

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

August 23, 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

Non-Agricultural Pool

Bob Bowcock, Chair

Vulcan Materials Company (Calmat Division)

Appropriative Pool

Mohamed El-Almay

City of Ontario

Mark Kinsey

Monte Vista Water District

Raul Garibay

City of Pomona

Robert Young

Fontana Union Water Company

Dave Crosley

City of Chino

Anthony La

City of Upland

Robert DeLoach

Cucamonga Valley Water District

J. Arnold Rodriguez

Santa Ana River Water Company

Charles Moorrees

San Antonio Water Company

Agricultural Pool

Edward Gonsman

State of California CIM

Nathan deBoom

Ag Pool, Dairy

Jeff Pierson

Ag Pool, Crops

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.

Others Present

Gary Meyerhofer

Carollo Engineering

Marty Zvirbulis

Cucamonga Valley Water District

Ron Craig

RBF Consulting

Ken Jeske

City of Ontario

Steven G. Lee

Ag Pool Legal Counsel

Martha Davis

Inland Empire Utilities Agency

Chair Bowcock 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 July 26, 2007

Item B was pulled for discussion.

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2006 through June 30, 2007
4. Treasurer's Report of Financial Affairs for the Period June 1, 2007 through June 30, 2007
5. Profit & Loss Budget vs. Actual July 2006 through June 2007

Mr. Kinsey noted Chino Basin Watermaster is between \$800,000 and \$900,000 over budget. Mr. Kinsey stated this pool has had discussions in the past regarding over budget items and the process that Watermaster should have place when items are going to be over budget. Ms. Rojo agreed the discussion of budget issues has been a question in the past; however, nothing has been decided upon to date. Mr. Manning stated there are two issues that caused the budget to be over. One item was the State Board hearing on the Water Rights Application which was not an anticipated cost at the time the budget was approved. The second item was the review of the Wildermuth model and that came up after the budget was developed as well. Mr. Manning stated the cost for those two items was about \$750,000 for those two items alone. Mr. Kinsey offered comment with regard to what other agencies do to handle over budget items and that they normally look at other areas to cut costs to make up for some of the cost differences. A discussion regarding costs and budget overages ensued and it was noted this item will be sent on to the Budget Advisory Committee for a process to be developed to handle budget overages in the future.

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease of 3,500 acre-feet, to be taken first from the fiscal year 2006/2007 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account in the Chino Basin, to be transferred to the Cucamonga Valley Water District storage account. Date of Application: June 7, 2007
2. **Consider Approval for Notice of Sale or Transfer** – The City of Pomona has agreed to purchase from the City of Upland a portion of Upland's water in storage in the amount of 893 acre-feet for fiscal year 2006/2007. Date of Application: June 7, 2007
3. **Consider Approval for Notice of Sale or Transfer** – The Santa Ana River Water Company lease and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding annual production right fiscal year 2006/2007. Date of Application: June 28, 2007

D. INTERVENTION – RIBOLI FAMILY/SAN ANTONIO WINERY

Intervention into Chino Basin Watermaster as a Non-Agricultural Pool Party

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

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

Item B was pulled for discussion.

E. INTERVENTION – FUJI NATURAL FOOD INC.

Intervention into Chino Basin Watermaster as an Agricultural Pool Party

Chair Bowcock stated he has read the intervention for Fuji Natural Foods and noted he is concerned over the limited information being presented to make a decision to place this entity in the Agricultural Pool. A lengthy discussion regarding the logistics of Fuji Natural Foods and its correlation with

being placed into the Agricultural Pool ensued. Chair Bowcock asked the committee members to consider pulling this item from the agenda for further investigation as to the appropriateness of the pool placement of this entity and asked Watermaster staff to create a more complete staff report when this item is put on the agenda for consideration. A discussion ensued with regard to this item.

Motion by Kinsey, second by DeLoach, without opposition

Moved to table this item for further examination and for this item to be brought back through the Pool process, as presented

II. BUSINESS ITEMS

A. LEGAL INSTRUMENTS

Mr. Manning stated newly revised legal instrument documents are available on the back table. Counsel Fife stated another draft of the legal instruments has been sent out to the parties and these new documents incorporated suggestions that were made prior to last week's workshop, and feedback staff has received subsequently. A follow up workshop has been scheduled for Wednesday, August 29, 2007 from 10:00 a.m. to 2:00 p.m. here at the Chino Basin Watermaster office. The August 29, workshop will be held to discuss the Sunding report which was received this morning and was distributed electronically; there are copies of that report on the back table. Counsel Fife stated while the workshops are taking place Watermaster staff is putting this item in the Business Item section of the package for all Pools, Advisory Committee, and Watermaster Board meetings to allow further discussions to take place. Mr. Kinsey stated the documents that are being developed are based on assumptions which are still pending on Wildermuth's model update which quantifies things such as induced inflow and how much of the 400,000 acre-feet of temporary surplus can be utilized. Dr. Sunding's report is another assumption and more information is needed on this. The other variable that was discussed was the consideration of the proposed amendment to the Dry Year Yield contract which has potential material changes from the Peace II provisions. Mr. DeLoach inquired as to what the change would be when the Wildermuth report comes back if anything. Mr. Kinsey noted that was an unknown answer. A lengthy discussion ensued with regard to Mr. Kinsey's comments, the Wildermuth Report, and the Sunding Report.

