

**Minutes**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**  
*September 27, 2012*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on September 27, 2012 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Bob Kuhn, Chair	Three Valleys Municipal Water District
Jim Curatalo	Fontana Union Water Company
Steve Elie	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Charles Field	Western Municipal Water District
Peter Rogers	City of Chino Hills
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**WATERMASTER BOARD MEMBERS ABSENT**

Paula Lantz	City of Pomona
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**Watermaster Staff Present**

Peter Kavounas	General Manager
Danielle Maurizio	Assistant General Manager
Joseph Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

**Watermaster Consultants Present**

Brad Herrema	Brownstein, Hyatt, Farber & Schreck
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**Others Present**

Jeff Pierson	Ag Pool – Crops
Bob Feenstra	Ag Pool – Dairy
Pete Hall	Ag Pool – State of California – CIM
Al Lopez	Western Municipal Water District
Mark Kinsey	Monte Vista Water District
Sandra Rose	Monte Vista Water District
Eddy R. Beltran	Kidman Law LLP
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Geoff Kamansky	Niagara Bottling Company
Tim Hampton	City of Pomona
Dave Crosley	City of Chino
Scott Burton	City of Ontario
Ron Craig	City of Chino Hills
Nadeem Majaj	City of Chino Hills
Josh Swift	Fontana Union Water Company
Seth Zielke	Fontana Water Company
Sheri Rojo	Fontana Water Company
Tom Love	Inland Empire Utilities Agency
Craig Miller	Inland Empire Utilities Agency
Terry Catlin	Inland Empire Utilities Agency

Eunice Ulloa  
Jack Safely  
Tom Solon  
Ken Jeske

Chino Basin Water Conservation District  
Western Municipal Water District  
EQ-Cap  
KJ Consulting

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

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

Mr. Lopez invited all the parties to the upcoming Western Municipal Water District's October 11, 2012 Chino II Desalter event. Mr. Safely stated the event will be held at Desalter site at Jurupa Community Services District offices. Mr. Feenstra asked that the parties be reminded about the invitation by Mr. Lopez.

**AGENDA - ADDITIONS/REORDER**

Mr. Kavounas stated he recently attended the retirement event for retired board member Bill Kruger and noted he presented a commendation to Mr. Kruger on behalf of the Watermaster Board at that event. Chair Kuhn noted Mr. Peter Rogers will be attending the board meetings in place of Mr. Kruger for the term of the City of Chino Hills position on the Watermaster Board. Mr. Rogers introduced himself and gave a brief history on his background.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Special Confidential Watermaster Board Meeting held July 19, 2012
2. Minutes of the Special Confidential Watermaster Board Meeting held July 20, 2012
3. Minutes of the Watermaster Board Meeting held July 26, 2012

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2012
2. Watermaster VISA Check Detail for the month of June 2012
3. Combining Schedule for the Period July 1, 2011 through June 30, 2012
4. Treasurer's Report of Financial Affairs for the Period June 1, 2012 through June 30, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through June 30, 2012
6. Cash Disbursements for the month of July 2012
7. Watermaster VISA Check Detail for the month of July 2012
9. Combining Schedule for the Period July 1, 2011 through July 31, 2012
9. Treasurer's Report of Financial Affairs for the Period July 1, 2012 through July 31, 2012
10. Budget vs. Actual Report for the Period July 1, 2011 through July 31, 2012

**C. OBMP SEMI-ANNUAL STATUS REPORT 2012-1**

**D. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has Agreed to Purchase from the Nicholson Trust 2011-2012 Annual Production Right in the Amount of 5.000 acre-feet. Date of Application: June 27, 2012

**E. LOCAL AGENCY INVESTMENT FUND**

Resolution 12-05 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) and Rescinding Resolution 12-02

