

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

March 22, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on March 22, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Raul Garibay	City of Pomona
Anthony La	City of Upland
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company
Mark Kinsey	Monte Vista Water District
Mike McGraw	Fontana Water Company
Chris Diggs	Fontana Union Water Company
Justin Brokaw	Marygold Mutual Water Company
Charles Moorrees	San Antonio Water Company

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Agricultural Pool, Crops
Bob Feenstra	Agricultural Pool, Dairy

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Terry Catlin	Inland Empire Utilities Agency
Ken Willis	West End Consolidated Water Company
Charles Field	Western Municipal Water District

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.

Others Present

Bill Kruger	City of Chino Hills
Andy Campbell	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
John Anderson	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Steve Lee	Reid & Hellyer
Tom Crowley	West Valley Water District

Chair Jeske called the Advisory Committee meeting to order at 9:04 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held February 22, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2007
2. Combining Schedule for the Period July 1, 2006 through January 31, 2007
3. Treasurer's Report of Financial Affairs for the Period January 1, 2007 through January 31, 2007
4. Profit & Loss Budget vs. Actual July 2006 through January 2007

C. RESOLUTION 07-03

A Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2006-2007

D. STATUS REPORT 2006-02

Consider Approval of Status Report 2006-02

E. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007.
Date of application: January 22, 2007

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

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

II. BUSINESS ITEMS

A. PROPOSAL TO PERFORM THE SOCIOECONOMIC IMPACT ANALYSIS OF OBMP AND PEACE AGREEMENT

Mr. Manning stated the stakeholder non-binding term sheet calls for us to update the earlier analysis and Watermaster staff is proposing that Dr. Sunding, who performed the macro socioeconomic analysis, do the micro study as well. The proposal that is presented today is for a time and materials contract with Dr. Sunding. Staff is recommending moving forward with the scoping portion of the activity and then based upon Dr. Sunding's analysis of the amount of time and the costs associated with performing the analysis this proposal will be brought back for another review incorporating the scoping plan and updated costs. Mr. Kinsey noted at the Appropriative Pool meeting this item was discussed in a two step process. Mr. Kinsey noted he has concerns with the work that Dr. Sunding will be performing because it is stated it is to be confidential; however, several parties have assured him information would be readily available. Mr. Kinsey inquired if there are no problems with people seeing the information, then why is the contract not amended to remove the words confidential to allow parties to see Dr. Sunding's collected information at will. Counsel Fife stated this structure was proposed because this is how the macro analysis contract was adopted and all parties seemed comfortable with the way that contract was set up. The concerns addressed at the Appropriative and Non-Agricultural Pool meeting was that Dr. Sunding will be meeting individually with agencies and parties who are not public entities may be giving him protected /non-public information. This is a way to allow those entities to be open and candid with Dr. Sunding without worrying that something will get into the public record. Counsel Fife stated we do not have a strong commitment to however we do this contract, whether it is directly through Watermaster or whether it is through

legal counsel and therefore protected by the attorney/client privilege. The way the discussion and motion went at the Appropriative and Non-Agricultural pool meeting, the parties indicated they were more comfortable leaving the contract with legal counsel and the attorney/client privileges with the assurance, just as we did with the macro analysis. We have no interest in not having this be a completely open process. A discussion ensued with regard to this matter. Mr. Kinsey commented once more regarding the contract being a confidential one and how much it concerns him. Chair Jeske stated the City of Ontario is a public company and that the contract being confidential or not does not matter to them; however, there are representatives from the Agricultural Pool, the Non-Agricultural Pool, and other entities who are not public agencies and might want to voice their opinions on this matter. Mr. McGraw stated as a representative of a privately held company, they would like to see the contract remain confidential. Mr. Bowcock stated he also would like the confidentiality maintained in this matter. Mr. Kinsey noted he understands confidentiality, although, he wants access to Dr. Sunding's assumptions, calculations, and analytical work that are associated to cost and benefit allocations. Mr. Kinsey suggested the contract be between Chino Basin Watermaster and Berkeley Economic Consulting, Inc. (BEC) instead of Hatch & Parent and BEC and then to include verbiage that state meetings with individual parties be kept confidential. A discussion ensued with regard to this matter. Chair Jeske stated the contract which is being brought forward today is the first step for Dr. Sunding to meet with the agencies for scoping to bring a budget item forward. Counsel Fife stated this is a time and materials contract and it can be altered at any time. Mr. Manning commented on the scoping session and noted after that portion is completed Dr. Sunding will be returning with the actual scope of work including costs and that will be sent through the Watermaster process.

