

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

July 26, 2007

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on July 26, 2007 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Raul Garibay	City of Pomona
Dave Crosley	City of Chino
Anthony La	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mike McGraw	Fontana Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Bill Kruger	City of Chino Hills
Charles Moorrees	San Antonio Water Company

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Bob Feenstra	Agricultural Pool, Dairy
Edward Gonsman	State of California CIM
Nathan deBoom	Ag Pool, Dairy
Jeff Pierson	Ag Pool, Crops
Nathan Mackamul	State of California CIW

Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
Terry Catlin	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.
Joe LeClaire	Wildermuth Environmental Inc.

Others Present

Gary Meyerhofer	Carollo Engineering
Marty Zvirbulis	Cucamonga Valley Water District
Robert Boytor	Aqua Capital Management
Phil Rosentrater	Western Municipal Water District
Steven G. Lee	Ag Pool Legal Counsel
Martha Davis	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency

Chair Jeske called the Advisory Committee meeting to order at 9:01 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 June 28, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2006 through May 31, 2007
4. Treasurer's Report of Financial Affairs for the Period April 1, 2007 through May 31, 2007
5. Profit & Loss Budget vs. Actual July 2006 through May 2007

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from the City of Upland water in storage in the amount of 10,000 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006/2007
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to purchase 500 acre-feet of West Valley Water District's stored Chino Basin groundwater. Date of application: May 24, 2007

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

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

II. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Micro-Economic Analysis Update
Counsel Fife stated the micro-economic analysis is proceeding on schedule.
2. MZ1 Court Submittal Update
Counsel Fife stated last month the Watermaster Board did approve submitting the pleading that was presented in the meeting packet and by way of transmittal of the MZ1 Long Term Plan to the court, at the suggestion of the board a modification to the pleading was asked to be placed in the pleading. The modification was to indicate in the pleading how much money Watermaster has spent addressing the MZ1 subsidence issue; to give the court a sense of how much money the collective group has already spent. Legal counsel and staff have been compiling that information. Once that data search is complete, counsel will be adding it to the pleading which will go to the court at the end of July.
3. Hanson Aggregates
Counsel Fife stated there has been a long running issue with regard to the Lower Day Basin where at some point in time last year there was a discharge of sediment from the Hanson Aggregate (Hanson) plant which clogged up the Lower Day Basin. There were substantial expenses associated with that discharge which included cleaning out the basin and loss of recharge. Counsel and staff went to Hanson Aggregate staff and asked them to compensate both Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) for those costs. Discussions with Hanson have taken place for a very long time and are not moving at all towards a resolution. CBWM and IEUA staff at the urging of the GRCC committee members, feel that this issue needs to be taken to the next level and that we are serious about recouping these costs and losses by filing a law suit. IEUA will be the lead on the suit because they wrote the checks for clean up; CBWM will be working closely with them. Counsel does feel it will end up being a joint filing with CBWM and IEUA. This

item might be brought forward with more substantial information as early as next month. A lengthy discussion regarding legalities and costs ensued.

4. Peace II Instruments

Counsel Fife stated that under the non-binding Term Sheet we are committed to turn the terms of the Term Sheet into legal instruments that would implement the agreements that were reached in the Term Sheet. Last month the schedule for completion of the whole Peace II process was distributed. According to that schedule staff was to have a draft of all of the legal instruments available for distribution within the month of July; staff has been working on the legal instruments and are prepared to pass those out to the Board Members today. At that meeting, staff will be asking the Board to instruct staff to distribute the documents to all and to schedule a workshop to begin discussions on the instruments. With the goal, that in the September time frame staff would come back to the pools for approval of all of these legal instrument documents. If that could be accomplished staff would have approval of everything by the end of September, be ready to file the appropriate documents with the court in October, and that would take us to a hearing date sometime in November. The last order from the court stated that we were to schedule a hearing sometime in November 2007 for approval of the Peace II items that required Judgment amendments, in particular, basin re-operation. Counsel Fife stated because of the replenishment obligations associated with the desalters, it is imperative we get basin re-operation approved by the end of this year. A workshop will be scheduled next week to review all the legal instruments. At this workshop staff is hoping to get everyone's input, suggestions, and recommended changes so that we can work on these documents for the next several weeks and get them through the Watermaster process in the September time frame. A discussion regarding the upcoming workshop ensued.

Mr. Garibay inquired as to the status of the micro-economic analysis report from Dr. Sunding. Counsel Fife stated the requirement of the non-binding Term Sheet is that the report be available for use by the parties in deciding whether they want to approve any final agreement and that Watermaster will not approve any final agreement until the economic analysis is done. Dr. Sunding has committed to have at least a draft of the economic analysis available in August. The latest indication from Dr. Sunding is that he is still on schedule with that date for his draft.

B. ENGINEERING REPORT

1. Water Quality/Plume Updates

It was decided since this report was given in its entirety at all the Pool meetings the water quality/plume update would not be given at today's meeting. Mr. Wildermuth noted the full report will be given today at the Watermaster Board meeting.

