

**Minutes**  
**CHINO BASIN WATERMASTER**  
**ANNUAL WATERMASTER BOARD MEETING**  
*January 26, 2012*

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 26, 2012 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Bob Kuhn, Chair  
Steve Elie  
Bob Bowcock  
Charles Field  
Paula Lantz  
Bill Kruger  
Jim Curatalo  
Paul Hofer  
Geoffrey Vanden Heuvel

Three Valleys Municipal Water District  
Inland Empire Utilities Agency  
Vulcan Materials Company (Calmat Division)  
Western Municipal Water District  
City of Pomona  
City of Chino Hills  
Fontana Union Water Company  
Agricultural Pool  
Agricultural Pool

**Watermaster Staff Present**

Ken Jeske  
Danielle Maurizio  
Joseph Joswiak  
Gerald Greene  
Sherri Molino

Interim CEO  
Senior Engineer  
Chief Financial Officer  
Senior Environmental Engineer  
Recording Secretary

**Watermaster Consultants Present**

Scott Slater  
Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck  
Wildermuth Environmental Inc.

**Others Present Who Signed In**

Jeff Pierson  
Bob Feenstra  
Pete Hall  
Jennifer Novak  
Ron La Brucherie  
Al Lopez  
Mark Kinsey  
Sandra Rose  
Art Kidman  
Rick Hansen  
David DeJesus  
Jill Willis  
Marty Zvirbulis  
Jo Lynne Russo-Pereyra  
Hank Stoy  
Raul Garibay  
Dave Crosley  
Rosemary Hoerning  
Scott Burton  
Bob Gluck  
Ron Craig  
Mike Maestas

Ag Pool – Crops  
Ag Pool – Dairy  
Ag Pool – State of California – CIM  
State of California – Department of Justice  
Farmer  
Western Municipal Water District  
Monte Vista Water District  
Monte Vista Water District  
McCormick, Kidman & Behrens  
Three Valleys Municipal Water District  
Three Valleys Municipal Water District  
Best Best & Krieger  
Cucamonga Valley Water District  
Cucamonga Valley Water District  
Cucamonga Valley Water District  
City of Pomona  
City of Chino  
City of Upland  
City of Ontario  
City of Ontario  
City of Chino Hills  
City of Chino Hills

Sheri Rojo  
Karen Johnson  
Tom Love  
Craig Miller  
Terry Catlin  
Ryan Shaw  
Curtis Paxton  
Eunice Ulloa  
Jack Safely  
Ben Lewis  
Teri Layton

Fontana Water Company  
Water Resources Planning  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Chino Desalter Authority  
Chino Basin Conservation District  
Western Municipal Water District  
Golden State Water Company  
Santa Antonio Water Company

Chair Kuhn called the Annual Watermaster Board meeting to order at 11:00 a.m.

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

There were no public comments made.

**AGENDA - ADDITIONS/REORDER**

Chair Kuhn noted there will be two confidential sessions for this meeting. The first will be taken directly after the elections to discuss the Confidential Session Item 2. Personnel Matters.

**INTRODUCTIONS - CALENDAR YEAR 2012 WATERMASTER BOARD MEMBERS**

Bob Bowcock	Non-Agricultural Pool
Jim Curatalo	Fontana Union Water Company
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Steve Elie	Inland Empire Utilities Agency
Bill Kruger	City of Chino Hills
Bob Kuhn	Three Valleys Municipal Water District
Paula Lantz	City of Pomona
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)

It was asked that Counsel Slater conduct the 2012 election of officers.

Mr. Vanden Heuvel offered comment on Watermaster's 2011 Chair and Vice-Chair positions and stated he wants to make a motion to propose an entire slate for the 2012 Watermaster Officers.

**I. CALENDAR YEAR 2012 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. Nominations were heard for Watermaster Board Chair – Mr. Bob Kuhn
2. Nominations were heard for Watermaster Board Vice-Chair – Mr. Jim Curatalo
3. Nominations were heard for Watermaster Board Secretary/Treasurer – Ms. Paula Lantz

*Motion by Vanden Heuvel second by Field, and by unanimous vote*

***Moved to approve as a slate rather than making individual motions for the nominated officer positions, as presented***

Counsel Slater noted the new 2012 official Watermaster Officers and turned the annual meeting over to Chair Kuhn.