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

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

**II. BUSINESS ITEM****A. COST SHARING AGREEMENT BETWEEN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY**

Mr. Kavounas stated this item has been reviewed and approved by all three Pools and the Advisory Committee. Mr. Kavounas stated this item is the ratification of the Cost Sharing Agreement between Watermaster and Inland Empire Utilities Agency (IEUA), which pertains to an ongoing process which gives the ability to Watermaster and IEUA to share in that cost. The project calls for Watermaster expenses of \$220,000, of which \$20,000 was from the past fiscal year and \$200,000 in the present fiscal year. Mr. Kavounas stated the monies have been budgeted and are being spent, and the recommendation is to approve the cost sharing contract between IEUA and Watermaster. Mr. Kavounas stated the IEUA board is expected to take action at their meeting on October 3, 2012. Mr. Vanden Heuvel inquired as to what the \$220,000 buys. Mr. Kavounas stated the \$220,000 will buy our share of monitoring habitat in the Prado Dam, and is part of the obligation that comes from mitigation measure 4.4-3 in the Subsequent EIR (SEIR) in the Peace II Agreement. Mr. Kavounas asked that Ms. Maurizio provide more detail on this project. Ms. Maurizio stated included within this program is the development of the Adaptive Management Plan, construction, installation of up to seventeen monitoring wells at nine separate sites, and vegetative monitoring sites. Ms. Maurizio stated this was approved in the Watermaster budget of which \$20,000 was budgeted last year, some of which was carried over this year, and then an additional \$200,000 this year. The anticipated cost is \$440,000 total with a 50/50 split between Watermaster and IEUA. Ms. Maurizio stated IEUA applied for a grant on behalf of this project, however, the result of the application results will not be known until April 2013. Ms. Maurizio stated if the grant is approved that will reduce the costs for both Watermaster and IEUA. Mr. Vanden Heuvel inquired what the wells cost and how deep they are. Ms. Maurizio stated she does not have individual cost with her; however, they are dual nested and are very simple monitoring wells. Ms. Maurizio stated one well may be around 50 feet and one may be at 100 feet. Mr. Vanden Heuvel stated the reason he is raising these questions is because \$440,000 is an enormous amount of money, and what exactly are we buying, including consultants time. Mr. Vanden Heuvel offered comment on this project. Ms. Maurizio stated we committed to this project with the SEIR and it was Orange County Water District that had the concern. Ms. Maurizio stated some of these wells will be dual purpose since they can also serve as Hydraulic Control monitoring wells which we have to do anyway. Mr. Vanden Heuvel inquired if it would be possible to give us, as the program rolls out, updates or a staff reports on what exactly the money is being spent on. Mr. Kavounas stated there is a committee that is associated with this and that committee is jointly headed by IEUA and Watermaster; that committee meets regularly and staff can bring back updates on a regular basis. Chair Kuhn inquired about how often the committee meets. Mr. Kavounas stated they meet approximately two times a month and the next meeting is scheduled for October 3, 2012. Chair Kuhn asked that this item be put on the agenda as a quarterly update. Mr. Vanden Heuvel offered comment on this matter and noted we all need to be aware of the cost and the money that is being spent on these environmental regulations. Mr. Elie stated this is a requirement from Peace II Agreement mitigation measures. Mr. Kavounas stated staff will give an update in January 2013 on this subject.

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

***Moved to approve the Cost Sharing Agreement Between Watermaster and the Inland Empire Utilities Agency Regarding the Prado Basin Habitat Sustainability Program, as presented***

