

**MINUTES**  
**CHINO BASIN WATERMASTER**  
**NON-AGRICULTURAL POOL MEETING**

May 14, 2015

The Non-Agricultural Pool meeting was held at the offices of Chino Basin Watermaster and via conference call using the Chino Basin Watermaster conference call number on May 14, 2015.

**NON-AGRICULTURAL POOL MEMBERS PRESENT AT WATERMASTER**

Brian Geye, Chair	Auto Club Speedway
Bob Page	County of San Bernardino

**NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL**

Bob Bowcock, Vice-Chair	Calmat Company (Vulcan Materials)
Ken Jeske	California Steel Industries (CSI)
Tom O' Neill	Ontario City Non-Agricultural
David Penrice	Aqua Capital Management LP

**WATERMASTER STAFF PRESENT AT WATERMASTER**

Peter Kavounas	General Manager
Danielle Maurizio	Assistant General Manager
Joseph Joswiak	Chief Financial Officer
Anna Truong	Recording Secretary
Janine Wilson	Recording Secretary

**WATERMASTER CONSULTANT PRESENT AT WATERMASTER**

Brad Herrema	Brownstein Hyatt Farber Schreck, LLP
Mark Wildermuth	Wildermuth Environmental, Inc.
Andy Malone	Wildermuth Environmental, Inc.
Veva Weamer	Wildermuth Environmental, Inc.

**NON-AGRICULTURAL POOL COUNSEL PRESENT ON CALL**

Allen Hubsch	Hogan Lovells US, LLP
--------------	-----------------------

**OTHERS PRESENT AT WATERMASTER**

Pete Hall	State of California – CIM
-----------	---------------------------

**OTHERS PRESENT ON CALL**

Ramsey Haddad	California Steel Industries (CSI)
---------------	-----------------------------------

**CALL TO ORDER**

Chair Geye called the Non-Agricultural Pool meeting to order at 11:05 a.m.

**ROLL CALL**

Ms. Wilson conducted the roll call.

**AGENDA - ADDITIONS/REORDER**

(0:02:10) Ms. Maurizio suggested that Item III.B.2. Engineer Report on Land Subsidence Committee be taken before Business Item II.D., the proposed Fiscal Year 2015/16 Budget as it impacts the budget. (0:04:10) The Pool declined the reorder.

**I. BUSINESS ITEMS - ROUTINE****A. MINUTES**

1. Minutes of the Non-Agricultural Pool Meeting held April 9, 2015

(0:02:01)

*Motion by Mr. Bob Page, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to receive and file Business Item I.A. as presented.***

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of March 2015
2. Watermaster VISA Check Detail for the month of March 2015
3. Combining Schedule for the Period July 1, 2014 through March 31, 2015
4. Treasurer's Report of Financial Affairs for the Period March 1, 2015 through March 31, 2015
5. Budget vs. Actual Report for the Period July 1, 2014 through March 31, 2015

(0:04:35)

*Motion by Mr. Bob Page, seconded by Mr. Tom O'Neill. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to receive and file Business Item I.B. without approval as presented.***

**C. WATER TRANSACTIONS**

1. Notice of Sale or Transfer – The purchase of 5,000.000 acre-feet of water from the City of Upland by Fontana Water Company. This purchase is made from the City of Upland's Annual Production Right /Operating Safe Yield first, then any additional from storage (Excess Carryover Account).

(0:04:55) Ms. Maurizio noted the change to the language on Consent Calendar Item I.C.1. had been changed from "This purchase is made from the City of Upland's Annual Production Right /Operating Safe Yield first, then any additional from storage (Excess Carryover Account)" to "This purchase is made from the City of Upland's Excess Carryover Account" as requested by the City of Upland. The Watermaster notice properly identified the transaction.

(0:06:35)

*Motion by Mr. Bob Page, seconded by Mr. Ken Jeske. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to approve staff recommendation of Business Item I.C.1. as revised and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

2. Notice of Sale or Transfer - The purchase of 4.500 acre-feet of water from The Nicholson Trust by Fontana Water Company. This purchase is made from The Nicholson Trust's Annual Production Right (Appropriative Pool) or Operating Safe Yield (Non-Agricultural Pool). Date of application: April 20, 2015.

3. Notice of Sale or Transfer - The permanent transfer of 282.981 acre-feet of Safe Yield from Aqua Capital Management by the City of Ontario (Non-Ag), effective as of the beginning of fiscal year 2015/16.

(0:07:50)

*Motion by Mr. Ken Jeske, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to approve staff recommendation of Business Item I.C.2 and I.C.3 as presented and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

## **II. BUSINESS ITEMS**

### **A. INTEGRATED RESOURCES PLAN – GROUNDWATER MODELING REIMBURSEMENT AGREEMENT**

Recommend Advisory Committee approval of the Reimbursement Agreement.

(0:08:59) Ms. Maurizio gave a report.

(0:09:55)

*Motion by Mr. Ken Jeske, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to approve staff recommendation of Business Item II.A., and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

### **B. CITY OF ONTARIO AGREEMENT FOR THE CONDITIONAL CONTRIBUTION OF SAFE YIELD TO OFFSET FUTURE DESALTER REPLENISHMENT**

Review and recommend Board action as to the proposed Agreement for the Conditional Contribution of Safe Yield to Offset Future Desalter Replenishment with the City of Ontario.

