

**Minutes**  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**

February 21, 2006

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on February 21, 2006 at 9:00 a.m.

**Agricultural Pool Members Present**

Nathan deBoom, Chair	Dairy
Glen Durrington	Crops
Jeff Pierson	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Robert Feenstra	Dairy
Nate Mackamul	State of California CIW

**Watermaster Board Member Present**

Paul Hofer	Crops
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**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**

Steve Lee	Reid & Hellyer
Rich Atwater	Inland Empire Utilities Agency

Chair deBoom called the meeting to order at 9:10 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Annual Agricultural Pool Meeting held January 17, 2006

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through November 30, 2005
3. Treasurer's Report of Financial Affairs for the Period November 1, 2005 through November 30, 2005
4. Profit & Loss Budget vs. Actual July through November 2005
5. Cash Disbursements for the month of January 2006

6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through December 31, 2005
7. Treasurer's Report of Financial Affairs for the Period December 1, 2005 through December 31, 2005
8. Profit & Loss Budget vs. Actual July through December 2006

**C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2005**

Receive and File the Annual Audited Financial Statements for Fiscal Year Ended June 30, 2005.

**D. WATER TRANSACTION**

Consider Approval for Transaction of Notice of Sale or Transfer – Cucamonga Valley Water District has agreed to purchase from West Valley Water District water in storage in the amount of 500 acre-feet. Date of application: January 10, 2006.

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

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

**II. BUSINESS ITEMS**

No comment was made regarding this item.

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

Item 2 was received/discussed prior to item 1.

2. Court Hearing

Counsel Fife stated there are several court related handouts available on the back table. Counsel Fife noted that he would present a summary of events since the last Agricultural Pool meeting. Watermaster filed a motion to reappoint the nine member board, there were some last minute discussion on how that motion be written/presented and the Watermaster Board ultimately instructed counsel to not only ask for a reappointment for another five year term but to also express a commitment by the Board to convene a Governance Committee. The Governance Committee would review the overall governance of Watermaster along with several other items which will be determined by that committee. The commitment of forming a Governance Committee was put into the pleading noting a result had to come forth within a two year time frame from that committee on issues of governance. After the pleading was filed, the Special Referee filed a response to the Watermaster's pleading. Counsel Fife stated that the Special Referee's report recommended reappointment of the Board and it was noted that the report did not acknowledge any of the good progress that has been made over the last five years. The Special Referee was also under the impression that our reappointment request was for a two year term instead of the full five year term; that notion was rectified at the February 9, hearing. The Special Referee's report sparked a lot of response from several parties. Watermaster filed a response that stated Watermaster was asking for a five year reappointment and also responded that we "Watermaster" have done a lot of good things and made a lot of progress over the last five years. Joinders were also attached to our pleading by Three Valleys Municipal Water District, Inland Empire Utilities Agency, and the Water Conservation District. The City of Ontario and Cucamonga Valley Water District also each filed their own objections to the Special Referees report; those two pleadings stated they wanted a five year term and that Watermaster has done a lot of great things over the last five years. A hearing took place on February 9, 2006 that was well attended and the court did put out an order at that hearing. The order indicated that Watermaster is doing a good job and the nine member board is reappointed for another five year term; it was also stated that the court is not satisfied with where Watermaster is at presently with our desalting planning. A discussion ensued with regard to the pleadings which were filed and the court responses to the desalters.

It was noted that the court ordered Watermaster to hold a workshop in July 2006 with the Special Referee where Watermaster will present our plan for getting to the next increment of desalting. There were no consequences laid out in the order if we get to the workshop and have nothing to offer on the desalting issue; however, there was a strong implication in the order while the five year reappointment is not a conditional reappointment, that it is really conditioned upon Watermaster showing the court forward movement on the desalter planning. Mr. Feenstra noted that he and Mr. Atwater are going to be going to Washington shortly and maybe the item of recycling water can be brought up by one of them to get the word out to our legislators. Mr. Manning stated that he too would be attending the Washington meetings and would speak to Mr. Feenstra and Mr. Atwater regarding this issue after the meeting.

1. Attorney Manager Process/Discussion of Peace II Agreement

Counsel Fife stated we are moving forward with the Peace II process; there are items under discussion which should be resolved in a timely manner. A brief discussion ensued with regard to the two new board members which came on board in January 2006. Mr. Manning described Mr. Ken Willis from the City of Upland including some of his water background and noted that Mr. Willis is the newly appointed 2006 Watermaster Board Chairman. Mr. Manning stated Ms. Sandra Rose from Monte Vista Water District now sits on the board and noted she is the newly appointed 2006 Board Secretary. It was noted that Mr. Willis was able to join some of the Watermaster staff in the recent trip to Sacramento and Mr. Willis proved he knows his water issues. Mr. Manning noted that prior to the July workshop a pre-workshop will need to be called for parties to get together to discuss issues. A brief discussion ensued with regard to the Peace II process. Mr. Hofer stated that he felt there is a genuine consensus among the parties to resolve the Peace II issues and to come up with a workable plan.

