

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

May 17, 2005

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 17, 2005 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Milk Producers Council
Gene Koopman	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Peter Hettinga	Dairy
Bob Feenstra	Milk Producers Council
John Huitsing	Dairy
Pete Hall	State of California, California Institute for Men
Nathan Mackamul	State of California, CIM/CIW

Watermaster Board Member Present

Paul Hofer	Crops
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Watermaster Staff Present

Kenneth Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Sylvie Lee	Inland Empire Utilities Agency
Dr. Dan Hostetler	Cal Poly Pomona
Chad Cleveland	Cal Poly Pomona
Allison Burns	CDA Asst. General Counsel
Craig Parker	Inland Empire Utilities Agency

Chair deBoom called the Agricultural Pool meeting to order at 9:08 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held April 21, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quality of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005

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

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

Added Comment:

Chair deBoom introduced the two new Agricultural Pool alternate members which are both from Cal Poly Pomona, Dr. Dan Hostetler and Chad Cleveland.

Mr. Manning informed the committee members that Ms. Maurizio had her baby – a boy a few weeks ago

II. BUSINESS ITEMS**A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Mr. Manning reminded the committee members that Ms. Maurizio had given a presentation on this program in March. It was also noted that this committee was going by several different names and the committee has come up with "Chino Basin Data Exchange System Development, or "DataX" for short as their permanent committee name. This agreement is a mutual understanding between Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) on the cost sharing agreement between the two agencies on items related to the DataX program. Both IEUA and CBWM has great expectations that this program will help all of us manage data between the agencies more efficiently and save us money over a long period of time. Wildermuth Environmental is performing the work on the software development; Phase I was just completed and is in the process of being tested. This agreement was approved by the IEUA board and is now before the Watermaster process. Staff is recommending approval of this agreement and the cost share of this agreement for Phase I which is approximately \$120,000. Phase II will be in the same dollar range. The question regarding anticipating any problems at the Watermaster level was presented. Mr. Manning stated that this is a simple issue and all parties are excited about the potential that this program brings to share data between IEUA and Watermaster. It was noted that data that is being collected by several parties is being duplicated in collection; this will alleviate that and allow parties to share data that looks uniform and is only collected once instead of several times. There is also sensitivity to the data and Watermaster collects data on water quality that is not shared with other parties which will remain to be protected data. The question of who determines who is allowed to get certain data was presented. Mr. Manning stated there are certain protocols that will be set up to allow access for data. The system will be set up so that information can be isolated in receipt and access.