**III. REPORTS/UPDATES****A. LEGAL REPORT**

1. Motion for Adoption of Restated Judgment, Transmittal of Annual Report, and Request for Approval of Intervention

Counsel Herrema stated this item is for the filing of the motion for adoption of the Restated Judgment, transmittal of the Annual Report, and the request for approval on an Intervention

which was filed on Monday, September 10, 2012. Counsel Herrema stated the Restated Judgment was approved by the Pools, Advisory Committee, and Watermaster Board and there was no deadline from the court to file that other than at Watermaster's convenience. Counsel Herrema stated the Annual Report was presented to the parties in July and approved by all. Counsel Herrema stated the intervention was approved by all Pools, Advisory Committee, and Watermaster Board back in February. Counsel Herrema stated what is typically done for filings, is to aggregate any intervention requests and try and file them collectively in groups to assist in saving on costs. Mr. Elie inquired if Judge Reichert is going to stay on the Watermaster case or leave when the court closes at the end of the year. Counsel Herrema stated he did not know that information at this time. Chair Kuhn inquired if there was going to be a confidential session today and Counsel Herrema stated there is a need for one today.

## **B. GM REPORT**

### **1. Recharge Master Plan Update/Storage Issues Review Process**

Mr. Kavounas stated there was a meeting of the Steering Committee last week, and at that meeting Watermaster's consultant, Wildermuth Environmental (WEI), prepared and presented a strawman proposal with the intent of stimulating conversation. Mr. Kavounas stated comments were asked for and were actually due yesterday; however, that deadline has been extended to October 8, 2012 to allow more time for preparation by the parties. Mr. Kavounas noted the Appropriative Pool sent a message to Watermaster stating they wanted to centralize their comments which he believes is a good step forward and they had also asked for an extension of time. Mr. Kavounas stated if parties have their comments prepared early, please submit them, and then staff will distribute them. Mr. Kavounas stated he has received comments from Geoffrey Vanden Heuvel and those will be distributed shortly. Chair Kuhn inquired if he heard correctly that this is a forty-five member committee and at this point it's growing. Mr. Kavounas stated the first meeting which he attended in August had approximately thirty attendees and the meeting in September had forty-five attendees. Chair Kuhn inquired as to why there are so many people attending that meeting and it appears a lot of money is being spent on attending those meetings. Mr. Kavounas stated there are a lot of people involved. Mr. Vanden Heuvel stated the Recharge Master Plan Update (RMPU) is an obligation that Watermaster has to the court and embedded in it is a lot of policy. Mr. Vanden Heuvel stated there are a number of issues out there and we can hear talk of maybe a Peace III being needed because there are still some unresolved issues out there; we are at a point where we have to make decisions, and there is the court's requirement of this RMPU which is driving a schedule. Mr. Vanden Heuvel stated it is a complicated issue and there are a lot of appropriators and others, who have interest in it. Mr. Vanden Heuvel stated large participation tells you, you got an issue that a lot of people feel is really important; no one really wants to waste their time. Mr. Vanden Heuvel stated he is engaged himself in this process and, as mentioned by the GM, has provided comments on this important issue. Mr. Vanden Heuvel stated this is one of those big picture policy directional type efforts which are why there is a lot of participation. Mr. Vanden Heuvel offered further comment on this matter and the processes/discussions that have been taking place at those meetings. Mr. Vanden Heuvel stated this is a big issue and it is going to be a challenge to Watermaster and the parties. Chair Kuhn thanked Mr. Vanden Heuvel for his comments and noted that he maybe should be taking a bigger concern over an item that all of a sudden has a room of forty-five people. Chair Kuhn stated he thought a small committee was formed for this subject and that committee would bring back suggestions and eventually come back through the Watermaster process with recommendations; however, it appears it has gone way beyond that. Mr. Vanden Heuvel stated this is one of those times Mr. Chairman where it's about who benefits and who pays, and whenever you talk about who benefits and who pays in an interest based organization like this, everyone wants to be in the room. Chair Kuhn stated he understands that everyone is watching out for their interests.

2. Water Activity Reports (WARs)

Mr. Kavounas stated presently there are only three WAR's not received.

