

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

June 22, 2006

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on June 22, 2006 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Nathan deBoom, Chair

Ag Pool/Dairy

Appropriative Pool

Ken Jeske

City of Ontario

Mike McGraw

Fontana Water Company

Chris Diggs

Fontana Union Water Company

Dave Crosley

City of Chino

Jim Taylor

City of Pomona

Charles Moorrees

San Antonio Water Company

J. Arnold Rodriguez

Santa Ana River Water Company

Rich Atwater

Inland Empire Utilities Agency

Non-Agricultural Pool

Justin Scott-Coe

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Ken Willis

West End Consolidated Water Company

John Anderson

Inland Empire Utilities Agency

Watermaster Staff Present

Kenneth R. Manning

Chief Executive Officer

Sheri Rojo

CFO/Asst. General Manager

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sherri Lynne Molino

Recording Secretary

Watermaster Consultants Present

Michael Fife

Hatch & Parent

Mark Wildermuth

Wildermuth Environmental Inc.

Evelyn Kim

Hatch & Parent

Others Present

Steven G. Lee

Ag Pool Legal Counsel

Martha Davis

Inland Empire Utilities Agency

Jennifer Novak

State of California

Rick Rees

DOS/CIM

Edward Gonsman

State of California CIM

The Advisory Committee meeting was called to order by Chair deBoom at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No comment was made regarding this item.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held May 25, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through April 30, 2006
3. Treasurer's Report of Financial Affairs for the Period April 1, 2006 through April 30, 2006
4. Profit & Loss Budget vs. Actual July through April 2006

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.623 acre-feet and annual production rights in the amount of 8.000 acre-feet. Date of application: April 14, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 2,000 acre-feet. Date of application: April 7, 2006

D. NOTICE: MAYER, HOFFMAN & McCANN TO PERFORM AUDIT FOR 2005-2006 FISCAL YEAR ENDING JUNE 30, 2006

E. CHINO BASIN WATERMASTER 28TH ANNUAL REPORT

Motion by Taylor, second by McGraw, and by unanimous vote

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

II. BUSINESS ITEMS

A. PEACE II TERM SHEET

Mr. Manning stated this item has gone through the Pool process with unanimous approval. Counsel and staff are available for any input at this time. Mr. Manning stated staff is seeking an approval to take this item to the Watermaster Board.

Motion by Taylor, second by Crosley, and by unanimous vote

Moved to approve the non-binding Peace II Term Sheet as a template approach for the development of final agreements and to forward the non-binding Term Sheet to the Watermaster Board with the recommendation for approval, as presented

B. JOINT CHINO BASIN WATERMASTER/IEUA CHINO BASIN DATA EXCHANGE (DATA X) SYSTEM DEVELOPMENT AGREEMENT AMENDMENT

Mr. Manning stated Chino Basin Watermaster (CBWM) is involved with the DataX Program which is combined effort between Inland Empire Utilities Agency (IEUA) and CBWM to share a database and to develop a program by which we can simplify the collection and distribution of data within the basin to one database. There would be enough security built into this database so that all parties are protected in terms of the information that is being released. The first two phases are almost complete and staff is now looking at the start of the third phase. The program has three different components: 1) direct data input by all Appropriative Pool data generators; including groundwater production, groundwater level, IEUA imported water certifications, and other data as needed for Watermaster and IEUA reports. A test with two different agencies is currently underway for this data input by Cucamonga Valley Water District and the City of Chino. Secondly displaying of recharge basin calculated/results SCADA data. And finally interfacing the imported and recycled water system with the IEUA billing system. Mr. Manning stated most of the development work is being accomplished by Wildermuth Environmental with support from CBWM and IEUA's staff as necessary. CBWM and IEUA

have each agreed to pay one half of Wildermuth's charges for Phase III of the project. Mr. Manning stated both CBWM and IEUA are very satisfied with the system/program which meets our needs. Staff is recommending the approval of the Phase III agreement. Mr. Manning stated there is great value to this program that will be invaluable over time and will well pay for itself in the combination of efforts which are currently being duplicated by several parties.

Motion by Jeske, second b Crosley, and by unanimous vote

Moved to approve the Chino Basin Watermaster/Inland Empire Utilities Agency Chino Basin Data Exchange (DataX) System Development Agreement amendment, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. OCWD PEIR Comments

Counsel Fife stated copies are available of Watermaster's comments to the OCWD PEIR regarding their Santa Ana Water Rights Application in the meeting packet. As was reported, counsel submitted short and friendly comments. Counsel Fife stated OCWD PEIR states they have no intention of seeking any rights against any up stream entity. The substance of our comments were, that in our view, their PEIR relies upon an expectation that nothing is done in their water rights application that will in any way affect the Chino Basin. If it does affect us then there are impacts that result from their project which were not analyzed by their environmental documents; making their environmental documents inadequate. Included in the meeting packet were also Western and Muni's comment letter which followed our general substance.

2. RWQCB Waste Discharge Permit Update

Counsel Fife stated this is a process regarding the Santa Ana River. At a public workshop that the State Board held on Waste Discharge Permits, Muni made a lengthy presentation. The result of that presentation and from some of their comments was that the Regional Board asked SAWPA to convene a stakeholder process including everyone in the Santa Ana Watershed for discussion purposes. Counsel Fife stated it is staff's expectation that Watermaster's consultants and/or counsel will participate in those meetings at some level; those meetings have not yet started. Muni has contacted Watermaster and wants to schedule a meeting to inquire about what Watermaster has done with regard to Maximum Benefit because they are now interested in doing the same thing.