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

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Mr. Manning stated that during the presentation of his goals, one of the goals was to coordinate the budget and assessment process and try to make those processes as transparent as possible. A workshop was held on this budget and members of the appropriate pool attended to hear the presentation and offer comment. The comments that were received at that workshop were constructive and gave us a chance to talk in detail on aspects of the budget. There are a number of items which are being cost shared by IEUA based upon the Annual Monitoring Program Agreement and other cost sharing agreements, some are a 50/50 split and some are a 25/75 split. One of the other items mentioned at the workshop was the issue with funding the Regional Board and where these costs are included in the budget. Mr. Manning complemented Ms. Rojo in her efforts of working on a computer program to align the budget and assessments. Ms. Rojo stated that there was a slide show prepared which was given at the Appropriative and Non-Agricultural Pool meetings and will be given again at the Advisory Committee and Board; since this was a short slide show, this presentation will be given verbally today. Ms. Rojo stated that the administrative portion of the budget has gone down and the OBMP has gone up slightly and the Implementation Projects have gone up substantially. The OBMP budget has gone up due to the DataX Program, the Implementation Projects have had some areas of reduced costs. Groundwater Quality Monitoring, Basin Water Quality Monitoring, and Storage and Conjunctive Use which have all gone down because testing has decreased or due to the cost sharing between IEUA and Watermaster. Watermaster has increased some costs in the budget; Ground Level Monitoring that has gone up, Hydraulic Control Recharge Monitoring, and MZ1. The Ground Water Level Monitoring has increased because of the Desalter and HCMP wells and recharge basins that are being used which are required to be monitored. There will also be transducers installed at those wells. In the Hydraulic Control Monitoring Program area, Watermaster will be sampling and analyzing the water levels and quality. Surface water will be sampled by doing grab samples as they go into recharge basins the construction of the monitoring wells, which is being co-funded by several sources. Part of the Hydraulic Control Program also involves generating reports and analysis. The activity in recharge program is increasing, the budget area that is going up deals with maintenance and security in and around the basins. There is storm damage to several of the basins due to such a wet rainy season, Ken will be reporting on this later. Mr. Manning and Mr. Atwater have had discussions and it is understood that Mr. Atwater is going to be using FEMA money and grant funds to repair a lot of the storm damage; what is in the budget is basic repairs to the basins as they are continued to be used. The security is to put up fences around some of the computerized equipment that vandals can't climb. The MZ1 expenses are also increasing and part of that increase is due to the piezometer in Ayala Park which needs to be replaced as recommended by the MZ1 committee. The question regarding the maintenance of the basins and if that means clean up of trash from the fires was presented. Ms. Rojo stated the clean up did include silt removal. A question regarding Watermaster reserves account was presented. Ms. Rojo stated that Watermaster does not have reserves; there is some cash on hand for which includes about 15% of the OBMP budget, and 33% of the administrative budget. A discussion ensued with regard to a reserve account.

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

Moved to approve the 2005/2006 Watermaster budget and the issue of equity be addressed in a timely manner, as presented

C. CHINO I AND CHINO II DESALTER PROJECTS GROUND WATER DRAFT MONITORING AND MITIGATION PLAN DATED APRIL 25, 2005

Mr. Manning stated that Watermaster received a revised copy of the Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005 and along with that came a request from the Chino Desalter Authority (CDA) to have Watermaster approve the plan. In discussions with Watermaster's legal staff, staff and counsel has concurred that this actual plan does not need to be approved and that the CDA is within their right to go ahead with their program regardless

of Watermaster's approval. As part of their plan, the CDA is going to use the results of monitoring that Watermaster will be conducting as part of HCMP Program. In reviewing the monitoring needs of both parties, it appears they match up closely and this will be looked at further to determine if additional monitoring beyond our HCMP or different programs are needed. Mr. Manning stated that Craig Parker from the CDA is going to be giving a presentation on the Ground Water Monitoring and Mitigation Plan. Mr. Parker stated that the plan before you complies with the CEQA document for the Chino I Desalter expansion and the Chino II Desalter. It was noted that the Chino I Desalter is being expanded by 5 million gallons a day and the Chino II Desalter is planned to produce 10mgd. There are three new wells for Chino I and eight new wells for Chino II. Mr. Parker presented his slides on the screen and in handout form. The outline of the presentation was discussed first which included, Project Introduction, Comprehensive Ground Water Monitoring and Mitigation Plan (CGMMP), Monitoring Network for the CGMMP, Emergency Response, Mitigation Plan, and Technical Review Team. The Chino Desalters Facilities Map was reviewed in detail. This presentation is from the work when the Chino Desalter first came online when there were many mitigation difficulties; this plan addresses how to handle any mitigation in the future. The program itself will be worked with the assistance of Watermaster. The monitoring will be done by using the program that Watermaster already has in place, the Hydraulic Control Monitoring Program; the eleven new wells are being asked to be added onto that program along with the three new monitoring wells. The monitoring program is extensive and will let us know if there is any impact on any of the local well owners. The first draft of the emergency plan was lacking, however, this new plan has been substantially enhanced for the benefit of the well owners. The new and improved "Emergency Response Plan" was reviewed in detail. Mr. Parker stated what is needed urgently is the Execution of Right of Entry Agreement, which has been drafted, and all the local well level data released to ensure that there is no impact to the wells being caused. It is understood that within two to three hours cattle can start to perish and providing water to those cattle will be top priority. A technical review team has been established to review the data from our monitoring program. The technical review team is comprised of the CDA, the Appropriative Pool, the Agricultural Pool, and the Milk Producers Counsel. If other agencies are felt to be needed to add to this team, they will be considered. The suggestion to have an outside 3rd party who would be on an approved vender list, which has been approved by the technical committee, come in and check out the well problem because of possible litigation issues that could arise. It was noted that this new plan is a road map that can be followed. Chair de Boom inquired as to the change in the character of the water quality that could show up in the wells. Mr. Parker noted that the purpose of this is the actual lowering of the water level. Ms. Burns stated that if claims were submitted to the CDA, information about water quality would then become public record, which has been a concern to the Agricultural Pool in the past. The question regarding this plan being geared to properties with cattle and what happens to the farmers who are watering crops and their wells go dry was presented. Mr. Parker stated that the plan was looked at more of a regional basis and not on an individual basis. A discussion ensued with regard to getting water to farmers. Mr. Parker stated that the model came to the conclusion that no wells will be impacted dramatically. A plan has been set and there will be people in place to help monitor and mitigate situations. A discussion ensued and it was noted that the comments today were noted and concerns will be looked into.

