

**MINUTES**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**

*April 26, 2012*

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

**WATERMASTER BOARD MEMBERS PRESENT**

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

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

**WATERMASTER BOARD MEMBERS ABSENT**

Steve Elie

Inland Empire Utilities Agency

**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

Brownstein, Hyatt, Farber & Schreck

**Others Present**

Jeff Pierson  
Bob Feenstra  
Pete Hall  
Mark Kinsey  
Sandra Rose  
Justin Scott-Coe  
Van Jew  
Art Kidman  
David DeJesus  
Jo Lynne Russo-Pereyra  
Hank Stoy  
Raul Garibay  
Dave Crosley  
Scott Burton  
Ron Craig  
Mike Maestas  
Nadeem Majaj  
Sheri Rojo  
Craig Miller  
Chris Berch

Ag Pool – Crops  
Ag Pool – Dairy  
Ag Pool – State of California – CIM  
Monte Vista Water District  
Monte Vista Water District  
Monte Vista Water District  
Monte Vista Irrigation Company  
McCormick, Kidman & Behrens  
Three Valleys Municipal Water District  
Cucamonga Valley Water District  
Cucamonga Valley Water District  
City of Pomona  
City of Chino  
City of Ontario  
City of Chino Hills  
City of Chino Hills  
City of Chino Hills  
Fontana Water Company  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency

Curtis Paxton  
 Eunice Ulloa  
 Jack Safely  
 Eldon Horst  
 Tom Harder  
 Robert Tock  
 Ben Lewis  
 Norm Roberts

Chino Desalter Authority  
 Chino Basin Conservation District  
 Western Municipal Water District  
 Jurupa Community Services District  
 Jurupa Community Services District  
 Jurupa Community Services District  
 Golden State Water Company  
 Roberts Consulting

Chair Kuhn called the Watermaster Board meeting to order at 11:01 a.m.

### **PLEDGE OF ALLEGIANCE**

### **AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

## **I. CONSENT CALENDAR**

### **A. MINUTES**

1. Minutes of the Watermaster Board Meeting held March 22, 2012

### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of February 2012
2. Watermaster VISA Check Detail for the month of February 2012
3. Combining Schedule for the Period July 1, 2011 through February 29, 2012
4. Treasurer's Report of Financial Affairs for the Period February 1, 2012 through February 29, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through February 29, 2012

### **C. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 2.372 acre-feet of water from San Antonio Water Company to Monte Vista Water District as a method of utilizing its SAWCO shares. This lease is made first from San Antonio's net underproduction in FY 2011-2012, with any remainder to be recaptured from storage. Date of application: February 9, 2012
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 500.000 acre-feet of water from San Antonio Water Company to Monte Vista Water District. This lease is made first from San Antonio's net underproduction in FY 2011-2012, with any remainder to be recaptured from storage. Date of application: February 14, 2012

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

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

## **II. BUSINESS ITEMS**

### **A. WATERMASTER INVESTMENT POLICY**

Mr. Jeske stated this item is the proposed amendment to the Watermaster Investment Policy to allow additional potential for investment with CalTRUST. Mr. Jeske stated every investment has a risk; however, this one has hardly a risk at all and has a slightly better rate of return and Watermaster is only doing short term investments. Mr. Jeske stated as the process for the reserves was being worked out, this item was recommended by some of the parties that Watermaster staff look at additional investment options. Mr. Jeske stated this item has been unanimously approved by all three Pools and the Advisory Committee. Mr. Field inquired as to how much Watermaster has in its short term investment pool. Mr. Jeske stated there are varied amounts during the time of the year, which is why we need to keep in short term. Mr. Joswiak stated there is approximately \$6.5M.