Motion by Kinsey, second by Bowcock, and by unanimous vote

Moved to approve the proposal to perform the Socioeconomic Impact Analysis of OBMP and Peace Agreement between Dr. David Sunding, Berkeley Economic Consulting, Inc. and Chino Basin Watermaster, as presented

B. ASR AGREEMENT BETWEEN CHINO BASIN WATERMASTER, INLAND EMPIRE UTILITIES AGENCY AND MONTE VISTA WATER DISTRICT

Mr. Manning stated in December 2005 the Pools approved the Monte Vista Water District (MVWD) application for recharge into the basin and in January, 2006, the Advisory Committee and Watermaster Board took action to approve that application as well. Mr. Manning stated what Monte Vista Water District had applied for is to recharge, through injection, up to 3,500 acre-feet of treated State Project water in its wells one, four, thirty, and thirty two. That agreement was subject to a permit that would be issued by either the Regional Board or the Inland Empire Utilities/Chino Basin Watermaster through its Maximum Benefit permits. Monte Vista has decided to request IEUA/CBWM covering and is making an application for that. Mr. Manning stated Inland Empire Utilities Agency has agreed to approve this contract in content and they are also asking Monte Vista Water District to work with them on some side letters with regard to provisions on other items. Mr. Manning noted this was approved unanimously by all the Pools. Mr. Kinsey stated IEUA has asked MVWD to participate with them on a water softener rebate program which is an effort to minimize salt loading on the sewer system.

Motion by Garibay, second by Feenstra, and by unanimous vote

Moved to approve the agreement between Chino Basin Watermaster, Inland Empire Utilities Agency and Monte Vista Water District regarding incorporation of groundwater injection with State Project Water by Monte Vista Water District in the Chino Basin Watermaster and Inland Empire Utilities Agency permit R8-2005-0033, as presented

C. FILE WATERMASTER STATUS REPORT 2006-02 WITH THE COURT

Mr. Manning stated this report was just approved on the Consent Calendar and staff is now asking for approval to file the transmittal to the court pursuant to the February 16, 2007 court order.

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

Moved to approve filing the transmittal of Status Report 2006-02 to the court pursuant to the February 16, 2007 court order, as presented

III. REPORTS/UPDATES**A. GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River Water Right Application**

Counsel Fife stated legal counsel is fully engaged in preparing for the hearing on May 2, 2007 with a pre-hearing conference scheduled for April 5, 2007. On March 21, 2007, the notices of intent to appear at the hearing were due for all parties; we did file ours and there is a copy of that available on the back table. There are also copies from the other applicants' parties who provided us with courtesy copies; we do not have the official list from the State Board yet. Counsel has been in discussions with the parties who are protesting our application; the one remaining protest was from the Department of Fish and Game (DFG) and they have now withdrawn their protest and a copy of that stipulation is on the back table. The stipulation was not finalized until Monday of this week; because it was a very favorable stipulation we wanted to get it finalized as quickly as possible prior to the notices of intent to appear were issued. We did have a special Board meeting which took place via a teleconference call on Tuesday afternoon. The sole purpose of that special Board meeting was to approve the signing of the stipulation. The copy on the back table has been signed by legal counsel who was authorized at the special Board meeting to sign the stipulation; we still do not have the actual signature back from DFG. Counsel Fife stated Watermaster will be going to the State Board hearing in May with an uncontested application. Counsel Fife stated he is working on a stipulation with all of the other applicant parties concerning relative priority of the water rights and the protection of other legal users. We are hopeful that if the applicants can come to a stipulation amongst themselves that those issues will be off the table for the hearing. Counsel Fife stated we are hopeful that we will be filing this stipulation with the State Board prior to the April 5th pre-hearing which may require constitute another special Board meeting to consider the approval of this additional stipulation. A discussion ensued with regard to this matter.

2. Peace II Process

Counsel Fife stated there are copies of the Scalmanini Report on the back table; this report was received yesterday. Mr. Garibay inquired about the discussion of new yield and the model in the report. Mr. Manning stated this is a very long report and it was just received at Watermaster yesterday; not a lot of people including him have had ample opportunity to review this report in any great detail. Mr. Manning stated in his brief review he felt Mr. Scalmanini was saying that the model does a fine job although it does need to be continually recalibrated; we have conveyed to Mr. Scalmanini that we are doing that and that Wildermuth Environmental is continually updating the model. Chair Jeske stated he also needs time to analyze this long report and requested the report be put on the April agenda to allow for additional discussion.

3. Potential Intervention

Counsel Fife stated the AQUA Capital Management Company intervention was tabled by all the Pools and will be brought back at a later date for review and/or discussion.