Motion by Koopman, second by Durrington, and by unanimous vote

Moved to receive and file only the Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005, as presented

D. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Mr. Manning commented that in terms of background that Cucamonga Valley Water District did file a protest against our Santa Ana River application; they were protecting their interests on water that was coming into the basin which was prior and paramount to the pre-1914 water rights. Counsel Fife stated this is part of the process of our cleaning up our application 31369

in front of the State Board. We had four protests that were filed, we have already resolved two of those and with this is one it will make it three that are resolved. Cucamonga's interest in filing their protest was to make sure their pre-1914 rights were not infringed upon Watermaster's application. There was no intention in filing the application to infringe their rights and this stipulation states exactly that. This is a fairly short stipulation and this will resolve Cucamonga's protest leaving us with one protest, that being from the Department of Fish and Game. Staff is seeking a motion to approve the presented stipulation.

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

Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife stated that the Attorney-Manager meetings are progressing and meetings are being held every couple weeks. The next meeting will be Thursday, after the Watermaster Board meeting. Counsel Lee stated that progress is being made. A discussion ensued with regards to mitigation and it was noted that topic is being placed on the back burner for the time being.

2. Santa Ana River Application Process

Counsel Fife stated the main thing that has taken place this month on this process is the Cucamonga Valley Water District's stipulation. Watermaster is cleaning up the protests to its application and with this stipulation three out of the four stipulations have been resolved. The fourth stipulation is with the Department of Fish and Game; which will be more complex than the previous three.

3. North Gualala Litigation

Counsel Fife stated this is litigation coming out of the Sonoma County concerning the State Board's jurisdiction over ground water pumping. A troubling trial court decision that articulated an impact test under which if ground water pumping has any kind of impact on a surface water body it falls under the State Boards jurisdiction. This will be of concern to the Chino Basin and the North Gualala Water Company is going to appeal this case. The way their dealings are going with the State Board, if they have to get a permit from the State Board it appears they will not be able to pump at all because of the permit terms the State Board is going to put into their permit. The North Gualala Water Company feels they have no alternative except to appeal the decision. At ACWA last week, the Legal Affairs Committee discussed this at length and several people tried to urge North Gualala not to appeal the case. ACWA will be filing an amicus brief; Tom Bunn will be drafting that on behalf of ACWA. Tom also represented ACWA in the last round with the SAX report and the Palma Paula decision when they attempted to do this before. Depending on how the appeal papers look, counsel may be recommending Watermaster file its own amicus brief. Counsel Fife affirmed this is a more wait and see state we are in at the moment and will have more details in the next 30 to 60 days.

