

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
June 20, 2006

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on June 20, 2006 at 9:00 a.m.

Agricultural Pool Members Present

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

Watermaster Board Member Present

Sandra Rose	Monte Vista Water District
Paul Hofer	Crops

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
Joe LeClaire	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Gil Aldaco	City of Chino
Rick Rees	DOS/CIM

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 May 16, 2006

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006. Date of application: May 11, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage. Date of application: May 10, 2006
3. **Consider Approval for Transaction of Notice of Sale or Transfer** – The lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District. Date of application: May 30, 2006

D. NOTICE: MAYER, HOFFMAN & McCANN TO PERFORM AUDIT FOR 2005-2006 FISCAL YEAR ENDING JUNE 30, 2006**E. CHINO BASIN WATERMASTER 28TH ANNUAL REPORT**

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

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

II. BUSINESS ITEMS**A. PEACE II TERM SHEET**

Mr. Manning stated at the May 2006 Watermaster Board meeting Board members directed legal counsel and staff to take the non-binding Peace II Term Sheet through the Watermaster process for consideration and comment. Counsel Lee stated this item is supported by Mr. Vanden Heuvel and primarily by all members of the Watermaster Board. Chair de Boom inquired when the hearing and/or workshop would be held. Mr. Manning stated July 26, 2006; however, the location for the meeting has not been confirmed. Mr. Feenstra inquired if Counsel Lee would be in attendance at that workshop and Counsel Lee confirmed he would be in attendance. Mr. Hofer stated he is in favor of the presented Peace II Term Sheet and thanked all the parties for all their diligent work in completing this process. Mr. Manning is looking for a recommendation to send this item to the Board to be approved as a policy template for Watermaster from which staff and counsel can move forward and develop a binding agreement, perform the CEQA work, and other analysis which needs to be performed.

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

Moved to approve the non-binding Peace II Term Sheet as a template approach for the development of final agreements and to forward the non-binding Term Sheet to the Advisory Committee and the Watermaster Board with the recommendation for approval, as presented

B. JOINT CHINO BASIN WATERMASTER/IEUA CHINO BASIN DATA EXCHANGE (DATA X) SYSTEM DEVELOPMENT AGREEMENT AMENDMENT

Mr. Manning stated Chino Basin Watermaster (CBWM) is involved with the DataX Program which is the combined effort between Inland Empire Utilities Agency (IEUA) and CBWM to share a database and to develop a program by which we can simplify the collection and distribution of data within the basin to one database. There would be enough security built into this database so that all parties are protected in terms of the information that is being released.

The first two phases are almost complete and staff is now looking at the start of the third phase. The program has three different components: 1) direct data input by all Appropriative Pool data generators; including groundwater production, groundwater level, IEUA imported water certifications, and other data as needed for Watermaster and IEUA reports. A test with two different agencies is currently underway for this data input by Cucamonga Valley Water District and the City of Chino. Secondly displaying of recharge basin calculated/results SCADA data. And finally interfacing the imported and recycled water system with the IEUA billing system. Mr. Manning stated most of the development work is being accomplished by Wildermuth Environmental with support from CBWM and IEUA's staff as necessary. CBWM and IEUA have each agreed to pay one half of Wildermuth's charges for Phase III of the project. Mr. Manning stated both CBWM and IEUA are very satisfied with the system/program and meets our needs. Staff is recommending the approval of the Phase III cost. Mr. Manning stated there is great value to this program that will be invaluable over time and will well pay for itself in the combination of efforts which are currently being duplicated by several parties.

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

Moved to approve the Chino Basin Watermaster/Inland Empire Utilities Agency Chino Basin Data Exchange (DataX) System Development Agreement amendment, as presented