Chair Kuhn offered opening comments for his new Chair position.

The regular open Annual Watermaster Board meeting was convened to hold its first confidential session at 11:09 a.m. on personnel matters

The confidential session concluded at 11:40 a.m.

Chair Kuhn reported the action from the first confidential session as follows:

Counsel Slater stated the Watermaster Board in closed session decided to retain Ken Jeske as interim part-time CEO, and instructed counsel to prepare a conforming contract consistent with their direction.

## **II. CONSENT CALENDAR**

### **A. MINUTES**

1. Minutes of the Watermaster Board Meeting held December 15, 2011

### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of November 2011
2. Watermaster VISA Check Detail for the month of November 2011
3. Combining Schedule for the Period July 1, 2011 through November 30, 2011
4. Treasurer's Report of Financial Affairs for the Period November 1, 2011 through November 30, 2011
5. Budget vs. Actual Current Month, Year-To-Date, and Fiscal Year-End

### **C. NOTICE OF INTENT**

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

### **D. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 12-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, Re-Authorizing the Watermaster's Investment Policy

### **E. LOCAL AGENCY INVESTMENT FUND**

Resolution 12-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

*Motion by Elie second by Vanden Heuvel, and by unanimous vote – Kruger and Curatalo abstained from Item A. Minutes*

***Moved to approve Consent Calendar items A through E, as presented***

## **III. BUSINESS ITEMS**

### **A. WATERMASTER 2011/2012 ASSESSMENT PACKAGE**

Mr. Jeske stated this item is for the 2011/2012 Assessment Package and following this item is the approval for the levying of the assessments. Ms. Maurizio gave the Watermaster 2011/2012 Assessment Package presentation in detail. Ms. Maurizio reviewed the change requested from the Non-Agricultural Pool. Ms. Maurizio reviewed the Non-Agricultural Pool foot note changes on pages 13A, 14A, and 15A in detail. Ms. Maurizio stated this item has been approved by the three Pools and the Advisory Committee earlier this month with the noted change made by the Non-Agricultural Pool. Chair Kuhn called for the motion.

Mr. Bowcock referenced a letter written by Monte Vista Water District (MVWD) on January 6, 2012, which is included in the meeting package. Mr. Bowcock reviewed the MVWD letter which discussed having Watermaster staff look into the 2% losses on carryover water. Mr. Bowcock acknowledged to MVWD that they have lodged that concern and that staff/parties will be looking at this matter. Mr. Bowcock stated he wanted some direction to provide to staff on carryover losses at this time. A discussion regarding this matter ensued. Chair Kuhn stated the 2% losses can be discussed after the vote is taken on the Assessment Package. Chair Kuhn asked Mr. Bowcock if he had a suggestion on this. Mr. Bowcock stated he would like to direct staff if possible. Mr. Bowcock stated Watermaster has this four year look back rule and the 2% losses

