative losses be re-evaluated on a periodic basis as more data becomes available.

(0:57:38) Mr. Kavounas gave a report. A discussion ensued.

(1:12:49) Motion introduced by Mr. Craig, and seconded by Mr. Poulsen. Further discussion ensued.

(1:15:50) *Vote Taken*

Motion by Mr. Ron Craig, seconded by Mr. Darron Poulsen, and by unanimous vote.

Moved to approve Business Item II.B. as presented with the clarification that future evaluations of evaporative loss rates would only be applied prospectively.

C. 2016 ANNUAL REPORT OF THE GROUND-LEVEL MONITORING COMMITTEE

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the 2016 Annual Report of the Ground-Level Monitoring Committee, along with filing a copy with the Court.

(1:16:11) Mr. Malone gave a report.

(1:16:58)

Motion by Mr. Van Jew, seconded by Mr. Darron Poulsen, and by unanimous vote.

Moved to approve Business Item II.C. as presented.

D. MASTER AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS

Recommend to the Advisory Committee to approve the proposed Master Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency Regarding the Management of Collaborative Projects.

(1:17:30) Mr. Kavounas gave a report.

(1:18:27)

Motion by Mr. Van Jew, seconded by Mr. Dave Crosley, and by unanimous vote.

Moved to approve Business Item II.D. as presented.

E. TASK ORDER NO. 1 UNDER THE MASTER AGREEMENT REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS (SALINITY MANAGEMENT)

Recommend to the Advisory Committee to approve Task Order No. 1 (Salinity Management).

(1:18:40) Mr. Kavounas gave a report. A discussion ensued.

(1:19:57) Mr. Crosley and Ms. Gienger asked to see Exhibit A, Scope of Work, which was not attached to the meeting package. The Pool will take the Item after it has had a chance to review Exhibit A.

(1:44:07) Mr. Kavounas re-introduced Item II.E. after the Engineer's Report.

(1:44:13) Mr. Malone gave a report. A discussion ensued.

(1:49:09) Motion introduced by Mr. Craig, and seconded by Mr. Poulsen.

(2:02:51) Ms. Gienger raised questions regarding Item II.E. after the GM Report. A discussion ensued.

(2:07:28) Vote Taken

Motion by Mr. Ron Craig, seconded by Mr. Darron Poulsen, and by unanimous vote.

Moved to approve Business Item II.E. as presented.

F. FIRST AMENDMENT TO THE MASTER RECHARGE FACILITIES FINANCING AGREEMENT

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the amended agreement on behalf of Watermaster.

(1:21:00) Mr. Kavounas gave a report.

(1:21:59)

Motion by Mr. Darron Poulsen, seconded by Ms. Rosemary Hoerning, and by unanimous vote.

Moved to approve Business Item II.F. as presented.

G. FISCAL YEAR 2016/17 BUDGET TRANSFER (FORM T-17-06-01)

Recommend to the Advisory Committee to approve Budget Transfer Form T-17-06-01 for FY 2016/17 as presented.

(1:22:19) Mr. Joswiak gave a report. A discussion ensued.

(1:26:48)

Motion by Mr. Ron Craig, seconded by Mr. Braden Yu, and by unanimous vote.

Moved to approve Business Item II.G. as presented.

H. SCADA INSTALLATION, MONITORING AND REIMBURSEMENT LETTER AGREEMENT BETWEEN WATERMASTER AND MONTE VISTA WATER DISTRICT

Recommend to the Advisory Committee to approve the proposed SCADA Installation, Monitoring and Reimbursement Letter Agreement between Watermaster and MVWD.

(1:27:04) Mr. Kavounas gave a report. A discussion ensued.

(1:28:12) Mr. Kavounas clarified that the last paragraph of the staff letter should read that the term does last "through 2020." Further discussion ensued.

(1:31:34)

Motion by Mr. Braden Yu, seconded by Mr. Dave Crosley, and by unanimous vote.

Moved to approve Business Item II.H. as presented.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Appeal of April 28, 2017 Order
2. Hearing on Motion to Confirm Stay Pending Appeal

(1:32:00) Mr. Herrema gave a report, and announced that the hearing regarding III.A.2. is scheduled to be heard by Judge Reichert on December 8, 2017 at 1:30 p.m. A discussion ensued.

B. ENGINEER REPORT

1. Storage Workshop
2. Other Efforts

(1:38:03) Mr. Malone gave a report. A discussion ensued.

C. CFO REPORT

1. Status of FY 2016/17 Audit Report

(1:50:36) Mr. Joswiak gave a report. A discussion ensued.

D. GM REPORT

1. Pump to Waste Reporting
2. DYY Program Update
3. Santa Ana River Update
4. CSI Basin Project Decision
5. Other

(1:51:43) Item III.D.2. DYY Program Update, was taken first. A discussion ensued.

(1:54:04) Mr. Kavounas introduced Mr. Tellez Foster to give a report on Item III.D.3., Santa Ana River Update.

(1:56:18) Mr. Kavounas inquired whether the Appropriative Pool had reached a decision on the CSI Basin Project. The Pool Chair reported that the Appropriative Pool has elected not to proceed with the project at this time (see Confidential Section of these minutes).

(1:57:06) Mr. Kavounas requested the Pool's input on pump to waste reporting. Currently many parties are not reporting pump to waste and Watermaster would like to work with the Pools to determine a path forward so that Watermaster can have the most accurate reporting of groundwater production.

(2:02:00) Mr. Kavounas gave a report regarding Storage Agreements.

IV. INFORMATION

1. Cash Disbursements for August 2017
2. Recharge Investigations and Projects Committee (RIPCom)

V. POOL MEMBER COMMENTS

None

VI. OTHER BUSINESS

None

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Chair Corbin called for a confidential session at 11:07 a.m. to discuss the Desalter Replenishment Assessments and the Appropriative Pool Strategic Planning. Confidential session concluded at 12:45 p.m. with the following reportable action:

(2:08:15)

1. The Pool does not wish to proceed with the CSI Basin project, and will send a letter to California Steel Industries to inform them.
2. The action for Business Item II.A., Desalter Replenishment Obligation Allocation is noted in sequence above.

ADJOURNMENT

Chair Corbin adjourned the Appropriative Pool meeting at 12:49 p.m.

Secretary: _____

Approved: _____ October 12, 2017 _____