C. DATA REQUEST RELEASE

Mr. Manning stated there are two data requests the Agricultural Pool is being asked to consider today. The first request is from the City of Chino. Their request assists the city in the collection of well data and Mr. Gil Aldaco from the City of Chino is here to offer comment and answer questions. Ms. Maurizio stated the City of Chino is developing groundwater facilities to be integrated with the cities water supply and conservation system. They are requesting well data information to obtain their DHS operating permit. The information they are asking for is well construction, production, water level, and water quality. There is another data request is from Tetra Tech on behalf of the Chino Airport. They are requesting data south and south east of the Chino Airport as part of the remedial investigation. They are requesting this data on behalf of the San Bernardino County Department of Airports which is a potential responsible party (PRP) for the VOC contamination plume. They are requesting well construction, production, water level, and water quality. Mr. Manning stated the request from Tetra Tech is a typical request for Watermaster data and in the past we have come to the Agricultural Pool and asked for the ability to send out the post cards/letters. Mr. Manning stated what staff is asking for at this time is that the Agricultural Pool gives Watermaster more latitude in terms of how we deal with some of the data requests. If we are dealing with parties to the judgment for well locations similar to what the City of Chino is asking for or on the plumes of. Staff is asking to allow some latitude for Watermaster to release data in both of those circumstances that would allow us to move quicker. Staff would then notify the Agricultural Pool of what we are doing instead of first coming to the Agricultural Pool to request a release of data. A lengthy discussion ensued with regard to Mr. Manning's request. Counsel Lee inquired if Chair de Boom would still be kept fully informed. Mr. Manning stated Chair deBoom still signs the letters and post cards, both will continue to go out requesting the release of data. This change would save a great deal of time as far as requests are concerned. A question regarding well locations was presented to Mr. Aldaco. Mr. Aldaco referred to a map to show well locations and offered comment on some of the data information which is being requested. Mr. Feenstra inquired if our desalters are capable of cleansing the contaminated water from the plumes. Mr. Manning stated this is the same situation from the Ontario and Chino Airports; what we are constructing is a plan where we would work with both sets of PRP's in using the desalter wells as the remedy. A discussion ensued with regard to clean up of the plumes by using the desalters and the responsibility of cost. Chair deBoom stated he can see approving the two data requests at this time, however, without Mr. Koopman's presence and historical knowledge, the recommendation from Mr. Manning to allow the release of data prior to the Agricultural Pools consent cannot be made at this time. It was asked that the discussion requesting the release of data prior to the meetings be brought back on the July agenda for further discussion. It was

noted by the committee members that if there is an urgent request for the release of well data a special conference call or meeting could be scheduled to hasten the decision process. Mr. Aldaco stated the reason for the request for well quality data is because of the impaired level of drinking water source that was found. A discussion ensued with regards to the timing of the requests. Mr. Hofer stated we do need to be mindful of entering private property to take these tests and there needs to be an abundance of information going out to the owners of the properties and that they need to fully understand what the consequences are. Mr. Manning stated the request made was not to eliminate the notification to the private well owner; the request was to not have to come back to the Agricultural Pool and ask for the ability to send out the post cards/letters. This discussion will be re-agendized for further discussion next month.

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

Moved to approve the release of the requested data from the City of Chino and Tetra Tech with the letter being signed by Chair deBoom and Watermaster and post cards sent out to the private well owners for consent of release of well data, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. OCWD PEIR Comments

Counsel Fife stated there is a copy of Watermaster's comments to the OCWD PEIR regarding their Santa Ana Water Rights Application in the meeting packet. As was reported, counsel submitted short and friendly comments. Counsel Fife stated OCWD PEIR states they have no intention of seeking any rights against any up stream entity. The substance of our comments were, that in our view, their PEIR relies upon an expectation that nothing is done in their water rights application that will in any way affect the Chino Basin. If it does affect us then there are impacts that result from their project which were not analyzed by their environmental documents; making their environmental documents inadequate. Included in the meeting packet were also Western and Muni's comment letter which followed our general substance. Counsel Fife noted he does not know who else has commented on this PEIR since the comments were due last week and no update has been released.

2. RWQCB Waste Discharge Permit Update

Counsel Fife stated this is a process regarding the Santa Ana River. At a public workshop that the State Board held on Waste Discharge Permits, Muni made a lengthy presentation. The result of that presentation and from some of their comments was that the Regional Board asked SAWPA to convene a stakeholder process including everyone in the Santa Ana Watershed for discussion purposes. Counsel Fife stated it is staff's expectation that Watermaster's consultants and/or counsel will participate in those meetings at some level; those meetings have not yet started. Muni has contacted Watermaster and wants to schedule a meeting to inquire about what Watermaster has done with regard to Maximum Benefit because they are now interested in doing the same thing. A discussion regarding comments/requirements ensued.