Added Question:

The question regarding the new building around the Chino prison was presented if there will be a liability issue regarding subsidence, was presented. Counsel Fife stated that Watermaster does not do any pumping. There is a subsidence court workshop on Thursday, May 25, where the subsidence technical committee is going to report on the results of their technical studies.

B. CEO/STAFF REPORT1. ACWA Update

Mr. Manning stated that ACWA recently held their semi-annual conference. At that meeting the California Blue Print was released. It was noted that the Blue Print addresses the importance of relying, which is important to the Chino Basin, on ground water as part of satisfying the water demands for the State of California. Watermaster Chairman, Bob Neufeld, was a part of the Blue Print Task Force that put the Blue Print together. It was noted that the first draft of this Blue Print regarding the Chino area was very weak and made no reference to ground water within the plan at all. Mr. Neufeld took it upon himself and with the help of others to make sure that both of those items were corrected. This Blue Print will hopefully spark some legislation that will help in the struggles to regulate water to the benefit of customers and to the environment. Mr. Manning stated that there is a meeting being set up with the Inland Valley Daily Bulletin to talk about the Blue Print and what it means to California, and more importantly, what it means to the Chino Basin. There was also a great deal of discussions about Cal Fed and the Cal Fed processes; all was very interesting. A discussion ensued with regard to Cal Fed. Mr. Manning noted that Regions 8, 9, and 10 held their meetings together and had discussions on global warming. A discussion ensued with regard to the Delta Project and farmers.

2. MWD System Overview Study Update

Mr. Manning stated that Loraine Aoy Edwards from Metropolitan Water District was at the Appropriative and Non-Agricultural Pool meeting and gave a presentation on the proposed shutdowns in the MET system, however, was not available for today's meeting. Ms. Edwards will be giving her presentation again at the Advisory Committee and Watermaster Board meeting for those who want to see it on Thursday, May 26, 2005.

3. Assessment Package Update

Mr. Manning stated that the new computer software for the assessment package which ties into the budget package is almost complete. Last year's information is being fed into the system and some appropriators have been asked to review the assessment package using last years data to find out if there are any areas lacking and/or provide general feed back on the overall new look.

4. Legislative Update

Mr. Manning noted there was a handout on the back table titled, "Hot Issues – ACWA State Legislative Department Update" which was passed out at the recent ACWA Conference. It was noted that IEUA has taken a position on some of the bills on this handout such as AB 371 (Goldberg) Water Recycling Act of 2005, AB 728 (McCloud) Net Metering Charge, SB 376 (Soto/Margett) Three Valleys Standby Charge, and SB 393 (Ortiz) Special Districts.

5. Recharge Basin Repair Update

Mr. Manning noted that Mr. Treweek gave a presentation on the update for the recharge basin repairs at the Appropriative and Non-Agricultural Pool meeting, however, in his absence Mr. Manning will be giving an overview on his update. This report is broken up into two areas; 1) Basin Availability, and 2) Basin Capacity. Under Basin Availability, this last year we had a tremendous rainy season and a lot of the basin improvements were complete; however, during the course of the ten storms which were encountered during that time only 50-60% of the recharge basins were available to use for a variety of reasons. During those storms there was some storm damage of both debris and silt that washed down into the channels and basins and then due to the magnitude of some of the storms, there was some damage to the internal berms. There is a meeting scheduled today right after this meeting with IEUA to discuss basin improvements. IEUA is installing groundwater monitoring wells, lysimeters, and turnout structures for use in their recycled water programs. The Chino Basin is currently taking in replenishment water at four

