

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

July 24, 2008

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on July 24, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mohamad El-Amamy	City of Ontario
Bill Kruger	City of Chino Hills
Robert Tock	Jurupa Community Services District
J. Arnold Rodriguez	Santa Ana River Water Company
Anthony La	City of Upland
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Ag Pool, Crops
Jennifer Novak	Department of Justice/CIM
Pete Hall	State of California/CIM
Nathan Mackamul	State of California/CIW

Watermaster Board Members Present

Terry Catlin	Inland Empire Utilities Agency
Ken Willis	City of Upland

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Gary Meyerhofer	Carollo Engineers
Gerald Thibeault	Regional Water Quality Control Board
John Rossi	Western Municipal Water District
Tom Crowley	Western Municipal Water District
Jack Safely	Western Municipal Water District
Michael Hughes	Department of Justice
Scott Burton	City of Ontario

Eldon Horst
Eric Schoenen
Ron Craig
Bob Lemons
Michael Hughes
Pat Shields
Eunice Ulloa
Rick Rees
Steven G. Lee
Martha Davis

Jurupa Community Services District
City of Pomona
RBF Consulting/Chino Hills
RBF Consulting/Chino Hills
Department of Justice/CIM
Inland Empire Utilities Agency
Chino Basin Water Conservation District
Geomatrix Consultants, Inc.
Reid & Hellyer
Inland Empire Utilities Agency

Mr. DeLoach, chair, called the Advisory Committee meeting to order at 9:07 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 26, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through May 31, 2008
4. Treasurer's Report of Financial Affairs for the Period May 1, 2008 through May 31, 2008
5. Budget vs. Actual July 2007 through May 2008

C. INTERVENTION

1. Consider Approval for Intervention into the Agricultural Pool – Michael Y. Park

D. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to lease 4,500 acre-feet of water from the City of Pomona. This lease is to be taken first from the FY 2007/08 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account. Date of Application: May 9, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District (CVWD) has agreed to the transfer of 8,530.000 acre-feet of water from San Antonio Water Company (SAWCO). This transfer is made from SAWCO's annual production right. Date of Application: May 30, 2008
3. **Consider Approval for Notice of Sale or Transfer** – Attachment G of the Chino Basin Watermaster Peace II documents allows for a one-time special water transfer of 8,530.000 acre-feet from Vulcan Materials to San Antonio Water Company (SAWCO). SAWCO is purchasing the transferring 8,530.000 acre-feet of Vulcan Material's water in storage. Date of Application: May 30, 2008

Motion by El Amamy, second by Moorrees, and by unanimous vote

Moved to approve consent calendar items A through D, as presented

II. BUSINESS ITEMS

A. O&M AGREEMENT

Mr. Manning stated this item is an amendment to the Operation and Maintenance Agreement which is a four party agreement. This agreement is formalizing the language which was in the Peace II Agreement whereby Inland Empire Utilities Agency would be contributing to the O&M budget based on a percentage of recycled water recharge into the basins. There are a set of documents that discusses O&M and how it is dealt with and those documents will be used as

the basis for separating out the other costs as a percentage as well. Staff is in approval of this agreement and is asking for an approval at this meeting. A meeting with Mr. Atwater regarding application of the O&M amendment will take place next week. A discussion regarding the pro-rata share for recycled water costs ensued. Mr. Manning stated staff will take the spreadsheet used for O&M costs, then the percentage for the total overall that it represents will be calculated, and then that will translate into a cost so that IEUA is paying its proportionate share of the overall cost. Mr. Manning noted that cost breakdown be different than basin by basin; it will be aggregated amongst all of them. A discussion regarding this matter ensued.

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

Moved to approve the adoption of the first amendment to Attachment 2 to the agreement for operation and maintenance of facilities to implement the Chino Basin Recharge Master Plan to conform with the agreement to the Peace II agreement section 8.1(a), as presented

B. HYDRAULIC CONTROL PROGRESS REPORT

Mr. Manning noted this item will be a three part presentation first; a background on this item will be given by me, Mr. Meyerhofer will give a presentation on the Chino Desalters, and finally, Counsel Slater will address the legal aspects of this item in relation to Peace II. Mr. Thibeault is also available to offer comment and/or answer questions. Mr. Manning stated as part of the Peace II adoption the court asked as condition subsequent no. 6 that clarification be made with the Regional Water Quality Control Board on what it is that the RWQCB use as the definition of the creation of Hydraulic Control. This question was presented to the RWQCB and CBWM asked that their reply be made in the form of a letter; that letter was received by Watermaster. In that letter, a request was made by the RWQCB asking for updated schedules and a request to the court that the RWQCB become more involved and active in the processes. A revised schedule was presented to the RWQCB and the revised schedule was reviewed in detail by Mr. Manning. Mr. Manning noted with the changes made on the revised schedule, a one year loss of time is anticipated and the RWQCB was not satisfied with this one year loss. A hearing was scheduled for September 5, 2008 for IEUA and CBWM to go to the RWQCB and explain the change in schedule and other difficulties with this project in greater detail. Mr. Manning referenced a letter from Western Municipal Water District regarding their inclusion into the CDA was received recently. In that letter from WMWD it was stated that if the inclusion of WMWD into the CDA did not take place, WMWD is prepared to move on their own with the expansion of the desalters. The desalter expansion issue is being dealt with also by the City of Chino and the City of Chino Hills and a list of items that need to be addressed has been received by Watermaster; a meeting regarding this matter is going to be held later this week.

