

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
November 15, 2006

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on November 15, 2006 at 1:00 p.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
John Ottinger	State of California CIW
Abayomi Sonuyi	State of California CIW

Watermaster Board Member Present

Sandra Rose	Monte Vista Water District
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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.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Mark Kinsey	Monte Vista Water District

Chair deBoom called the meeting to order at 1:01 p.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 October 17, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of October 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through September 30, 2006

3. Treasurer's Report of Financial Affairs for the Period September 1, 2006 through September 30, 2006
4. Profit & Loss Budget vs. Actual July 2006 through September 2006

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

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

II. **BUSINESS ITEMS**

A. **NEW YIELD ALLOWANCES FOR FY 06-07 ASSESSMENT PACKAGE**

Mr. Manning stated this is the same item that was presented last month and pertains to the new yield allowance for the FY 06-07 Assessment Package. The Judgment and the Peace Agreement in their definition of new yield and in recognition that there is new yield within the basin, describes the new yield as verifiable water. Starting in the year 2000 and going up until this last year, we based our assessment packages on the analysis that 50% of the production of the desalters was being recaptured through inflow from the river and intercepted basin outflow. That was taken from the best information that we had available to us. Based upon the April Wildermuth Environmental report, that report indicates we are currently capturing about 30%. For this year's Assessment Package we must use the most current available information to create the Assessment Package and again that verifiable number is 30%. Staff is recommending the new yield allowance as 30% of desalter production. Mr. Manning stated when this same recommendation went to the Appropriate and Non-Agricultural Pool, those pool committee members modified the recommendation to the Advisory Committee and Watermaster Board by recommending we use 30% of desalter production with an additional 20% added on to begin the re-operation process and then if Hydraulic Control is not approved by the court we will then back out the 20% at a later time. A lengthy discussion ensued with regard to this item regarding the authority of Watermaster and the impacts of the different recommendations.

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

Moved to approve the use of 30% of desalter production as the new yield based on induced inflow and captured outflow and to authorize staff, once re-operation has received court approval, to retroactively add another 20% as implementation of basin reoperation for the period of time between now and a point in time when re-operation is authorized.

B. **FY 06-07 ASSESSMENT PACKAGE**

Ms. Rojo stated the Assessment Package Workshop was held October 30, 2006. Ms. Rojo presented the overview for the FY 06-07 Assessment Package and noted the numbers being presented today use the 30% desalter production number. The assessment analysis was broken down in detail and was compared from the FY 05-06 Assessment Package. The budgeted debt service was reviewed along with the replenishment reserve balance. In summary it was noted the assessments are set to increase from \$28/af to \$39/af (not including replenishment water reserves) and the recharge debt will increase based on % of operating safe yield. Ms. Rojo stated replenishment reserve increase options need to be discussed and noted two options for this reserve could be to review/update the Watermaster budget or to shorten the water activity reporting assessment timeframe. A brief discussion regarding the presentation ensued. Mr. Feenstra thanked Ms. Rojo for a good job done on the Assessment Package. Ms. Rojo commented on the motion made at the Appropriate and Non-Agricultural Pool meetings last week which included holding a recommendation on the actual FY 06-07 Assessment Package for one month for further review and approving billing 50% of last year's assessments to assist in getting money into Watermaster now. A discussion ensued with regard to the motion made by the Appropriate and Non-Agricultural Pool and the needed reserve for Chino Basin Watermaster. Staff is recommending the approval of the fiscal year 2006-2007 Assessment Package. A discussion ensued with regard to replenishment.

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

Moved to approve the fiscal year 2006-2007 Assessment Package, as presented

This next item was taken out of order per the request of a committee member.

B. WATERMASTER ENGINEERING REPORT

1. Progress on the Western Desalter Well Field

Mr. Wildermuth gave his West Desalter Well Field Investigation presentation. The assignment given to Wildermuth regarding the Western Desalter Well Field (WDWF) was to develop the well field to achieve for hydraulic control and develop a concept that will intercept the Chino Airport VOC plume. Mr. Wildermuth reviewed several area maps in detail and by a progression of dates to show how the Chino Airport VOC plume will be affected by the new WDWF wells. In addition to other assignments, Wildermuth Environmental will be preparing an addendum to the April report, coordinating with the Regional Water Quality Control Board and County, and prepare an addendum to be available before the end of November 2006. A brief discussion ensued with regard to the Wildermuth presentation. A discussion ensued with regard to the plumes and the advancements taken to get the potential responsible parties to do clean up at the plume areas.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Application

Counsel Fife stated the State Board has sent out some correspondence, not a notice, to all the parties involved letting them know that the State Board is hoping to notice a hearing on all of the Santa Ana River applications by the end of November. In subsequent discussions with the State Board, it turns out that almost all of the State Board's staff that is now assigned to this project is new to the project including the legal counsel. We still do not know for sure if this will go through to a hearing because of all the past delays over the past six years.

