

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

June 27, 2013

The Watermaster Board meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on June 27, 2013 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Bob Kuhn, Chair
Jim Curatalo
Bob Craig
Steve Elie
Bob Bowcock
Paul Hofer
Jeff Pierson for Geoffrey Vanden Heuvel
Charles Field

Three Valleys Municipal Water District
Fontana Union Water Company
Jurupa Community Services District
Inland Empire Utilities Agency
Vulcan Materials Company (Calmat Division)
Agricultural Pool
Agricultural Pool
Western Municipal Water District

WATERMASTER BOARD MEMBERS ABSENT

Peter Rogers

City of Chino Hills

Watermaster Staff Present

Danielle Maurizio
Joseph Joswiak
Janine Wilson
Brenda Corona

Assistant General Manager
Chief Financial Officer
Recording Secretary
Recording Secretary

Watermaster Consultants Present

Scott Slater
Mark Wildermuth

Brownstein Hyatt Farber & Schreck
Wildermuth Environmental Inc.

Others Present

Bob Feenstra
Brian Geye
David DeJesus
Marty Zvirbulis
Jo Lynne Russo-Pereyra
Dave Crosley
Nadeem Majaj
Sheri Rojo
Terry Catlin
Curtis Paxton
Jack Safely
Todd Corbin
Darron Poulsen
Chuck Hays
Sandra Rose
Rick Hansen
Ron Craig
Eunice Ulloa
Rick Rees

Ag Pool – Dairy
Auto Club Speedway
Three Valleys Municipal Water District
Cucamonga Valley Water District
Cucamonga Valley Water District
City of Chino
City of Chino Hills
Fontana Water Company
Inland Empire Utilities Agency
Chino Desalter Authority
Western Municipal Water District
Jurupa Community Services District
City of Pomona
City of Fontana
Monte Vista Water District
Three Valleys Municipal Water District
City of Chino Hills
Chino Basin Water Conservation District
Ag Pool – State (Amec)

Chair Kuhn called the Watermaster Board meeting to order at 11:02 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There was one addition and no reorders made to the agenda.

A third item was added under Confidential Session: "Contract Negotiation."

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Board Meeting held May 23, 2013

B. FINANCIAL REPORTS

1. Disbursements for the month of April 2013
2. Watermaster VISA Check Detail for the month of April 2013
3. Combining Schedule for the Period July 1, 2012 through April 30, 2013
4. Cash Treasurer's Report of Financial Affairs for the Period April 1, 2013 through April 30, 2013
5. Budget vs. Actual Report for the Period July 1, 2012 through April 30, 2013

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The purchase of 2,000.000 acre-feet of water from the City of Upland by Fontana Water Company. This purchase is made from the City of Upland's storage account. Date of Application: April 8, 2013
2. **Consider Approval for Notice of Sale or Transfer** – The purchase of 6.500 acre-feet of water from The Nicholson Trust by Fontana Water Company. This purchase is made from The Nicholson Trust's Annual Production Right/Operating Safe Yield first, then any additional from storage. Date of Application: April 17, 2013
3. **Consider Approval for Notice of Sale or Transfer** – The purchase of 782.000 acre-feet of water from San Antonio Water Company by the City of Ontario. This purchase is made first from San Antonio Water Company's net underproduction in Fiscal Year 2012-13, with any remainder to be recaptured from storage. The City of Ontario is utilizing this transaction to produce its San Antonio Water Company shares. Date of Application: May 1, 2013

D. WATERMASTER LEGAL COUNSEL RATES SCHEDULE

Consider Approval of the Updated Brownstein Hyatt Farber Schreck Rate Schedule.

Motion by Paul Hofer, second by Charles Field, and by unanimous vote

Moved to approve Consent Calendar Items A through D, as presented

II. BUSINESS ITEMS**A. RECHARGE MASTER PLAN UPDATE AMENDMENT**

Approve Section 5 titled "Monitoring, Reporting, and Accounting Practices to Estimate Long -Term Average Annual Net New Stormwater Recharge."

Ms. Maurizio reported that Section 5 of the RMPU Amendment is for the monitoring, reporting, and accounting of MS4 recharge. The hybrid alternative is the one that has been proposed by the Steering Committee and Pools. Draft No. 5 of Section 5 is included in the package. This version (Draft No. 5) reflects changes that have been made up until this point, as approved by the Advisory Committee. There have been discussions about incentivizing recharge, which is not included within the scope of Task 5. Watermaster needs to move forward so that we can complete the Amendment in time to have it to the Court in October. The MS4 credit issue is on the long list of issues for WM to address (from Refresh, Recharge, and Reunite topics). Section 5 was approved by majority vote at the Appropriative Pool and Agricultural Pool, by unanimous vote at the Non-Agricultural Pool, and by majority vote by the Advisory Committee. Staff's recommendation is for the Board to approve Section 5, as presented.