4. MZ1 Long Term Plan

Counsel Fife stated one of the items the court has asked us to report on is the progress of the MZ1 negotiations in developing a Long Term Plan. Counsel Fife stated in the last few Watermaster meetings staff has put forward a proposal for a long term plan and we have been discussing internally the strategy for moving that forward. What took place with the interim plan was that we did not produce an agreement amongst the MZ1 parties, it was Watermaster's plan and Watermaster put the plan out, the parties agreed to voluntarily participate in that plan. As we discuss how to move the MZ1 process forward, staff has come to the opinion that that is also the best way to do the Long Term Plan. Staff and Counsel have formulated a plan that we think is good, that works, and will prevent further subsidence in MZ1. Staff is proposing that we put forward the plan as a Watermaster plan and the water supply elements of it will be a voluntary program which parties can participate in or not. On the back table are two documents; one is a textual Long Term Plan and the second document is an alternative water supply proposal which we also think is effective and will work for all parties. These are being put forward as an information item today in order to give the parties time for review; this will be brought back in the future for consideration through the Watermaster process. A discussion ensued with regard to this item and counsel's comments.

B. FINANCIAL REPORT

1. Technology Update

Mr. Manning stated he has asked Ms. Rojo to put together a presentation regarding some of the work that Watermaster staff has been doing to try and bring together our technical information into a computerized information system that works for the benefit of us all. Ms. Rojo stated our current computer data systems include information on: Well Water Levels, Storm & Supplemental Water Recharge, Well Production, Assessment Package, Timekeeping, Human Resources, Administration, and Records Management. Well water levels captures depth to water, level methodology, well level reference points, well elevation readings, and reporting by date. Storm & supplemental water recharge captures imported, recycled and storm water by recharge basin and management zone. Well production captures production by quarter, status, meter type, and user and owner maintenance. Assessment package captures production, agricultural pool reallocation, water transactions, replenishment calculation, storage and recovery programs, land use conversions, and assessment generation. Timekeeping captures electronic time entry paid by pay period, employee service accruals, and project and task tracking. Human resources captures employee data and incorporates benefits tracking, automatic accruals, salary history, payroll deduction tracking, and job descriptions. Administration captures minute order tracking, resolution tracking, records management, library holdings, and our rolodex. Staff is currently working on future systems that will include; Budget Development and Tracking, Land Use Conversion Detail, Voluntary Agreements, Meter Installation, Calibration and Repair, and Data Management.

2. Budget Advisory Committee Update

Ms. Rojo stated this newly formed committee met for the first time on March 19, 2007 and it went very well. Since this was our first meeting staff will have a detailed report at the April meeting on the progress of this committee.

C. ENGINEERING REPORT

1. Regional Board Letter Dated February 14, 2007

Mr. Wildermuth stated on February 14, 2007 the Regional Board sent to a letter to Inland Empire Utilities Agency (IEUA) and to Chino Basin Watermaster (CBWM) letting them know that they are falling short on our Maximum Benefit commitments as to Hydraulic Control. There is a Hydraulic Monitoring Report that was released last April 2006. There was some modeling work done by Wildermuth Environmental which showed there was a

small amount of leakage occurring through the Santa Ana River west of the Chino I Desalter. There was a meeting last November in which we discussed this issue; Orange County water district also attended this meeting. At that time Mr. Thibeault suggested he would be coming back to IEUA and CBWM with a letter asking for a schedule to get in compliance. The February 14th letter is an official notification to IEUA and CBWM to prepare that schedule with milestones and to show compliance by November 2009. Mr. Thibeault's definition of compliance is to have the solution in place and operating, not necessarily achieving complete Hydraulic Control, but the solution needs to be in place and operating in 2009. In the February 14th letter we were given until mid March to prepare that schedule. Subsequently IEUA and CBWM have written a letter stating they needed more time to prepare the schedule. Watermaster's staff has been working the schedule and staff has put out its first draft and it is out for review by IEUA and we have asked Scott Burton to look at it. The schedule is very detailed and it suggests that the best we can do is to have these wells on line around May, 2012. In an informal conversation with the Regional Board they appeared to be discontented with the 2012 timeframe and asked for a second schedule; one that would show the most optimum schedule with milestones. Both of these schedules will go through the Watermaster process and will also be reviewed by some of the senior staff at the Chino Desalter Authority. A discussion ensued with regard to the report given by Mr. Wildermuth.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated he has spent the last two days in Sacramento with the Groundwater Resources Association who has recently formed a coalition which held their first legislative meetings. After the meeting, a group of the parties from the coalition went over to the capitol to talk about groundwater issues. One of the things that is being found out about water agencies is that legislatures do not understand what groundwater is. When discussing storage the immediate thought is above ground storage instead of underground storage and this coalition will be attempting to educate legislatures on these types of issues as well as many other water issues. This was a very beneficial conference overall.