B. HANSON AGGREGATES

Counsel Fife stated this item has been an item of discussion for several months. Inland Empire Utilities Agency (IEUA) is the lead counsel in this law suit. Watermaster staff and counsel believe we need to file a complaint against Hanson Aggregates in order to get resolution regarding this issue; this is a cost issue at this time. IEUA and Watermaster are trying to recover the costs that were incurred by Hanson's discharge of sediment which clogged the Lower Day Basin. IEUA is the agency that spent the funds to clean up the basin. As IEUA is the lead on the lawsuit, Watermaster is also on the pleading with them and will be signing the pleading. Staff is requesting approval to go ahead and file the complaint against Hanson Aggregates. Counsel Fife stated counsel will need to seek court approval prior to the filing of the complaint because the court has indicated in the past when Watermaster is going to proceed with legal action against a non-party entity it must seek court authorization. A lengthy discussion ensued with regard to this matter.

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

Moved to approve filing of the complaint against Hanson Aggregates, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. MZ1 Filing

Counsel Fife stated the MZ1 Pleading was filed with the court and there is a hearing set for September 13, 2007 regarding this pleading. Counsel stated there have been discussions with the attorney representing Chino Hills and it has been requested by Chino Hills to seek a continuance for this hearing for 120 days on this matter. Counsel has communicated with Chino Hills at the general counsel level and stated that Watermaster is not comfortable

with continuing the hearing to a later date. Our goal is to have the MZ1 matter taken care of prior to the court process regarding Peace II; however, staff and counsel takes direction from the Watermaster Board and this request will be put forth to the Watermaster Board members for their direction. Counsel Fife stated Counsel Slater will convey this request to the Board members today along with counsel's recommendation that we not agree to a continuance. Counsel Fife stated if we don't consent, Chino Hills has indicated their counsel may go to the court immediately to make the request for a continuance; that could be seen within the next day or so. A brief discussion ensued with regard to this matter.

2. Sunding Report – Micro-Economic Study
Counsel Fife stated the workshop regarding this report is scheduled for August 29, 2007 from 10:00 a.m. to 2:00 p.m. A copy of the Sunding Report is on the back table.
3. Supplemental Filing Regarding May 24, 2007 Court Order
Counsel Fife stated there is another filing on the back table; this was handed out for the first time at the recent Legal Instrument Workshop. It is called a Supplemental Filing regarding the May 24, 2007 order. Counsel has gone back and reviewed the May 24, 2007 court order from the last conference that was held with the judge and Watermaster was ordered within 30 days of that hearing to provide an explanation of the connection between Hydraulic Control and the Basin Plan Amendments. Counsel Fife stated it was an oversight that this was not responded to and counsel and staff is now rectifying this with this supplemental filing; there will not be a hearing on this filing.

B. CEO/STAFF REPORT

1. Legislative Update
Mr. Manning stated the State of California has approved a budget and there was a compromise made to do this. A lot of details surrounding the budget will be analyzed by several parties. There is approximately three weeks left in the legislative session in Sacramento and a lot of bills will be considered during that time. Mr. Manning stated on page 95 of the meeting packet Ms. Davis has done a great job in compiling both state and federal legislative issues. In Washington DC there is a bit of a problem with the WRDA Act; there is some money in that act that could come to the Chino Basin for studying potential infrastructure within the basin.
2. Recharge Update
Mr. Manning stated there is no recharge taking place other than some minor water that finds its way into our basins.