3. North Gualala Decision

Counsel Fife stated last week the appellate court for the North Gualala case issued its decision. This was a case regarding the North Gualala Water Company which is pumping groundwater near a river and the State Board took an enforcement action against the water company and said that they were pumping from the river without a permit. Their response was that they were pumping from a groundwater basin and not from the river. The reason this is of interest to the Chino Basin is because at the lower court level the court supported the State Board. The court found there was jurisdiction of the State Board over the water company, however, the court stated North Gualala's pumping impacts the river, and therefore there is jurisdiction. The case then went to the appellate level and the appellate decision has come out. The appellate court clearly states that the impacts test is not the test which is used in California for State Board jurisdiction. The appellate court did uphold State Board jurisdiction over North Gualala pumping, however, it used the normal four part Garrapata test which analyzes whether there is a bed and banks and an underground stream and other items recited in the Water Code.

B. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated there has been 46,000 acre-feet of recharge through the month of May. In June we should bring in approximately 3,000-3,500 acre-feet of imported water. These totals will bring us up almost to our goal of 50,000 acre-feet for the year. Looking towards the next fiscal year, there are items both physical and operational that staff is working on. For the physical improvements staff will be selecting a design consultant for the two new turnouts on the Rialto Pipeline plus some other improvements to the SCADA system. In regards to the operations, a meeting took place at the Department of Safety and Dams (DSOD) to discuss four of our basins: 1) San Sevaine #5, 2) Jurupa, 3) Hickory, and 4) the new Etiwanda Conservation ponds. When we have a major storm these basins have the ability to hold back a lot of the storm water for recharge. The DSOD put a requirement on those basins that within 24 hours after the pass of the storm event the sluice gate has to be raised and the basin drawn down. This only allows us a day or so to capture water for recharge. In the meeting with the DSOD we tried to determine the basis for their 24 hour release decision. When their decision was made, it was in the early 90's and several of the people who made that decision were still available for comment. The DSOD's decisions were made for safety reasons due to the possibility of an earthquake and the possibility of liquefaction occurring within the basin. The DSOD's staff stated CBWM has some really interesting ideas and they would be pleased to go back and re-evaluate their 24 hour water release decision after they assess all the data we presented to them.

2. Legislative/Bond Update

Mr. Manning stated recently Geoff Vanden Heuvel and he made a trip to Sacramento as part of a meeting with the Southern California Water Committee combined with the Bay Area Counsel. During that visit, Mr. Manning stated he had a chance to meet with Senator Margett and the Senator has agreed to schedule a meeting with Senator Perada, to talk about upcoming water bond potentials and the re-submittal of the Simitian Bill. The Simitian Bill was the bill which introduced the concept of a bypass facility around the Delta. This was a very successful legislative trip.

3. MZ1 Committee Update

Mr. Manning stated there was an MZ1 Technical Committee tentatively scheduled for June 8, however, we are still trying to work with the City of Chino Hills and the meeting was postponed. Mr. Manning stated that in discussions with Chino Hills they are in preparation of a position that will be under consideration by the committee, although, we have not yet received that documentation.

4. Desalter I Production Update

Mr. Manning stated the Watermaster Board requested last month this item to be put on the agenda for information and discussion and a full report will be given at the Board meeting today.

Added Comment:

Mr. Manning stated a letter which was signed by Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) was sent to Hanson Aggregates addressing the recovery of damages for illegal discharges into the Day Creek Basin by Hanson Aggregates Inland Plant, was sent on June 5, 2006. The letter explains the extent and magnitude of physical and monetary damages caused by Hanson due to regular, illegal, and muddy water discharges from the Hanson Inland Plant into the Day Creek channel. Mr. Manning noted that IEUA and CBWM will initiate legal recourse if Hanson does not

provide an adequate response within 10 business days which outlines the means of making whole the specified \$1.2 million dollars in damage incurred due to their illegal action. The cost is for clean up and monies lost in recharge.

C. INLAND EMPIRE UTILITIES AGENCY

1. Recycled Water Update
Mr. Atwater stated there were several written reports included in the meeting packet for review and that Ms. Davis and himself were available for any questions. No questions or comments were presented to Mr. Atwater.
2. CCWRF Salinity Report
No comment was made regarding this item.
3. Monthly Water Conservation Programs Report
No comment was made regarding this item.
4. Groundwater Operations Recharge Summary
No comment was made regarding this item.
5. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
6. State/Federal Legislation Reports
No comment was made regarding this item.
7. Public Relations Report
No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. Newspaper Articles
No comment was made regarding this item.
2. Cost of Living Adjustment
No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

June 22, 2006	9:00 a.m.	Advisory Committee Meeting
June 22, 2006	11:00 a.m.	Watermaster Board Meeting
July 13, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
July 18, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 26, 2006	T. B. D.	Workshop for Peace II
July 27, 2006	9:00 a.m.	Advisory Committee Meeting
July 27, 2006	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 9:30 a.m.

Secretary: _____

Minutes Approved: July 27, 2006