Added: Storage

Mr. Vanden Heuvel inquired if Mr. Kavounas had reported on storage. Mr. Kavounas stated the storage issue review process is taking a backseat, for now, to the RMPU. Mr. Kavounas stated he agrees with Mr. Vanden Heuvel's comments about how important the process is and how engaged the parties are; however, at this point in time we all need to focus more on the RMPU process. Mr. Vanden Heuvel stated the last he heard was that the Appropriative Pool had a process that they were working through to see if they could come up with a consensus within their Pool on storage. Mr. Vanden Heuvel stated we have a lot of water in storage and he believes all of those agreements have expired, Mr. Vanden Heuvel stated something needs to be done by using a true and ethical legal process, this is not something that can be left unresolved indefinitely. Mr. Vanden Heuvel offered further comment on this matter and noted he believes there are good resolutions that are possible and our goal should be to do a global deal that resolves it all.

3. Other Activities

Mr. Kavounas stated this is his first Watermaster Board meeting and he wanted to thank everyone on the Board and noted he has been able to meet individually with each Board member, and would like to continue with those types of meetings as time permits. Mr. Kavounas stated he has also had the opportunity to meet with most of Watermaster staff on a one-on-one basis to become familiar with that they do and how they relate to one another.

Mr. Kavounas stated he has extended Mr. Jeske's services through the month of October because he has been absolutely invaluable as a reference.

Mr. Kavounas stated he has had the opportunity to meet with Tom Love and Craig Miller from Inland Empire Utilities Agency to discuss projects and funding.

Mr. Kavounas stated Watermaster has issued a letter of support for the City of Upland's grant application for a 23 acre-foot retention percolation basin.

Mr. Kavounas stated he attended a GRCC meeting, which was very interesting and noted for now, he will continue to keep attending these informative meetings.

Mr. Kavounas stated Watermaster is planning a tour of the basins which will be limited in scope because the basin is very large. Staff has identified two dates for consideration for this tour which are October 23<sup>rd</sup> or November 5<sup>th</sup>. Board members were asked to sign the signup sheet for which date would work best for their schedule. Mr. Kavounas stated staff is working with WEI on planning this tour.

Mr. Kavounas stated his reception has been extremely positive and he thanked the parties and staff.

**IV. INFORMATION**

1. Cash Disbursements for August 2012

No comment was made.

**V. BOARD MEMBER COMMENTS**

Mr. Rogers thanked all for welcoming him to the Watermaster family. Mr. Vanden Heuvel welcomed Peter Rogers and offered comment on Mr. Bill Kruger.

**VI. OTHER BUSINESS**

Chair Kuhn read the framed Commendation. Chair Kuhn stated he will try and attend with Peter, if not then Peter Kavounas will attend the October 9, 2012 City of Chino Hills council meeting to present Mr. Kruger his Commendation.

The regular open Watermaster Board meeting was convened to hold its confidential session at 11:31 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. Paragraph 31 Appeal
2. Watermaster Pool Membership

The confidential session concluded at 12:13 p.m.

Counsel Herrema reported the action taken from the confidential session:

Moved to approve a settlement among Watermaster, the Appropriative Pool, and California Steel Industries, Inc. (CSI) finally resolving their pending dispute regarding the Purchase and Sale Agreement between Watermaster and the Overlying (Non-Agricultural) Pool - (otherwise referred to as the Paragraph 31 Appeal), with authorization for the Chair to execute the Settlement Agreement.

**VIII. FUTURE MEETINGS AT WATERMASTER**

Tuesday, September 25, 2012	9:00 a.m.	GRCC Meeting
Thursday, September 27, 2012	11:00 a.m.	Watermaster Board Meeting
<del>Thursday, October 4, 2012</del>	<del>10:00 a.m.</del>	<del>CB RMPU Steering Comm. and Storage Mtg.</del>
Thursday, October 11, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, October 11, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, October 11, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, October 18, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, October 18, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, October 18, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, October 25, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Kuhn adjourned the Watermaster Board meeting at 12:15 p.m.

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

Minutes Approved: October 25, 2012