

*Minutes*  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**  
September 19, 2006

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on September 19, 2006 at 9:00 a.m.

**Agricultural Pool Members Present**

|                      |                        |
|----------------------|------------------------|
| Nathan deBoom, Chair | Dairy                  |
| Gene Koopman         | Milk Producers Council |
| Jeff Pierson         | Crops                  |
| Glen Durrington      | Crops                  |
| John Huitsing        | Dairy                  |
| Bob Feenstra         | Dairy                  |
| Pete Hettinga        | Dairy                  |

**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                |
| Mark Wildermuth | Wildermuth Environmental Inc. |
| Andy Malone     | Wildermuth Environmental Inc. |

**Others Present**

|                |                     |
|----------------|---------------------|
| Jennifer Novak | State of California |
| Steve Lee      | Reid & Hellyer      |

Chair deBoom called the meeting to order at 9:11 a.m.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held August 15, 2006

**B. FINANCIAL REPORTS**

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

**C. WATER TRANSACTION**

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding Annual Production Right for Fiscal Year 2005-06. Date of application: August 23, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The transfer of Monte Vista Irrigation Company Fiscal Year 2006-2007 annual production rights in the Chino Basin to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,300 acre-feet. Date of application: August 23, 2006

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

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

**II. BUSINESS ITEMS**

**A. INLAND EMPIRE LANDSCAPING ALLIANCE**

Mr. Manning stated this item was presented last month for discussion. The proposed resolution is very similar to the one that Inland Empire Utilities Agency Board and the Conservation District adopted recently. This resolution solidifies our position as wanting to participate with those agencies and others in a landscaping alliance for the purpose of generating and cooperating on conservation efforts. Staff is seeking an approval to move this forward on to the Advisory Committee and the Watermaster Board.

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

***Moved to approve Resolution 06-04 in support of the Inland Empire Landscaping Alliance, as presented***

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Storage and Recovery Negotiations  
Counsel Fife stated there are a number of entities with whom we have engaged conversations over a long period of time regarding storage and recovery efforts. San Diego submitted an RFP to which we responded and in turn they accepted our proposal to engage in further discussions. A meeting did take place with San Diego staff yesterday which went very well. Castaic Lake Water Agency has stirred up conversations again and Watermaster staff and counsel will be meeting with their staff within the next few weeks. Metropolitan Water District has also expressed a desire to expand their Dry Year Yield Program. All three of these entities are now actively engaged in discussions with Watermaster. A discussion ensued with regard to storage deals and the possible formation of an ad hoc Water Policy Committee to work with staff on these negotiations.
2. Desalter Negotiations  
Counsel Fife stated staff and counsel have met with Western Municipal Water District who has retained John Schatz to help them negotiate a desalter project with Watermaster. One meeting has taken place and at that meeting Western reiterated their interest in the Chino Basin. Counsel Fife noted we have not discussed terms yet with them and are just now resuming the discussions, on how to proceed.
3. Peace II Term Sheet  
Counsel Fife stated there is no new information to report on this item since the last time this committee has met; we have meetings scheduled with the referee to further discuss issues raised following the workshop. There is a meeting scheduled with Ms. Schneider and Mr. Scalmanini in Sacramento next week.

4. Hanson Aggregates

Counsel Fife noted nothing new to report on this item since last meeting. We are currently waiting to see what the Regional Board and the Department of Fish and Game are going to do. Both parties have expressed concern about the discharge of sediment from Hanson's facility and have verbally told counsel that they are going to be initiating action against Hanson Aggregate.

5. Goodrich Subpoena

Counsel Fife stated this data request issue has been discussed in great detail at several of the committee meetings. There have been recent discussions between Watermaster and Goodrich and in those discussions, we are basically in the same position we were several weeks ago, however, they have agreed to sit down and tell us in greater detail what they are looking for and what they specifically need from us. We are representing to them that we are willing to be reasonable and cooperative.