have only been assessed on "stored water" in the Chino Basin since 2004/2005, and his suggestion is to go back from when assessing losses first started and remove it from carryover. Mr. Bowcock stated he does not believe it should have been done on carryover, and was clearly called out for stored water. Mr. Bowcock offered further comment on this matter. Chair Kuhn inquired to Watermaster staff about the mechanics of going back to the beginning. Ms. Maurizio stated the longer staff goes back the more losses there will be because it is accumulative. Mr. Maurizio stated if we want to keep it simple, Watermaster just gives the losses back into their storage account. There is a possibility it could play into such things as the 85/15 Rule, which would really complicate the issue. Ms. Maurizio stated it is not a huge difference to do it for just the four years or to go back all the way. Mr. Vanden Heuvel stated he agrees with Mr. Bowcock on this matter and noted MVWD has brought up a valid point. Mr. Vanden Heuvel stated if this was just a Watermaster call, and there was no obligation to do it this way, then the Board can send this back to the Pools with a suggestion the Pools come forward with a recommendation on how to handle this. Chair Kuhn inquired to legal counsel if there are any implications on this matter. Counsel Slater stated he would like the opportunity to confer with MVWD's counsel, members of the Appropriative Pool, and the Non-Agricultural Pool. Counsel Slater stated the Peace Agreement is clear that carryover is storage and Storage Agreements have been issued, and if there is exclusion for carryover he is not aware of it. Mr. Jeske stated he met with a few parties this morning and has been given some tasks in his contract which was just approved, and this was one of the items. Mr. Jeske stated this matter folds into a larger issue of storage, and this was going to be reported under the CEO section of the agenda. Mr. Jeske noted recently working groups have been formed to start the process, including a legal review. Mr. Jeske stated an inclusive process working with people from all three Pools to bring forward recommendations through the Pool process, the Advisory Committee, and ultimately the Watermaster Board is needed to resolve those issues. Chair Kuhn asked that this be kept on future agendas. Mr. Vanden Heuvel offered final comments on this matter and noted he does not think this needs to be agendized every month since this is part of a larger project that will be brought through the Watermaster process. Mr. Elie offered comments on this matter and noted the whole storage loss issue needs to be put on the table for the entire Watermaster family to discuss on a future agenda; this is going to take a few months to resolve. Mr. Kinsey stated MVWD submitted the letter based in part on the discussions that have been taking place on storage, and in hopes this would prompt Watermaster to complete an evaluation on this matter. Mr. Kinsey stated he believes this is an accounting oversight; however, a distinction needs to be made between carryover water and excess carryover water which is storage and clear in the Judgment. Chair Kuhn stated staff and legal understand the direction of the Board.

*Motion by Vanden Heuvel second by Bowcock, and by unanimous vote*

***Moved to the Watermaster 2011/2012 Assessment Package, as presented***

#### **B. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS**

Mr. Jeske stated this is the resolution to levy the assessments. No further comments were made or received on this item.

*Motion by Elie second by Bowcock, and by unanimous vote*

***Moved Resolution 12-03 Levying Replenishment and Administrative Assessments, as presented***

#### **C. MATERIAL PHYSICAL INJURY ANALYSIS**

Mr. Jeske introduced this item and offered comment on the process which has just started to move forward on addressing all storage issues; a specific meeting workshop on storage does not need to be scheduled and direction to proceed has been given by this Board. Mr. Jeske noted this item only pertains to the Material Physical Injury Analysis. Mr. Jeske stated the Recharge Applications have to wait until next month before they go to the Watermaster Board because there is a mandatory 30 day waiting period. Mr. Wildermuth reviewed the history of this matter, which applications were included in his analysis which equal 81,500 acre-feet of water, reviewed the impacts, and reviewed a depth to groundwater map in detail. Mr. Wildermuth stated, with

regard to the letter report in the meeting package, there is a support graphic that was used to show what the depth to water was in the areas of these recharge sites and wells, which indicate we would not have any issues from high groundwater. Mr. Wildermuth reviewed the map in detail and noted the larger version of this map is available on the back table. Chair Kuhn inquired if this analysis is just to receive and file. Mr. Vanden Heuvel stated this same report was given at the Agricultural Pool meeting, at which he was present, and it stimulated a robust discussion. Mr. Vanden Heuvel stated there have been numerous discussions all around this whole storage matter and, as Mr. Jeske stated earlier, this is one piece of the issue and is a technical piece that has to be accomplished for us to even consider new storage agreements. Mr. Vanden Heuvel stated the Material Physical Injury Analysis is what we are considering to approve today; however, that does not address the bigger policy questions of how we allocate storage within this basin, and how we deal with a large amount of water that is sitting in the basin which appears to be in limbo. Mr. Vanden Heuvel stated it is good to remind ourselves, as a Board, that all of our Storage Agreements have expired; this needs to be cleaned up. Mr. Jeske stated a motion needs to be made to receive and file this item.