(0:10:17) Ms. Maurizio gave a report. Mr. O'Neill requested Non-Agricultural Pool representation on the ad hoc committee that was formed at the Appropriative Pool meeting. A discussion ensued.

(0:22:42)

*Motion by Mr. Ken Jeske, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to approve Advisory Committee approval of the proposed Agreement, and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

**C. CITY OF ONTARIO OVERLYING (NON-AGRICULTURAL) POOL PROPOSED WATER RIGHT USE AND PROPOSED METHODOLOGY**

Provide advice and counsel to Watermaster in regard to Ontario's proposed use. If the proposed use is deemed proper, Watermaster is also seeking advice and counsel on an acceptable assignment methodology when one meter irrigates both City public right of way and the commercial/industrial customer's property.

(0:23:56) Ms. Maurizio gave a report indicating the same ad hoc committee formed for Business Item II.B. will also be addressing Business Item II.C. A discussion ensued.

(0:31:44)

*Motion by Mr. Ken Jeske, seconded by Mr. Bob Page. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to defer action on Business Item II.C., and approve the Non-Agricultural Pool Chair and any other interested persons from the Non-Agricultural Pool to attend the Appropriative Pool ad hoc committee to further discuss.***

**D. WATERMASTER FISCAL YEAR 2015/16 PROPOSED BUDGET**

Recommend Advisory Committee approval of the Proposed FY 2015/16 Budget as presented.

(0:34:37) Mr. Joswiak gave a presentation. A discussion ensued.

(01:02:01)

*Motion by Mr. Ken Jeske, seconded by Mr. Bob Page. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.*

***Moved to approve staff recommendation of Business Item II.D., and direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate. In making and adopting the action, the Pool directed that the minutes reflect that the Pool may not be obligated under the Judgment to pay assessments for some of the costs included, that approval of the budget for these costs (and any other costs which the Pool is not obligated to pay) is and has been voluntary, and that the members of the Pool reserve the right not to approve such budget in the future. The Pool also directed Watermaster staff to verify that no administrative expenses of the Agricultural Pool are included in the portion of the budget for which the Non-Agricultural Pool has been, is or will be assessed, and to provide a report of such verification at the June meeting of the Pool.***

**E. SAFE YIELD RECALCULATION AND RESET (Discussion Only)**

(1:07:57) Mr. Kavounas gave a report. A discussion ensued.

**F. MEMBER STATUS CHANGES (For Discussion and Possible Action)**

1. Any proposed transfer of Safe Yield by a Member. (See item I.C.3 above).
2. Any transfer of Safe Yield that has actually closed or been completed.
3. Any change in name or corporate identity of a Member (such as results from a merger or filing of a change of name certificate).
4. Any change in the name of a representative or alternate representative of a Member, or a change in e-mail address for either such person.

- Watermaster was informed on April 25, 2015 that Charles Linder will be leaving NRG California South, LP (NRG). Staff reached out to Mr. Linder on April 27, 2015 asking for an updated letter of Non-Agricultural Pool (NAP) representation. A letter will be sent to Watermaster shortly. Richard Darnell continues to be NRG's primary representative on the NAP.

(1:09:15) Chair Geye reported the NRG staff change as noted in Business Item II.F.4 above.

(1:09:42) Mr. Kavounas noted for Business Item II.F.1 of the permanent Safe Yield transfer from Aqua Capital Management by the City of Ontario (Non-Ag), effective as of the beginning of fiscal year 2015/16.

### **III. REPORTS/UPDATES**

#### **A. LEGAL COUNSEL REPORT**

1. SGMA Basin Boundary Revisions Rulemaking Process

(1:10:19) Mr. Herrema gave a report.

#### **B. ENGINEER REPORT**

1. State of the Basin Report – Part 2
  - Groundwater Quality
  - Land Subsidence
2. Land Subsidence Committee Update
  - Work plan to develop a subsidence management plan for North MZ-1 area
  - 2014 Annual Report
  - Update to MZ-1 Plan

(1:14:07) The Pool deferred and will hear the Engineer reports at Advisory Committee.

#### **C. CFO REPORT**

None

#### **D. GM REPORT**

1. CBWM 35<sup>th</sup> Annual Report
2. Other

(1:14:37) Mr. Kavounas gave a report.

### **IV. INFORMATION**

1. Cash Disbursements for April 2015
2. Recharge Investigations and Projects Committee (RIPCom)

(1:15:09) Mr. Jeske noted that the East Declez project will be moving forward.

### **V. POOL MEMBER COMMENTS**

(1:15:32) Chair Geye noted that the language used for the motion by the Pool for the Assessment Package in November of 2014 will also need to be incorporated into the motion for the approval of the Fiscal Year 2015/16 Budget. Mr. Hubsch will compile and send the language to staff.

**VI. OTHER BUSINESS**

None.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Chair Geye called for a confidential session at 12:20 p.m. to discuss the following:

1. Safe Yield Recalculation and Reset
2. Non-Agricultural Pool Quorum
3. Legal Fee Budget

Confidential session concluded at 1:02 p.m. with the following reportable actions:

1. The Pool agreed to another \$60,000 special assessment for the legal fee budget that will be allocated as done in prior years.
2. The Pool changed its quorum requirements and the change is captured in the attachment to these minutes.

**ADJOURNMENT**

Chair Geye adjourned the Non-Agricultural Pool meeting at 1:04 p.m.

Attachment: 20150514 NAP Public Report (Attachment to Minutes)

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

Approved: June 11, 2015 \_\_\_\_\_