Added Items:

Counsel Fife stated there is an assignment request that counsel characterizes as a change in report as a result of an activity between San Antonio Water Company and Vulcan. Staff is presently involved in investigating the underlying facts so that the Board can be advised as to what the legal parameters are. At this point staff is going through the same process as it would go through any Form 10 request. Staff will be requesting a number of documents from the agencies that are requesting the transfer of the assignment along with several other underlying documents. Staff is anticipating the information released to Watermaster will provide us with a few dilemmas; staff is going to try and phrase those dilemmas into a question we are going to ask legal counsel to try and clarify for us in terms of the process and the legal authority. Once that is done, staff is going to make a recommendation. When Watermaster staff first received this Form 10 credit, staff asked Vulcan, through their representative that we acknowledge this as not the "normal" kind of a request and that Watermaster was not going to be comfortable in making any sort of recommendation unless this was fully vetted in front of the entire Watermaster process. Vulcan and their representative was very comfortable with daylighting this and receiving comments from the parties.

Counsel Fife stated the Chino Paragraph 15 motion has been set for hearing today. As in past years, the City of Chino, Chino Basin Watermaster, and the court have agreed to move that hearing out another year. We do not presently have the signed order from the court, although, the court is expecting no hearing will take place today. Once we receive the order it will be served on all parties. With that, we will also be filing Status Report 2006-01, which was approved last month, and Watermaster's Annual Report.

**B. WATERMASTER ENGINEERING REPORT**

1. Monitoring Performed for the Annual Monitoring Program

Mr. Malone stated the presentation which is being given today is a result of a request from the Agricultural Pool committee members last month. The presentation will include a review of monitoring programs, describe why Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA) are conducting these programs, describe cost sharing between CBWM and IEUA, and describe use of data, who receives the data, and in what format. Mr. Malone addressed different monitoring programs and stated the basin wide Key Well Program is a 50/50 split between CBWM and IEUA, the MZ1 Subsidence Monitoring Program is 100% cost for CBWM, the MZ3 Monitoring Program is 100% cost for CBWM, the Recycled Water Recharge Monitoring Program is 100% cost for IEUA, the Hydraulic Control Monitoring Program is a 50/50 split between CBWM and IEUA, and the Desalter Monitoring Program is a 100% cost for CBWM. Some of the data uses for the

basin-wide programs are requirements of the court and certain data are requested by PRP's. These requests are presented to the Agricultural Pool and no data is released without the consent of individual owners. Mr. Malone reviewed several area maps and discussed them in detail. Our Annual Report is required by the Basin Plan for the determination of hydraulic control which is one of the requirements to secure "maximum benefit" water quality objectives. Mr. Malone discussed the Desalter programs and the Recycled Water Recharge Programs. A discussion ensued with regard to desalter well locations. Mr. Malone noted Lysimeter data and groundwater monitoring well data are required by the Recycled Water Recharge Permit. The MZ1 and the MZ3 programs were reviewed and several maps were shown to show the locations of the MZ1 and MZ3 areas. A brief discussion ensued with regard to Mr. Malone's report.

### **C. WATERMASTER FINANCIAL REPORT**

1. Audit

Ms. Rojo stated Watermaster has been very busy over the past few months. Watermaster had our annual audit last month and we should be expecting the final report within the next couple of months from the auditors; basically all went well during the auditing process.

2. Budget vs. Actual

Ms. Rojo stated there were some questions raised on the process for budget vs. actual expenditures and how people wanted to handle those on an on going forward basis. The resolution that staff came up regarding this issue was more of a notification process when items looked like they would be going over budget, as long as the funds were still available.

3. Water Activity Report (WAR's)

Ms. Rojo stated we are waiting to hear from a few agencies; nevertheless, those reports should be going out within the next few weeks or so for each of the agencies to tie out their last year's production numbers which were submitted to Watermaster so that staff can start preparing the Assessment Package.