3. North Gualala Decision

Counsel Fife stated last week the appellate court for the North Gualala case issued its decision. This was a case regarding the North Gualala Water Company which is pumping groundwater near a river and the State Board took an enforcement action against the water company and said that they were pumping from the river without a permit. Their response was that they were pumping from a groundwater basin and not from the river. The reason this is of interest to the Chino Basin is because at the lower court level the court supported the State Board. The court found there was jurisdiction of the State Board over the water company, however, the court stated North Gualala's pumping impacts the river, and therefore there is jurisdiction. The case then went to the appellate level and the appellate decision has come out. The appellate court clearly states that the impacts test is not the

test which is used in California for State Board jurisdiction. The appellate court did uphold State Board jurisdiction over North Gualala pumping, however, it used the normal four part Garrapata test which analyzes whether there is a bed and banks and an underground stream and all of the normal things which are recited in the Water Code. A discussion ensued with regard to the courts decision.

B. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated there has been 46,000 acre-feet of recharge through the month of May. In June we should bring in approximately 3,000-3,500 acre-feet of imported water. These totals will bring us up almost to our goal of 50,000 acre-feet for the year. Looking towards the next fiscal year, there items physical and operational issues that staff is working on. For the physical improvements staff will be selecting a design consultant for the two new turnouts on the Rialto Pipeline plus some other improvements to the SCADA system will need to be made. In regards to the operations, a meeting took place at the Department of Safety and Damns (DSOD) to discuss four of our basins: 1) San Sevaine #5, 2) Jurupa, 3) Hickory, and 4) the new Etiwanda Conservation ponds. These are basins which when we have a major storm have the ability to hold back a lot of the storm water for recharge. The DSOD put a requirement on those basins that within 24 hours after the pass of the storm event the sluice gate has to be raised and the basin drawn down. This only allows us a day or so to capture water for recharge. In the meeting with the DSOD we tried to determine the basis for their 24 hour release decision. When the decision was made it was in the early 90's and several of the people who made that decision were still available for comment. The DSOD's decisions were made for safety reasons due to the possibility of an earthquake and the possibility of liquefaction occurring within the basin. The DSOD's staff stated CBWM has some really interesting ideas and they would be pleased to go back and re-evaluate their 24 hour water release decision after they assess all the data we presented to them. A discussion ensued with regard to the DSOD responsibilities.

2. Legislative/Bond Update

Mr. Manning stated just following the last Agricultural Pool Geoff Vanden Heuvel and he made a trip to Sacramento as part of a meeting with the Southern California Water Committee combined with the Bay Area Counsel. During that visit Mr. Manning stated he had a chance to meet with Senator Margaret and the Senator has agreed to schedule a meeting with Senator Perada, the president of the Senate, to talk about upcoming water bond potentials and the re-submittal of the Simitian Bill. The Simitian Bill was the bill which introduced the concept of a bypass facility around the Delta. This was a very successful legislative trip.

3. MZ1 Committee Update

Mr. Manning stated there was an MZ1 Technical Committee tentatively scheduled for this June 8, however, we are still trying to work with the City of Chino Hills and the meeting was postponed. Mr. Manning stated that in discussions with Chino Hills they are in preparation of a position that will be under consideration by the committee, although, we have not yet received that documentation.

Added Comment:

Mr. Manning stated a letter which was signed by Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) to Hanson Aggregates addressing the recovery of damages for illegal discharges into the Day Creek Basin by Hanson Aggregates Inland Plant was sent on June 5, 2006. The letter explains the extent and magnitude of physical and monetary damages caused by Hanson due to regular, illegal, and muddy water discharges from the Hanson Inland Plant into the Day Creek channel. Mr. Manning noted that IEUA and CBWM will initiate legal recourse if Hanson does not provide an adequate response within 10 business days which outlines the means of making whole the specified \$1.2 million dollars in damage incurred due to their illegal action. The

cost is for clean up and monies lost in recharge. A brief discussion ensued with regard to this situation.

IV. INFORMATION

1. Newspaper Articles

Mr. Durrington stated he read in a recent newspaper article that one certain Fire Department will not use recycled water and do not plan on using it. Mr. Manning commented that most Fire Departments will use any water they can get to put out a fire; however, he does not have information to offer on this particular article.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

June 22, 2006	9:00 a.m.	Advisory Committee Meeting
June 22, 2006	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool Meeting Adjourned at 10:30 a.m.

Secretary: _____

Minutes Approved: June 20, 2006