*Motion by Vanden Heuvel second by Bowcock, and by unanimous vote*

***Moved to receive and file the Wildermuth Material Physical Injury Analysis, as presented***

#### **IV. REPORTS/UPDATES**

##### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. December 16, 2011 Hearing Report

Counsel Slater stated at the December 16, 2011 hearing it was presented to the judge to extend for six months the report related to the Recharge Master Plan. Counsel Slater stated the court granted that extension and Watermaster has been moved off until June 14, 2012 – which is now the target date.

2. January 17, 2012 RMP Meeting

Counsel Slater stated, as the Board directed in proceeding into the new year, that it was hoped that we would gain a strong consensus and resolve a multitude of issues that Mr. Jeske has just referenced, and in time for updating the court by June 14, 2012. Counsel Slater stated Mr. Jeske convened the meeting on January 17<sup>th</sup> and participated by laying out a structure and an outline wherein the parties could contribute, meet frequently, and have a proposal to this Board through the process in the May time frame for ultimate approval by the court as scheduled on June 14, 2012. Counsel Slater stated as counsel for the Board and mindful of your obligations and representations to the court, close attention needs to be watched on the progress that is being made, and Watermaster intends to carry this forward as a report on each Board agenda item.

##### **B. CEO/STAFF REPORT**

1. Recharge Master Plan Update

Mr. Jeske stated a phone in conference meeting is scheduled for February 1<sup>st</sup> to set forth a scope of work plan, and the next meeting is scheduled as is an in-house meeting for February 14<sup>th</sup> at 9:00 a.m. Mr. Jeske stated our intention is in to talk about the Recharge Master Plan Update separately from all the storage issues, even though staff knows there will be some interrelation because of the mandates to get the time-lines, the revisions, and the process to court as directed at the last hearing.

2. Recharge Update

Mr. Jeske stated the most recent Recharge Update Spreadsheet is available on the back table. Mr. Jeske reviewed the spreadsheet in detail. Mr. Jeske noted this has not been a very wet year and that will cause problems going into the future.

3. Notice of Availability - Non-Agricultural Water

Mr. Jeske stated the Notice of Availability pertains to stored water that the Non-Agricultural Pool may determine to offer up and that process is now in the works. Mr. Jeske stated mailings have gone out, and Appropriators have a time-line to get responses back and they are in the process of doing that. Mr. Jeske stated it does not appear that all appropriators are going to purchase; however, it does appear that all of the water being offered is going to be purchased.

4. WEI Analysis of Well Design for CDA Well I-20

Mr. Jeske stated this item is regarding Wildermuth's analysis of well design for CDA well I-20. Mr. Jeske stated engineering has reviewed the design and they found the well is in the location that Watermaster desired for hydraulic control and that the pumping will be from the shallow zone as intended. Mr. Jeske stated there was an issue raised at the Agricultural Pool and the Advisory Committee meetings regarding some specific design detail. Mr. Jeske stated it was discussed they were ultimately requesting that there be annular seal placed in the gravel pack to segregate the two zones. Mr. Jeske stated he has met with the project manager from Western Municipal Water District on this matter and he is here today for comment. Mr. Safely stated at the time we commented on I-20, the well had already been cased; the seal is within the casing but not in the annular filter pack. Mr. Safely offered further comment on the seal for well I-20 and the quality of its water. Mr. Safely stated he has spoken to the driller and GSI to move forward with the modification for well I-19 to install the annular seal on this well in the filter pack because this well is not yet completed.

5. Chino Basin Watermaster Excess Reserves Update

Mr. Jeske stated staff has reported to the Pools and the Advisory Committee on the excess reserves that were determined to be returned to parties, and that will be shown as a credit on the Assessment Package.

6. Vertical Extensometer Update

Mr. Jeske stated with regard to the vertical extensometer, the issue that has come up has been on the acquisition of actual property. Mr. Jeske stated there are two potential sites, one is privately owned and one belongs to the County of San Bernardino Dept. of Airports. Mr. Jeske stated an offer was recently received from the County for the lease of the property, and that is currently being worked on with the County and also with the private owner because the County's proposal seemed high for such a small lot of undeveloped land. Mr. Jeske stated he will keep the parties apprised of this matter at future meetings and the actual lease will go through the entire Watermaster process once it is complete.