4. Assessment Package

Ms. Rojo stated that since the assessment package has been reformatted, there are a lot of questions that are coming forward that are going to need to be addressed prior to completion of this year's Assessment Package. This ties into what Mr. Manning was speaking about regarding the formation of a Water Policy Committee to assist in issues that arise. One of which is the DWR grant that we need to provide money for and allocate that expense out to the parties. Our reserve percentages are somewhat low especially according to the GASB Standards that call for six months of money on hand at all times. There is also the issue of reserves for replenishment water. As long as we are continuously replenishing our costs to IEUA are in the several hundred thousands to a millions of dollars a month to pay for water; if we don't get our money in for the current year soon we could possibly look at doing some sort of special assessments. Our fiscal year begins right at July 1, and we do not get money that we budgeted to spend until we send assessments and then we usually start to receive that money in December and January. We are going to look at building up our reserves to carry us through that first six month period and possibly take a look at closing the gap on the upcoming assessment package. The other issues with the assessment package this year are the application of storage losses which need to be reviewed.

5. Governmental Savings Account

Ms. Rojo noted on page 17 of the meeting package is the Treasurer's Report and Watermaster currently has a governmental savings account which has approximately \$9,000 dollars in it and earns about \$12 dollars of interest every quarter. We have never done anything with this account and we are probably going to look at some options to roll this money over into another account.

**C. CEO/STAFF REPORT**

1. Storm Water/Recharge Report

Mr. Treweek stated we got back on our recharge schedule and received approximately 5,500 acre-feet of recharge water in August. September looks more favorable as far as recharge is concerned, in that; we have now renovated the Lower Day Basin which was silted up by Hanson Aggregate's discharge and Metropolitan stated they have water to keep replenishing us in September. Orange County which used to take a lot of water out of OC-59 has now shifted to taking most of their water out of another turnout OC-11; this is very encouraging news and greatly simplifies our operation when do not have to involve them when we share a turnout.

2. Legislative/Bond Update

Mr. Manning stated there is no current news to report on this item at this time.

3. Water Fair

Ms. Maurizio stated there is a flyer on the back table for the Water Fair that is coming up on October 14, 2006. The Water Fair is going to be held at the Montclair Plaza. This event is being sponsored by Inland Empire Utilities Agency and all its member agencies, Chino Basin Water Conservation District, Metropolitan Water District, and Chino Basin Watermaster. The emphasis will be on conservation. There will be information on rebates, ways to save water and save money indoors, outdoors and also at businesses. There will be vendors with some products and staff there helping from all the sponsored agencies to answer questions. Activities for kids have been planned which will help in getting the parents to attend. This should be a really nice event and will hopefully become an annual event. A water savings washer will be raffled off along with other prizes.

4. Strategic Planning Conference

Mr. Manning stated for our upcoming Strategic Planning Conference in Indian Wells are going really well and should have good attendance at the conference according to conversations with people who are interested in attending. Mr. Feenstra commented on the importance on a representative from the Agricultural Pool being present at this conference and suggested if a representative is chosen to go, would the Agricultural Pool pay for expenses?

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

***Moved to approve sending a representative to the Chino Basin Watermaster Strategic Planning Conference and having the Agricultural Pool pick up the expenses for that trip, as presented***

5. Treatment of Desalter Forgiveness

Mr. Manning stated this item is on the agenda today as an information item only due to a Watermaster Board member raising some interesting questions regarding this item at the Board meeting last month. A full report on this item will be given next month.

6. Data Request Procedure Update

No comment was made regarding this item.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

|                    |            |   |
|--------------------|------------|---|
| September 14, 2006 | 10:00 a.m. | Joint Appropriative & Non-Agricultural Pool Meeting |
| September 19, 2006 | 9:00 a.m.  | Agricultural Pool Meeting @ IEUA                    |
| September 28, 2006 | 12:00 p.m. | RAND / IEUA Workshop @ IEUA                         |
| September 28, 2006 | 9:00 a.m.  | Advisory Committee Meeting @ IEUA                   |
| September 28, 2006 | 11:00 a.m. | Watermaster Board Meeting @ IEUA                    |

The Agricultural Pool Meeting Adjourned at 11:00 a.m.

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

Minutes Approved: October 17, 2006