Sheri Rojo with Fontana Water Company (FWC) stated that FWC was one of the Parties who voted against approving Section 5. MS4 allows for recharge within the Basin, so the developed land has a requirement to recharge the water that hits that land. FWC is looking for opportunities to be incentivized to increase capture of water within the Basin and obtain some credit. The 2010 Recharge Master Plan states if a Party develop recharge, it will be allowed to receive credit for it. During this phase of the Recharge Master Plan the Parties were advised that reallocation would be addressed later, then advised that allocation would not be addressed at all; however, Section 5 does address allocation because by doing nothing any water that's recharged, automatically gets credited to the Parties based on their Operating Safe Yield, so it will all go back and added to the Safe Yield of the Basin. What is disconcerting from a basin management standpoint is that water that would otherwise be recharged and increase in capture is not encouraged; once the land is developed, that opportunity is going to be lost. This is a big concern for the City of Fontana and FWC, which is why FWC has continued to request this be addressed. This is why FWC voted no on Section 5. Ms. Rojo further stated that this was a Pool topic, but now believes Watermaster is handling it, and Watermaster stated it would take about six months before this concern can be addressed. Ms. Maurizio confirmed it would take at least six months to address and stated it was a topic that was brought up during the Refresh, Recharge, and Reunite process; however, CBWM is following what the court ordered. Mr. Kuhn asked if there is still going to be opportunity for FWC to discuss this concern, and Ms. Maurizio stated yes.

Mr. Hays, City of Fontana Public Works Director, commented on the Task 5 document. He stated it was set up to develop, monitor, and record, but by the document remaining silent on the allocation of the water, it all goes back to Operating Safe Yield. The parties without any Operating Safe Yield can make it difficult for them to improve the situation they are in. Any recharge FWC can recharge in the Basin is what we should be looking at for the future generations, 20-30 years from now. If we don't take action now and do all the recharge that we can, we're never going to be able to do when everything is developed. There was simple language in the 2010 Recharge Master Plan Update, Section 7.1, it speaks to the Parties that go above and beyond minimum MS4 compliance should receive credit for the recharge that is captured. Mr. Hayes asked why was this language was removed, if that language is actually a tool that can allow the Basin to maximize recharge and put the basin water to maximum beneficial use.

Mr. Wildermuth commented that he wrote the report that Mr. Hays is referring to. We had a stakeholder process and we talked about this. The sections came through in pieces and that language did make it in to the final draft. When Watermaster went to court, the recommendation was silent as to the allocation; it stated how to move forward with other portions of it, and that's why there is a distinction. The Court did not order what Mr. Hays is referring to what's in the final document. The concept at that time was to get more recharge and that seemed like a management tool that could be used, so Mr. Wildermuth made it as a recommendation. The Court's order did not specify any type of allocation. Mr. Slater stated that Staff's response is the issue of allocation in characterization of the water can be addressed a little later. No one is suggesting that the arguments that are being made with regard to how the water should be allocated, provided for, or that there's been a decision as to predicate facts for that. It is something that Staff would prefer to address later and stay on track now. The suggestion is to wait as more time is needed to discuss the allocation. A letter was written to Mr. Jacobs, attorney for the City of Fontana, on June 10, 2013 which expressly states that this issue is being reserved.

More discussion ensued

Ms. Maurizio stated pages 81 and 82 of the meeting package discuss what was in the 2010 Recharge Master Plan Update, and what was placed in to the Order. The conversation about accounting for New Yield was included, but what was not placed in there were items 1 and 2 of the Update that talked about incentivizing it. That was not placed into the court order which is

why we're not addressing it right now. As for the six months waiting period until Watermaster can discuss this issue; one of the items Ms. Maurizio was going to report today under the GM report is that Mr. Kavounas has been compiling the issues that came out of Refresh, Recharge, and Reunite, and when he returns from his vacation he intends to discuss this with the Board and prioritize everything.

Mr. Bowcock stated he would like to go on record that our intent is to reward those that embark on projects, and we are going to encourage staff to take that up as an issue now.

Further discussion ensued.

Mr. Slater stated in the process of trying to comply with the precise requirements of the Court, it was viewed that Watermaster was over-performing in WEI's initial report. It was a collected decision to be made, that we would not try to do all at once, but break it down and address certain things sequentially, so we agreed to what we could agree to at that time, and deferred a portion. What has come before you now, are represented by Staff as sufficient to comply and stay on schedule. There is a clear legal policy, and economic issue that pertains to how the water is allocated that has not been addressed and is being reserved. The questions Parties are asking are: When should it be addressed, how soon, and by whom? That is why Staff stated it's about six months out. Parties can direct Staff to come back with a schedule or a process under which it's going to be handled, but for right now Staff's recommendation is to sequence it, and not include it at this time. The City of Fontana and FWC are suggesting it get included now.