basins, Montclair 1-4, Brooks, Lower Day, and San Sevaine. Turner basins 1-4 and Banana & Hickory are being worked on to remove silt and there are plans currently being worked on for the Etiwanda Spreading Grounds to turn them into a debris basin. The Etiwanda plans were not reviewed by the Chino Basin Watermaster before they went out for bid and staff does have comments on those plans for the county so that we can capture water within those new debris basins. The recycled water connections are being made at the Banana & Hickory as well as at Turner 1-4 basins. Regarding Basin Capacity, as staff reviews data of the ten storm events it was noted that half of the storms had rainfall of 2 ½ inches or less that was spread out over 2 to 3 days and our basins operated well under these conditions. The other storm events had greater than 2 ½ inches of rainfall and a great deal of water was lost in those storms that we could not capture. The trouble with the greater than 2 ½ inch storms were that the facilities were not designed to capture such volumes of water and the mindset of the Department of Flood Control. During a storm event the Flood Control position has always been that as soon as the storm was over, within 24 hours, to open the gate and let the water flow, in order to get ready for the next storm event. It is felt that the ability to project the magnitude of storms is getting much better. What Watermaster is asking Flood Control to do is work with us on conservation measures to not let water run down the channel or be given the opportunity to conserve it in the basin if there is no eminent storm pending in the next few days. This is also a concern for other areas in the Santa Ana Watershed; SAWPA has called for a meeting later this month to discuss with Flood Control and the other agencies involved to coordinate an overall conservation/rain water protection program. This will allow changes to be made at a county wide level and not just in the Chino Basin. The Operations Manual has been produced and has been given to the Flood Control for review and as it appears this manual has been well received. A discussion ensued with regard to coordination of problems with County Flood Control and Watermaster.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Koopman inquired to the status of the Agricultural Pool transfer or tax fee which will be applied to Agricultural Water Transfers. Mr. Manning stated that there are Agricultural transfers occurring on a regular basis but there is no provision for any fees. Mr. Koopman inquired to the motion that was made to apply those transfer fees and that all Agricultural transfers were to be approved by the Agricultural Pool. Ms. Rojo noted that she recalled this was an issue that was to go to the Attorney-Manager meetings. Counsel Lee stated it was brought up at the Attorney-Manager meetings; however, the idea was basically dismissed. A discussion ensued with regard to the Agricultural Pool transfer fee and it was noted that the minutes from the past meeting motions would be looked at and the findings would be brought back to the next meeting. Counsel Fife stated the transfers are heard about after the fact; they are contractual arrangements between the water purveyor and the individual Agricultural Pool owner. The Agricultural Pool can require its members to not engage in those contractual relationships unless their contracts have specific terms; those terms could be the fee/tax; however that is an issue internal to the Agricultural Pool. This is not something that at the Watermaster level can be controlled unless the Agricultural Pool wants to push this through the Watermaster process and make it a Board level action. It was noted that this issue wants to remain at the Agricultural Pool level. Mr. Manning reiterated that he will review past motions regarding this issue and report back next month.

VI. OTHER BUSINESS

The question if there is an updated list of all the conversions that have been made was presented. Mr. Manning stated that he gave a very detailed presentation on all of the Agricultural transfers and conversions to date at the Attorney-Manager meeting. Since this is a part of the Attorney-Manager meeting process this information is not available for distribution at this time. Mr. Manning stated that once the go ahead to release this information is given, he can presentation provide that presentation to this committee. A brief discussion ensued with regard to Agricultural land use.

VII. FUTURE MEETINGS

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| May 12, 2005 | 9:00 a.m. | Appropriative & Non-Agricultural Pool Meeting |
| May 12, 2005 | 12:00 p.m. | Attorney-Manager Meeting @ CVWD |
| May 17, 2005 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| May 18, 2005 | 9:00 a.m. | MZ1-Meeting |
| May 24, 2005 | 9:00 a.m. | Water Quality Meeting |
| May 25, 2005 | 10:30 a.m. | MZ1 Special Referee Workshop |
| May 26, 2005 | 9:00 a.m. | Advisory Committee Meeting |
| May 26, 2005 | 11:00 a.m. | Watermaster Board Meeting |

The Agricultural Pool Meeting Adjourned at 10:45 a.m.

Secretary: _____

Minutes Approved: June 23, 2005