*Motion by Curatalo, second by Catlin, and by unanimous vote*

***Moved to approve the Watermaster Investment Policy to Include Investment Trust of California (CalTRUST), as presented***

**B. WATERMASTER RESOLUTION 12-04 APPROVING MEMBERSHIP IN THE ACWA JOINT POWERS AUTHORITY**

Mr. Jeske stated this item is a straight forward action; Watermaster currently uses the ACWA health benefits program. Mr. Jeske stated ACWA has reformed and changed their name, and staff needs to pass a new resolution using the new name of the organization; there is no change to the health benefits or the cost of the health benefits.

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

***Moved to approve Watermaster Resolution 12-04 approving membership in the ACWA Joint Powers Authority and to direct staff to execute all necessary documents, as presented***

**III. REPORTS/UPDATES**

**A. LEGAL REPORT**

1. Restated Judgment

Counsel Slater stated this is just an update as we are presently working on the final settlement for the Paragraph 31 motion and this item is on hold until that task is complete. Counsel Slater stated there has been concern expressed about the mechanics of how Watermaster would file the Restated Judgment, and rather than incur unwanted adversarial proceedings, we thought it best to place a pause on this item. Counsel Slater stated there are three things involved in the Restated Judgment, the first is giving the court what it wanted which was a modern articulation of the entire Judgment with all the amendments, the second was trying to annotate for the Board and public purposes that the Judgment and Peace Agreements have an integrated document, and finally there is some work to be done on the Rules and Regulations which have fallen out of date and needs to be updated. Chair Kuhn inquired if this has been vetted. Counsel Slater stated the Restated Judgment has been circulated and signed off by members of the Appropriative Pool and the Agricultural Pool but Watermaster did not have a formal sign-off from the counsel from the Agricultural Pool. Counsel Slater stated the Non-Agricultural Pool agreed that it would be forwarded to the court but with the understanding that it was not to be used as the official version, and they requested a stipulation that the restated version not be the official version; however, when it got to the judge, the judge said he wanted it for the official version. Counsel Slater stated, in having subsequent conversations with counsel for the Non-Agricultural Pool, they continue with reservations about Watermaster filing this as the official version. They have concerns over the expense to be incurred in doing the due diligence to know whether all of the edits and changes that have occurred since 1978 are in it and the fear that something was missed. Counsel Slater stated, in his opinion, it was best to a break from this and remove some of the pressure to allow us to come to resolution on the Paragraph 31, and then sit down with the Non-Agricultural Pool and see whether it is possible for us to come to an agreement without trying to create an adversarial hearing over something which was intended to be a useful document for the Board and public to have, and particularly the Judge who has asked for it. Counsel Slater stated this item will come back shortly with a recommendation.

2. Extension of Time for San Sevaine Project State Water Resources Control Board Permit 20753

Counsel Slater stated Watermaster holds in trust for all of the Watermaster parties three separate storm water recharge permits that are issued by the State Water Resources Control Board. Counsel Slater stated there is a Day Creek permit, a San Sevaine permit, and the last is a catch-all permit which covers all the recharge basins within the Chino Basin. Counsel Slater stated the San Sevaine permit was set to expire at the end of 2010, and in the fall of 2010 Watermaster submitted a petition for an extension of time to make

that full beneficial use. Counsel Slater stated at that time Watermaster asked for the extension through 2057 which is the deadline for full beneficial use under Watermaster's permit. Counsel Slater stated Watermaster recently received a copy of a draft extension from the State Board staff; this is now being reviewed and it appears that request will be granted within the next month. Counsel Slater stated this will mean that Watermaster's recharge permits will have deadlines for full beneficial use in 2057. Counsel Slater stated the third permit, which is the Day Creek permit, is still in the process of having its extension approved for that same 2057 date. Counsel Slater stated he expects finalization of this order and then its issuance in the next 60 days.