C. ENGINEERING REPORT

1. State of the Basin Report Update
Mr. Wildermuth stated he is going to be giving the committee members a short presentation on the State of the Basin Report (SOB). Through an order that authorized us to implement the OBMP, the State of the Basin Report is required every two years. This is the third State of the Basin Report. Each time it has been done comments have been received by the Special Referee and the court as to what they would like to see. The report which is out now is a scaled down version of what it used to be. Mr. Wildermuth stated in May the Special Referee asked to verify that Watermaster has done all the replenishment it was supposed to do. The State of the Basin Report describes the state of the basin through June 2006 with respect to geology, groundwater levels and storage, pumping and recharge, Hydraulic Control, and ground level. It is a court order to report the change in the state of the basin since the implementation of the OBMP. Similar reports have been prepared in 2003 and 2005 for the fiscal years ending in 2002 and 2004. With few exceptions, most of the material presented in the 2006 SOB report has been presented in prior Watermaster process meetings and will not be presented today. Mr. Wildermuth stated with regard to the geology/hydrogeology the basin is much deeper than originally believed in the southern end of MZ1 and down into Temescal Basin. The sediments in the

deeper zones are predominately fine grained and do not yield or transmit water at exploitable rates. The deep aquifer subsidence mechanism is now understood which enabled the promulgation of the long term management plan. Mr. Wildermuth reviewed several maps in detail. Mr. Wildermuth stated the number of active agricultural wells and associated production has decreased since implementation of the OBMP in 2000. Agricultural production in the vicinity of the Desalter I well field has dropped significantly between 2000-2001 and 2005-2006. Desalter pumping started in 2000-2001 and has reached 16,500 acre-feet per year in 2005-2006. Mr. Wildermuth reviewed groundwater elevation maps in detail. A review of the time history of production, recharge, and groundwater levels in MZ1, MZ2, MZ3, MZ4, and MZ5 was completed. A review of groundwater production, recharge, levels, and storage which included change in storage since the OBMP was implemented in acre-feet from 2000 to 2006 was completed. Mr. Wildermuth stated with regard to groundwater quality, for the most part there have been no significant changes from prior SOB reports. Chilean nitrate has been confirmed as a source of some of the low-level perchlorate hits at wells. A lengthy discussion regarding Chilean nitrate ensued. Mr. Wildermuth reviewed several other area maps in detail. A discussion with regard to Mr. Wildermuth's presentation ensued.

D. FINANCIAL REPORT

1. Assessment Package Update

Ms. Rojo stated invoices were sent out recently to bill for one half of the prior year's assessments. As far as tying out the numbers that go into the Assessment Package this year, staff is all but finished with the land use conversions and the assignments. Staff has entered almost all of the production from each of the parties and the water activity reports will hopefully be able to be sent out to the parties by the end of the month. Staff does need the 85/15 sales figures that are being waited on from some of the parties; we have received about half to date. Ms. Rojo stated all in all the assessment process has been moved up several months, but as a result of the Peace II discussions, the Assessment Package will not be finalized for a while.

E. INLAND EMPIRE UTILITIES AGENCY

1. Drought Planning Activities for 2008 - Oral

Ms. Davis stated a supplemental packet with regard to this item is available on the back table. Ms. Davis stated Metropolitan Water District (MWD) started \$6 million in water conservation advertisements and Inland Empire Utilities Agency (IEUA) has funded weekly Daily Bulletin advertisements. MWD and member agencies are meeting to work on a 2008 Drought Allocation Plan. Their next meeting is scheduled for September 7, 2007. The MWD board action is scheduled for this item in December/January 2008. Ms. Davis stated this week MWD approved a \$15 million rebate specifically for public agencies for conservation efforts. Ms. Davis reviewed some of the rebate programs being offered.

2. MWD DYY Potential Implementation in April 2008 – Oral

Ms. Davis stated there was a workshop regarding this item and one of the topics discussed was wrapping up the current 100,000 acre-foot program and making sure all the facilities, complete. Ms. Davis discussed the potential implementation of the MWD DYY which would start in April, 2008.

3. MWD DYY Expansion Studies, Schedule and Budget Work Plan – Oral

Ms. Davis stated there is a work plan put together with IEUA and Western Municipal Water District who has approved the MOU and the work plan on August 15, 2007. Three Valleys Municipal District is scheduled to approve this tomorrow on August 24, 2007. Once all elements of this plan are put together it is due back to MWD by December, 2007. The goal of this expanded program is to have all of the logistics worked out by July and the CEQA by October so that we will meet the December deadline for MWD.

4. Current Regional Conservation Efforts – Oral

Ms. Davis discussed the *20-Gallon Challenge* which will be brought back next month as an action item and other conservation efforts such as the new pilot turf buy-back program.

Ms. Davis noted the next Recycled Water Workshop will be held on August 22, 2007.

5. Monthly Water Conservation Programs

No comment was made regarding this item.

6. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

7. State and Federal Legislative Report

No comment was made regarding this item.

8. Community Outreach/Public Relations Report

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION

1. 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

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
September 13, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
September 18, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 27, 2007	9:00 a.m.	Advisory Committee Meeting
September 27, 2007	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair Bowcock at 10:30 a.m.

Secretary: _____

Minutes Approved: September 27, 2007