Motion by Bob Kuhn, second by Jim Curatalo; roll call vote was taken

Bob Bowcock – Yes	Bob Craig – Yes	James Curatalo – Yes
Steve Elie – Yes	Charlie Field – Abstain	Paul Hofer – Yes
Jeff Pierson – Yes	Bob Kuhn – Yes	

Move to approve Staff's recommendation to adopt Section 5 by unanimous vote with Director Field abstaining

B. BUDGET TRANSFER FORM T-13-04-01

Consider Staff's Recommendation to Approve Budget Transfer Form T-13-04-01.

Watermaster CFO, Joe Joswiak, stated as discussed over the last four or five months in the financial reports B5, CBWM created the estimated budget for salary purposes as to allocation within the administrative, OBMP, and the implementation projects. Over the past four or five months we've had staff shifting of priorities, so we're getting a little farther away from our original estimates. Transfer Form T-13-04-01 reallocates some salary funds within the salary categories and absorbs some of those costs, but it does not allocate any funds to any other categories, for example: legal, engineering, and reserve. It will not cause any special assessments, but it will bring our salaries back into budget for the end of the year. No questions or comments were made.

Motion by Jeff Pierson, second by Bob Bowcock, and by unanimous vote

Moved to approve Business Item B, as presented.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Annotated Judgment

Mr. Slater gave a report and received direction from the Board to prepare a strawman draft of an Annotated Judgment and circulate among the Pools.

2. CDA Request re Remediation of Chino Airport Groundwater Plume

Mr. Slater gave a report

3. Court Filings

Mr. Slater gave a report and requested the Board's support to request a 30 day extension to review the MWD concerns regarding Cyclic Storage the Agreement and its content. Mr. Slater also stated the Ag Pool Filing would be extended for the purpose of efficiency. The Board unanimously agreed.

4. Santa Ana Sucker Appeal

Mr. Slater gave an update

B. ENGINEERING REPORT

State of the Basin Part II Presentation

Mr. Wildermuth gave an update

C. GM REPORT

1. Prado Basin Habitat Sustainability Program Update

Ms. Maurizio gave an update

2. Watermaster Policy on Well Data Gathering and Reporting

Ms. Maurizio gave an update

3. Sunding Report Update

Ms. Maurizio gave an update

4. Consider Cancelling July Meeting

Ms. Maurizio gave an update

5. June 18, 2013 Ethics & Sexual Harassment Prevention Training

Ms. Maurizio gave an update

6. Other

Ms. Maurizio reported the meeting changes and stated the updated schedule is in the meeting package.

IV. INFORMATION

Cash Disbursements for May 2013

V. BOARD MEMBER COMMENTS

Mr. Craig requested a monthly informational update on the two plumes and status on the Wineville Basin Proof of Concept Project.

VI. OTHER BUSINESS

The regular open Watermaster Board meeting was convened to hold its confidential session at 12:15 p.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. Potential Litigation

2. In Re: CalPers Appeal

Mr. Slater reported that the Board has authorized legal counsel to file an additional appeal

3. Contract Negotiation

The confidential session concluded at 12:26 p.m.

There was one reportable action from the confidential session.

VIII. FUTURE MEETINGS AT WATERMASTER

Tuesday, June 18, 2013	T.B.A.	Safe Yield Recalculation Workshop
Tuesday, June 25, 2013	9:00 a.m.	GRCC Meeting
Thursday, June 27, 2013	11:00 a.m.	Watermaster Board Meeting
Thursday, July 11, 2013	10:00 a.m.	RMPU Amendment Steering Committee Meeting
Thursday, July 11, 2013	1:30 p.m.	Agricultural Pool Special Confidential Session
Thursday, July 18, 2013	9:00 a.m.	Appropriative Pool Special Meeting
Thursday, July 18, 2013	10:00 a.m.	RMPU Amendment Steering Committee Meeting
Thursday, July 25, 2013	9:00 a.m.	Watermaster Board Special Confidential Session
Thursday, July 25, 2013	10:00 a.m.	RMPU Amendment Steering Committee Meeting
Tuesday, July 30, 2013	T.B.A.	Safe Yield Recalculation Workshop
Thursday, August 29, 2013	10:00 a.m.	RMPU Amendment Steering Committee Meeting

Chair Kuhn adjourned the Watermaster Board meeting at 12:26 p.m.

Secretary: _____

Minutes Approved: September 26, 2013