3. Paragraph 31 Motion

Counsel Slater stated it was reported out of the last Board meeting that the Watermaster Board approved a settlement for Paragraph 31. A final draft of the settlement agreement was circulated, and it has been approved by counsel for each of the three parties as to form. It has been executed and approved by a great number of parties, including signatures required by the Non-Agricultural Pool have been achieved, and our intention is to implement that. Counsel Slater stated one of the conditions that the Board required before authorizing the Chair to execute the agreement was that the Appropriative Pool, as a Pool, approve the settlement because you are making an unconditional agreement to tender funds to the Non-Agricultural Pool and that is dependent on performance by the Appropriative Pool. Counsel Slater stated it has not been presented to Chairman Kuhn today to execute the document because the Appropriative Pool has not yet formally authorized execution. Counsel Slater stated there is no issue in terms of what the terms of the settlement mean and again, there is some that is approved as to form but there have been questions raised on how staff will implement the agreement. Counsel Slater stated counsel has proposed that counsel for the three entities sign off on a set of affectively escrow instructions on how the agreement will be implemented; counsel has offered to prepare this and then have counsel from the Non-Agricultural Pool and the Appropriative Pool say yes, that it is appropriate and hopefully that or something similar to that document gets us to a position where the Appropriative Pool feels comfortable in signing off on it, and staff has the comfort of knowing how they are supposed to implement the legal language over the next three or four years. Counsel Slater stated in his opinion the case is settled and the terms are known. Chair Kuhn thanked counsel.

**B. CEO/STAFF REPORT**

1. Recharge Master Plan Update/Storage Issues Review Process

Mr. Jeske stated this is an update on the Recharge Master Plan Update. Mr. Jeske stated there was a workshop held last week on the draft sections 1-4. Mr. Jeske stated staff has received comments on that and noted tomorrow is the last day to submit comments. Mr. Jeske stated the draft is being put together by legal for the filing and our engineering consultants will incorporate, as necessary, any comments that are received through tomorrow. Mr. Jeske stated it looks like we are on track with this item to bring the final draft through the Watermaster process starting in May, which will allow us to meet our court deadlines.

2. OBMP Semi Annual Status Report 2011-2

Mr. Jeske stated the Semi Annual report is provided in the meeting package.

3. Fiscal Year 2012/2013 Watermaster Budget

Mr. Jeske stated there is a budget workshop on the 2012/2013 Watermaster budget scheduled for 1:30 p.m. today, and he asked if parties are going to be around it would be beneficial for them to stay for the workshop. Mr. Jeske stated staff is looking at bringing a proposed budget through the Watermaster process at the May meetings, which would provide opportunity to offer comments and then bring the budget back for adoption in the June meetings. Mr. Jeske stated he would like to discuss two additional items with regard to the budget. Mr. Jeske stated the Watermaster Board had previously approved, in

December 2011, approximately \$166,000 for work at the Turner Basin which was done by entering into a not-to-exceed agreement for that amount with IEUA. Mr. Jeske stated in order to accomplish this staff used the recharge capital budget for this work; those are dollars that come in for safe yield. Mr. Jeske stated the capital costs that were budgeted in that line item for this year are lower this year due to lower financing costs, so staff has used that difference between what staff expect our cost to be this year and what staff has already budgeted and assessed to fund this project. Mr. Jeske stated if all the work is not completed and all the invoicing in, that is the not-to-exceed amount on the contract, staff will be able to carry over that expense without any further need for assessments through our new Reserve Policy. Mr. Jeske stated staff found that in 2007 Watermaster had approved the Hickory Basin project. Mr. Jeske stated due to a number of reviews with the Flood Control District and others, that work is just now completing and the final invoicing is getting ready to come in. Unfortunately, because of our prior policies there was no way of carrying those expenses over. Mr. Jeske stated this work has been fully authorized and contracted for so staff will be using that same capital reserve budget for that same type of similar work. Mr. Jeske stated there is enough savings this year, on the financing on that, to accomplish both of those projects; staff will then be able to pay the balance which is approximately \$31,000.