Mr. Meyerhofer gave the Chino Desalter Phase 3 Project presentation. Mr. Meyerhofer reviewed the nine benefits for the desalter expansion in detail. A discussion ensued with regard to Mr. Meyerhofer's presentation.

Counsel Slater stated he is going to describe the penalties if this project fails to proceed and noted this is no trivial matter. The entire Peace II process was predicated on the assumption that we are moving forward on the management strategy which is Hydraulic Control. On that basis, the court authorized a withdrawal of 400,000 acre-feet from the basin in excess of what the Operating Safe Yield is and the court further added a reporting schedule to continue to appraise the court on the progress. If the parties were to fall off schedule they could lose Max Benefit and there is the prospect that the availability of the 400,000 acre-feet which is presently being used to offset existing desalter production would be jeopardized. There is a relationship to existing water in storage and losses at hand. There is a potential litigation issue with Orange County Water District associated with the loss of Max Benefit. Lastly, there are serious creditability issues with the court if we move off schedule. There is a meeting scheduled next week and there is high anticipation that any outstanding issues will be resolved.

A discussion regarding Counsel Slater's noted penalties and issues with WMWD joining the CDA ensued.

Mr. Thibeault commented on the two airport plumes. Mr. Thibeault noted a new order was issued to the county because the first one was not clear enough for the county to proceed on clean up.

A discussion regarding Hydraulic Control, potential penalties, and grants associated with this item ensued. A discussion regarding a possible conference call to discuss the progress on the CDA issue ensued. It was decided a conference call will be held on August 8, 2008.

No motion was made regarding this item; it was presented as information only

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. August 21 Hearing

Counsel Slater stated there are a variety of items that will be heard at this upcoming hearing. This hearing has been rescheduled a couple times due to various reasons from the court. The majority of the items being presented are routine, however, there is another element that could be much different regarding the Monte Vista Water District's issues with potential effects of decline in Operating Safe Yield over a number of years. The court has been made aware of the status of the Max Benefit and the Hydraulic Control issues and staff and counsel are hopeful that a resolution to that issue will be reported to the court at that August 21, hearing. There was a filing made by Cucamonga Valley Water District regarding the status of the special referee and joinders have been filed in support of CVWD's filing. Watermaster staff and counsel view this issue as a subject which involves governance and court process; consequently counsel is providing no recommendation and is waiting direction from the board on how to proceed.

2. SWRCB Permit

Counsel Slater stated there is a draft order which has been published by the State Water Resource Control Board proposing to grant Watermaster's application for a 68,000 acre-foot entitlement in the form of a permit.

B. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is no budget yet and that is the main focus for all parties involved. Mr. Manning noted starting on page 143 of the meeting packet is the legislative update from IEUA which provides more detailed information on bills and legislative information.

2. Recharge Update

Mr. Manning stated the updated recharge update spreadsheet is provided as a handout on the back table.

3. August Meetings

Mr. Manning stated the three Pools agreed that Watermaster can go dark in the month of August for their meetings.

4. Appropriative Pool Committee Regarding Analysis of Residual Agricultural Pumping

Mr. Manning stated Monte Vista Water District had some issues related to the analysis of residual agricultural pumping as it relates to the loss of safe yield and had Watermaster staff put together, as part of the stipulation, some information. That was done and the Appropriative Pool asked that a sub-committee be established to review this issue to see if there could be resolution before the August 21st court hearing. The first meeting of that committee which is made up of sub-committee members Robert Tock, Ken Jeske, Anthony

La, Dave Crosley, Raul Garibay, and Mark Kinsey, is to be held on August 6, 2008 from 1:00 p.m. to 4:00 p.m.

C. INLAND EMPIRE UTILITIES AGENCY

1. Status Report on Dry Year (CUP) Activities
Mr. Atwater stated the DYY meeting from this morning went very well. There are two CEQA documents being worked on presently by IEUA and Tom Dodson. The first one is from Watermaster's Peace II Agreement and the other one is the expansion of the desalters.
2. Update on MWD Integrated Water Resources Plan
Mr. Atwater stated the background information was included in the meeting packet. Water supply assessments are being discussed within the parties. The plan at MWD is to update their Integrated Water Resources Plan and have their board approve that in less than a year from now; the target date is June, 2009. Mr. Manning and I participated with many other agencies throughout Southern California as part of the IRP Update which will contain four workshops. Mr. Atwater noted that recommendations regarding funding should come out of those workshops. Over the next year there is a lot of opportunity to look at our recourses to augment our supplies.
3. Recycled Water Newsletter
No comment was made regarding this item.
4. Monthly Water Conservation Programs Report
No comment was made regarding this item.
5. Monthly Imported Water Deliveries Report
No comment was made regarding this item.
6. State and Federal Legislative Report
No comment was made regarding this item
7. Community Outreach/Public Relations Report
No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Rossi stated he was at a water policy meeting last night and at that meeting a presentation on a forecast of what next year will look like. Mr. Rossi noted next year looks like it will be the worst year in water history from a water supply standpoint. It appears we will have a 10% state water allocation number in December. Water supply is what everybody is talking about. Mr. Rossi stated the workshops that Mr. Atwater mentioned are extremely important. Part of the goals from these workshops is to educate MET staff, member agencies, and the MET board on groundwater.

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.

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

September 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 25, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 25, 2008	9:00 a.m.	Advisory Committee Meeting
September 25, 2008	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair Willis at 9:56 a.m.

Secretary: _____

Minutes Approved: September 25, 2008