2. Recharge Update

No comment was made regarding this item.

3. Progress Report on Desalter Expansion

Mr. Manning stated in discussions with Western Municipal Water District, the City of Ontario, Jurupa Community Services, and our consulting firms, it was Western's recommendation that because of all the moving pieces it was felt that we needed to have a project facilitator brought on board. Mr. Jeske and Mr. Manning were put in charge of gathering resumes and interviewing potential candidates for the job. That has been done and the recommendation we are making is that Mr. Gary Meyerhofer be hired. Staff is working on that contract now and once it is completed it will go through the Watermaster process in April. The costs for Mr. Meyerhofer will be funded by Western Municipal Water District, Inland Empire Utilities Agency, and possibly Three Valleys Municipal Water District. Chair Jeske noted Mr. Meyerhofer is with the firm Carollo Engineering and was one of the resumes handed out at the last Appropriative and Non-Agricultural Pool meeting. Carollo Engineering is the firm who put together the draft Feasibility Report for Western Municipal Water District, and the City of Ontario.

E. INLAND EMPIRE UTILITIES AGENCY

1. Phase II Recycled Water Groundwater Recharge Update

Mr. Campbell gave an update to the recharge improvement project starting with the first public hearing in December 2003 and the permit being issued in April 2005. Deliveries from July 2005 to July 2006 were reviewed in detail. Anticipated start-ups will be the RP3 Basin in September, 2007 and the Decluz Basin in April, 2008. Lysimeter-based monitoring was successful and demonstrated that the soil aquifer treatment is effective.

Inland Empire Utilities Agency is beginning the Phase II permit process for recycled water groundwater recharge. A timeline for the Phase II process was reviewed in detail. Phase II recharge start-up with the permit anticipated on June 1, 2007 will include the start-ups of the 8th Street Basin in June, 2007 and Brooks Basin in June 2008. Future start-ups will include Victoria Basin, Etiwanda Spreading Grounds, and San Sevaine Basins. The recycled water recharge operational controls deliver outside the storm season (April 15 to October 15) recycled water will also be scheduled around basin maintenance, diluent water availability, monitoring of water quality, and pipeline construction and maintenance. Mr. Campbell stated the Phase I was a success and is performing very well with TOC reduction of 75%, TN reduction of 50%, and yielded 3,844 acre-feet recharged to date. Mr. Campbell summarized the Phase II update by showing a chart titled, "Potential Source Water Recharge Capacities for the Chino Basin Recycled Water Groundwater Recharge Program" and discussed the chart in detail. Several questions were presented and discussed regarding the presentation.

2. Monthly Water Conservation Programs Report
No comment was made regarding this item.

3. Monthly Imported Water Deliveries Report
No comment was made regarding this item.

4. State and Federal Legislative Report
Ms. Davis stated on Tuesday the State Water Resources Control Board approved the SAWPA Integrated Regional Water Management Plan Application which means the Recycled Water Program will be receiving \$4.5 million dollars. It will have to be appropriated in this year's budget. Ms. Davis stated HR 122 was successful in getting out of the House; this is the authorization for the federal title 16 cost share for the Recycled Water Program. We are now working on the Senate side to try and get that bill moved through committee. Ms. Davis noted she had meetings last week with the senate staff on this issue.

5. Community Outreach/Public Relations Report
No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen stated the good news from Metropolitan Water District (MWD) is the local resource planning grant program will be presented to the MWD board in April. After that it could open up for more funding for local resource development. Mr. Hansen stated there has been success in getting the MWD board to reduce water rates. The hearing on that will be next month. This could drop the rate by \$5.00 dollars. We will be working on a long range financial plan from MWD. Mr. Hansen stated the other good news is that there has been a group that has been working together called the Foothill Area Reliability Group which includes six MWD member agencies, Inland Empire Utilities Agency, Three Valleys Municipal Water District, Upper San Gabriel Water District, San Marino Water District, Pasadena Water District, Foothill Municipal Water District, along with the groundwater basins; this group has been working on some federal funding for interconnects, more efficient use of local resources, and has been successful in getting language in the Water Resource Development Act (WORDA) for \$5M for some work on emergency connections.

IV. INFORMATION

1. Metropolitan Water District Letter
No comment was made regarding this item.
2. Newspaper Articles
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

March 22, 2007	8:00 a.m.	MZ1 Technical Committee Meeting
March 22, 2007	9:00 a.m.	Advisory Committee Meeting
March 22, 2007	11:00 a.m.	Watermaster Board Meeting
March 27, 2007	9:00 a.m.	GRCC Meeting
April 12, 2007	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was adjourned by Chair Jeske at 10:40 a.m.

Secretary: _____

Minutes Approved: April 26, 2007