Mr. Vanden Heuvel inquired where in the budget process is the discussion about what Watermaster pays for replenishment water when you have an overproducer that needs to be replenished for. Mr. Jeske stated that is really not part of the budget process because it's not calculated into the administrative and OBMP assessments. Mr. Jeske stated typically that would be something that would be necessary to do at the time of the assessment package that is typically done in the October/November timeframe. Mr. Jeske stated that would be the time to discuss the price we are paying for water for parties that overproduce. Mr. Vanden Heuvel stated he was surprised to see the costs we were paying for replenishment water in this last round of purchases, which prompted a call to Watermaster. Mr. Vanden Heuvel stated it seems there should be some discussion on this matter and Watermaster might want to think about creating a more competitive environment. Mr. Vanden Heuvel stated he would like to see some sort of staff report on this matter in the future. Mr. Jeske stated he would like to take some time to work on the staff report. Mr. Jeske offered comment on the water auction and long term deals on water. Mr. Jeske stated what we are talking about is replenishment and we can put a workshop together for this. Mr. Vanden Heuvel stated this is important and we need to look at this. A discussion regarding this matter ensued. Counsel Slater offered final comments on this matter.

#### **IV. INFORMATION**

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

#### **V. COMMITTEE MEMBER COMMENTS**

##### **A. JURUPA COMMUNITY SERVICES DISTRICT PRESENTATION**

1. Hydrologic Imbalance in Management Zone-3 of the Chino Basin

Mr. Jeske stated this presentation was put together and is being given at the request of Jurupa Community Services District (JCSD). Mr. Jeske noted this presentation is also provided in the meeting package. Mr. Horst introduced Mr. Robert Tock and Mr. Tom Harder and noted Mr. Harder will be giving the Hydrologic Imbalance in Management Zone 3 of the Chino Basin. Mr. Horst stated this presentation was given to the Chino Desalter Authority and to the three Watermaster Pools earlier this month; the Advisory Committee passed on hearing the presentation at their meeting. Mr. Horst introduced this item and offered the history of JCSD, discussed what is currently taking place regarding this matter, and the recharge imbalance concerns. Mr. Harder gave the presentation in detail. Mr. Vanden Heuvel thanked Mr. Harder and JCSD for all the effort that was put into educating all of the parties. Mr. Vanden Heuvel inquired about wet water recharge and

having sustainable production in the area presented. Mr. Harder stated all options are on the table right now and one of the things that we are waiting for is an analysis from Mark Wildermuth for the groundwater flow model. Mr. Harder stated the analysis is going to answer the key question, which is how much additional recharge do we need, or in other words, what is the shortfall for the imbalance, and once we have a handle on what that is we can put together the menu of things that we need to do to do that. Mr. Harder stated right now it looks like it may be a combination of wet water recharge, and they may have to be some pumping redistribution, we may need to look at things like in lieu and we are also looking at ASR recharge.

**VI. OTHER BUSINESS**

No comment was made.

The regular open Watermaster Board meeting was convened to hold its confidential session at 11:43 a.m.

**VII. 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. CEO Recruitment
- 2. Paragraph 31 Motion
- Added 3. Personnel Issues

Counsel Slater stated the action from the confidential session is the Board took action to proceed with publication for the recruitment of the new Watermaster General Manager.

The confidential session concluded at 12:19 p.m.

**VIII. FUTURE MEETINGS AT WATERMASTER**

Thursday, April 26, 2012	9:00 a.m.	Land Subsidence Committee Meeting
Thursday, April 26, 2012	11:00 a.m.	Watermaster Board Meeting
Thursday, April 26, 2012	1:30 p.m.	Watermaster FY 2012/2013 Budget Workshop
Thursday, May 3, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, May 10, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, May 10, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, May 10, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, May 17, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, May 17, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Tuesday, May 22, 2012	9:00 a.m.	GRCC Meeting
Thursday, May 24, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Kuhn adjourned the Watermaster Board meeting at 12:20 p.m.

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

Minutes Approved: May 24, 2012