2. Balance of Recharge and Discharge Update

It was decided since this report was given in its entirety at all the Pool meetings the balance of recharge and discharge update would not be given at today's meeting. Mr. Wildermuth noted the full report will be given today at the Watermaster Board meeting.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated at the hearing on SB 1002, a desire to add "no regrets" Delta projects to the bill was expressed and asked if the author would be willing to do that and bring the bill back to the Assembly of Water, Parks, and Wildlife if necessary. Senator Perata said yes, and further, that he is continuing to work with the administration and Senators Machado, Margett, Steinberg and Cogdill on further amendments. It is a work in progress.

Mr. Manning stated ACWA is opposed to section 83002 which directs \$200 million to groundwater management and clean-up efforts. Further, ACWA opposes the allocation of \$15 million to develop a plan for re-operating the state's water supply and flood control

systems that will optimize the use of existing facilities and groundwater storage capacity. The California Groundwater Coalition strongly supports the funding provided for by SB 1002, which will assist local groundwater agencies and public water suppliers to better manage and improve the quality and reliability of our state's local groundwater resources. These investments are entirely consistent with the provisions of Proposition 84, and, are essential to promote conjunctive use of groundwater storage capacity to improve overall water supply and flood system operation.

Mr. Manning stated Metropolitan Water District Legislature Budget Conference Committee had their final meeting and the conference report would be sent to the floor of the Assembly and Senate later this week. It does seem that the budget zeroed out appropriators from Proposition 84. Currently, the budget has passed its statutory deadline of July 1, 2007. SCWC has opposed SB 1002 because the bill emphasizes a statutory obligation to re-operate existing reservoirs and groundwater storage facilities with the assumption that re-operating will result in greater efficiency and certainty.

2. Recharge Update

Mr. Manning stated the Chino Basin has recharged approximately 200 acre-feet of urban runoff and 12 acre-feet of recycled water last month and the monthly report is available on the back table.

3. Desalter Expansion Update

Mr. Meyerhofer stated the Watermaster Board obtained the services of Carollo Engineers in April, 2007; his purpose is to facilitate the expansion of the Chino Desalters. The presentation today is to show the parties what has been accomplished in the last three months. Mr. Meyerhofer stated in May the Chino Desalter Alternatives Evaluation Report was completed. Since then, meetings have continued with funding agencies, specifically, regarding a \$2.8 million dollar grant and a \$5 million grant. The Desalter Report objectives are as follows; 1) To achieve hydraulic control of the Chino Groundwater Basin overflow to the Santa Ana River, 2) to increase desalter groundwater pumping from the lower Chino Groundwater Basin to 40,000 acre-feet per year, and 3) to provide at least 10 mgd of additional drinking water. The Desalter Report recommendations are for raw water which will consist of constructing a new Chino Creek Well Field (CCWF), connect new CCWF to Chino I Desalter, and to transfer wells I-13, 14, and 15 to Chino II Desalter. Another recommendation for the actual Desalters is to expand Chino II Desalter by 10.5 mgd and to add VOC treatment to Chino I Desalter (when required). The last recommendation is for product water which will consist of new pipelines and pump stations to the City of Ontario, Jurupa Community Services District, and Western Municipal Water District. Mr. Meyerhofer reviewed the recommended facilities map in detail. A timeline chart of the preliminary project schedule was reviewed from 2007 to 2012. A lengthy discussion ensued with regard to Mr. Meyerhofer's presentation.

E. INLAND EMPIRE UTILITIES AGENCY

Mr. Atwater stated July 1, 2007 marked the start of the state's fiscal year, but budget negotiations are stalled on a number of fronts, including major water issues. There are numerous policy bills dealing with the implementation of bond fund expenditures for both these initiatives, but many of these bills are rumored to be included as part of budget trailer bills. Trailer bills are not heard in policy committees and receive very little scrutiny. Mr. Atwater stated with regard to AB 224 (Wolk) Water Supply and Climate Change bill, the measure, which requires state agencies and local water agencies to consider climate water planning, passed out of Senate Natural Resources and Water Committee this week on a bipartisan vote. Senator Margett voted for the measure, which is strongly supported by Inland Empire Utilities Agency, Metropolitan Water District, and SAWPA. AB 224 also requires the SWRCB to study the energy and greenhouse gas reductions associated with maximizing recycled water in all regions of California. Mr. Atwater discussed water conservation efforts that are currently

taking place due to the lack of water this past year. A brief discussion regarding water rationing ensued.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Rosentrater stated Friday, July 27, 2007 is the deadline for comment on the California Ocean Plan Amendments to be considered by the State Water Resources Control Board. In particular Western would like to call attention to Issue 10 – Desalination Facilities and Brine Disposal, as these amendments could have impacts on operations in the Chino Basin as well as other inland areas. Western has prepared a draft comment letter and would be happy to share with everyone, expressing support for staff Recommendation on Alternative 1, while addressing concerns with staff Alternative Recommendations 2 and 3. Essentially the staff report suggests marine life may be harmed by highly concentrated brine discharges and that this potential should be monitored, studied, or perhaps regulated outright with caps on discharge.

III. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

IV. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. FUTURE MEETINGS

July 24, 2007	9:00 a.m.	GRCC Meeting
July 26, 2007	9:00 a.m.	Advisory Committee Meeting
July 26, 2007	11:00 a.m.	Watermaster Board Meeting
August 9, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
August 21, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 23, 2007	9:00 a.m.	Advisory Committee Meeting
August 23, 2007	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair Jeske at 9:45 a.m.

Secretary: _____

Minutes Approved: August 23, 2007