**B. WATERMASTER ENGINEERING CONSULTANT REPORT**

1. Evaluation of the Cumulative Effects of Transfers Pursuant to the Peace Agreement

Mr. Wildermuth stated that Watermaster has an obligation every two years, ending in odd years, to prepare an analysis of the balance of recharge and discharge in every area and sub area of the basin as well as to evaluate the cumulative effect of transfers. As of July of 2005 those analyses have been completed as best as they could be at that time but because of the negotiations under Peace II, that work was put on hold. An administration draft report was produced which sat un-acted upon until now. Since then, a lot of model work to analyze the balance of recharge and discharge in the basin in support of the Peace II process has taken place. That work is now complete and the final touches with maps and such are being completed and will be forthcoming. Internally there will be an administrative draft of that effort and shortly the report will be out for review by all parties. Inside of that report is the analysis of cumulative effect of transfers which can't be looked at independently because both the hydraulic control and the cumulative effect of transfers are used by Watermaster to figure out a supplemental water recharge plan. The purpose of the balance of recharge and discharge is for Watermaster to look at how the basin is functioning relative to pumping and to try and design a supplemental water recharge plan to bring the basin into balance hydrologically. This is an issue that came up also during the Peace I discussions by the Management Zone 1 pumpers. There is an excerpt in the meeting packet for review which is basically the same excerpt released in July of 2005. The accumulative effect of transfers has resulted in the avoidance of about 26,000 acre-feet of wet water recharge; that is primarily a result of transfers among parties and using water from storage accounts. The market system put into place by the Judgment which allows parties to buy water from under-producers and move it to over-producers has been a good thing overall. Mr. Wildermuth referred to page 80 of the meeting packet to review the four outcomes that describe the results of doing the transfers. The conclusion is that there has been no material physical injury from the transfer process and the actual transfer process has been a good thing. Mr. Wildermuth referred to page 86 of the meeting packet to review the water transfers, to and from, in management zone 1. Mr. Atwater offered comment on recycled water and a discussion

ensued with regard to recycled water programs and noted a workgroup could be held in March to get ready for the public hearing that is scheduled for April.

2. Hydraulic Control Update

This item was discussed under item B1. No further discussion took place regarding this item.

**C. CEO/STAFF REPORT**

1. 85/15 Update

Mr. Manning noted this is a notification item only and this item is being addressed at the Appropriative Pool meetings by a request from the Appropriative Pool Members.

2. Volume Vote Update

Mr. Manning noted this is a notification item only and this item is being addressed at the Appropriative Pool meetings by a request from the Appropriative Pool Members. Once this item has been resolved the resolution will be brought through the Watermaster process as an information item.

3. Department of Water Resources Grant Financing Update

Mr. Manning stated that staff fully expects that next month the Pools, Advisory Committee, and Watermaster Board will be dealing with a contract wherein terms will be discussed relative to the financing of the Department of Water Resources (DWR) Grant – a grant that totals over \$10M; that is a 50/50 split between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA). Included at the back table is a handout which is a breakdown of the projects that are included within this DWR grant, it is a \$5M dollar grant with a \$5M dollar match; half paid by CBWM and half paid by IEUA, meaning that Watermaster is agreeing to contribute \$2.5M towards this grant. The terms of repayment are presently being worked out with IEUA. Mr. Atwater offered history on past funding agreements and debt services for improvements and noted the debt service for this new grant will be a policy issue brought through the Watermaster process in the near future. Mr. Manning reviewed several of the items listed in the handout and Mr. Treweek reviewed some of the potential projects in detail.

4. San Diego County Water Authority RFP for Groundwater Conjunctive Use Project

Mr. Manning stated that the San Diego County Water Authority has released their RFP and staff has had the opportunity to review that proposal and staff is inclined to submit a proposal. It was asked if the RFP was available and Ms. Rojo noted she had copies available for those who wanted them. Mr. Manning noted that San Diego is anxious to have Watermaster involved and staff feels they are willing to discuss terms with us.

Added Item:

Mr. Manning noted that available on the back table is an additional handout regarding supplemental and storm water recharge; it was asked at a past meeting that parties be kept informed on a monthly basis of how we are doing on recharge. As was noted by Mr. Treweek, we appear to be on target for our recharge from more supplemental than storm water at this point in time. This chart will be made available with updates each month.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

Mr. Durrington commented on flooding issues in the Northern California and the importance of the Peripheral Cannel project. It was noted this topic might be mentioned to our local legislators.

Mr. Feenstra stated during the general manager search at Metropolitan Water District one of the candidates stated that it is urgent that we address issues regarding the Peripheral Cannel. A brief discussion ensued with the regard to the suggestion of pipe installation.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

February 9, 2006	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 9, 2006	11:00 a.m.	Attorney Manager Meeting
February 14, 2006	9:00 a.m.	GRCC Meeting
February 21, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 23, 2006	9:00 a.m.	Advisory Committee Meeting
February 23, 2006	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool Meeting Adjourned at 10:06 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: March 23, 2006