7. Basin Plan Amendment Update

Mr. Jeske stated this item is regarding the Basin Plan Amendment that is being presented to the RWQCB to change the monitoring requirements and save Watermaster approximately \$200,000 a year. Mr. Jeske stated this item is on the RWQCB agenda and he is planning on attending that meeting. A brief discussion regarding this matter ensued.

8. Archibald South Plume Sampling Result Update

Ms. Maurizio stated it was requested last month by the Board that the sampling results for the Archibald South Plume be brought back. Ms. Maurizio noted the sampling results were a result of split sampling with Watermaster and the ABGL Group. Ms. Maurizio showed a map with those results and discussed them in detail. Mr. Elie inquired about the map presented and offered comment. Mr. Elie requested that a different map showing raw data and locations be provided to him via email. A lengthy discussion regarding this matter ensued. Mr. Feenstra stated discussions have taken place at several of the meetings regarding potable water to the areas that have high levels of contamination and concern. Mr. Feenstra asked if people have been working in the areas of concern, and inquired about the water they could be drinking on the farm or property. Ms. Maurizio stated it is her understanding the ABGL Group talked to all the residents and that is where the green tanks came in.

Ms. Maurizio stated the ABGL Group offered either green tanks and/or bottled water for anybody who had high results; there were people who declined this offer and stated they already had their own bottled water source. Ms. Maurizio stated now that all the results are in Watermaster has a commitment to the Agricultural Pool to send out letters to the owners and users with their water quality report of what was tested in their water. A lengthy discussion regarding water quality, contamination notification, and this matter ensued.

#### **V. INFORMATION**

1. Cash Disbursements for December 2011  
No comment was made.
2. Newspaper Articles  
Mr. Hofer offered comment on the article in the meeting package pertaining to the Santa Ana Sucker and noted how extremely important this is to the Chino Basin.

#### **VI. BOARD MEMBER COMMENTS**

Mr. Curatalo stated it is good to be back as a director on the Watermaster Board.

Chair Kuhn stated the Board agreed as part of Mr. Jeske's contract that the Watermaster CEO recruitment process would start in February and asked for suggestions on this matter, including when to begin and end the flying of this position. Mr. Elie stated March 1, 2012. Mr. Vanden Heuvel offered comment on this matter and noted this important process needs to first be discussed at the February Board meeting, and then, maybe starting at the Pool level, have this put on the agendas under closed session to get some feedback first.

#### **VII. OTHER BUSINESS**

The regular open Annual Watermaster Board meeting was convened to hold its second confidential session at 12:27 p.m.

#### **VIII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

1. Aqua Capital Management versus California Steel Industries
2. Personnel Matters (*This item was discussed during the first confidential session*)
3. Appellate Court Tentative Opinion

The confidential session concluded at 2:04 p.m.

There was no reportable action from the second confidential session.

#### **IX. FUTURE MEETINGS AT WATERMASTER**

Thursday, January 26, 2012	11:00 a.m.	Annual & Election Watermaster Board Meeting
Wednesday, February 1, 2012	1:30 p.m.	* CB RMPU Steering Committee Conference Call Meeting
Thursday, February 9, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, February 9, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, February 9, 2012	1:00 p.m.	Agricultural Pool Meeting
Tuesday, February 14, 2012	9:00 a.m.	* CB RMPU Steering Committee Meeting
Thursday, February 16, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, February 16, 2012	9:00 a.m.	Advisory Committee Meeting

Thursday, February 16, 2012	11:00 a.m.	Land Subsidence Committee Meeting
Thursday, February 23, 2012	11:00 a.m.	Watermaster Board Meeting

\* **Chino Basin Recharge Master Plan Update Steering Committee**

Chair Kuhn adjourned the Annual Watermaster Board meeting at 2:05 p.m. in memory of Ruben Ayala

Secretary: \_\_\_\_\_

Minutes Approved: February 23, 2012