2. Peace II Term Sheet

Counsel Fife stated that as was reported at the last Advisory and Watermaster Board meeting staff is considering to precede with the Peace II Term Sheet by some sort of bifurcation of the process. Staff and counsel were anticipating presenting an idea of how to do this next week at the Advisory Committee and Watermaster Board meeting which would break the larger package into smaller manageable pieces tomorrow at the Advisory and Board meetings. The intention is after those meetings to devise a more specific plan and bring it back to the pools next month.

3. Waste Discharge Requirements re Santa Ana River

Counsel Fife stated this is something that came up approximately six months ago when the Regional Board issued Draft Waste Discharge Requirements within the Santa Ana Watershed. There has been a process going on at SAWPA ever since and this is a participant process that Watermaster has only been watching and not been involved in because we are a maximum benefit. Others have been negotiating an agreement under SAWPA and the Regional Board's supervision and have come out with a draft. That draft is available on the back table dated October 12, 2006. Counsel Fife stated we are soliciting feedback from the parties because now that there has been something released, Watermaster is going to get involved to make sure that whatever comes out of the process does not negatively impact what we have done with the Regional Board. This is an interesting agreement and two items which need to be highlighted are the governance structure that they are contemplating for salt management in the watershed that is composed of an executive committee. Watermaster has presented comments to this group to the affect that if there is going to be some sort of governance structure that is created, the Watermaster of the Chino Basin, wants to be represented on that committee.

Watermaster has spent several years going through the maximum benefit process and has spent a lot of money on it and nobody in the watershed contributed to that except Chino Basin. While we want to be on this governance structure, we don't want to be paying into something that we have already paid into once. The next interesting item in this agreement is salt credits; this is all about salt management in the watershed. This process is very much in flux and there is going to be a lot of movement on this item in the near future.

Added Item:

Mr. Manning stated several months ago he along with Mr. Atwater from Inland Empire Utilities Agency and a number of other parties got together prepare for submittal of some grants to the Department of Health Services (Prop 50 Grants). Watermaster ended up submitting three applications for grants which were, 1) Chino I Desalter Expansion for \$15M, 2) Ontario Groundwater Recovery (OIA Plume) for \$20M, and 3) the Chino Groundwater Recovery grant which is what Mr. Wildermuth just presented. This is a total of \$55 million dollars which was applied for and all three were approved by the Department of Health Services to move onto the next round. These funds will most certainly help in getting the Potential Responsible Parties to the table for clean up. This is very good news!

C. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated we are one third of the way through the year and are right on target for recharge. We have achieved 21,000 acre-feet of recharge towards our goal of 60,000 acre-feet. The day to day operations have been handled by Andy Campbell and his staff at Inland Empire Utilities Agency which has freed up Watermaster staff time to work on other projects. We have attempted to increase our recharge efforts by 20% to 25% each year.

2. Legislative/Bond Update

Mr. Manning stated congress has changed hands due to the recent elections. IEUA has sent over the Congressional Outlook for the 100th Congress (Innovating Federal Strategies – a Comprehensive Government look at Relations) which is available on the back table for review. Mr. Manning offered comment on how both houses being Democratic will affect us. Our hope that two items will get through in the funding one being WORDA and the other being the funding for our recycled water projects; both are sitting awaiting action in the senate.

3. Strategic Planning

Mr. Manning stated this item was placed on the agenda because staff was hopeful the matrix would be done from the recent Strategic Planning conference; that is not completed and will be brought back next month.

4. RAND Workshop Review

Mr. Manning stated the third and last workshop was held this past week. Overall the RAND series of three workshops were productive. There will be a follow up report and once that report is available we will provide a copy to all the parties.

5. Invitation from French Government

Mr. Manning stated Mr. Neufeld and himself were notified a few weeks ago by the French government that they had been selected to participate in a conference in France (paid by them) to attend the conference and visit with their officials over a four day period. Just this week both Mr. Manning and Mr. Neufeld were notified that this year's trip for them has been cancelled and they have been placed on a waiting list for next year's conference. Mr. Manning noted it was an honor just to be one of the few that were considered to attend this type of event and he hopes to be chosen to go next year.

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

November 9, 2006	8:00 a.m.	MZ1 Technical Committee Meeting
November 9, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 15, 2006	1:00 p.m.	Agricultural Pool Meeting @ IEUA
November 16, 2006	9:00 a.m.	Advisory Committee Meeting
November 16, 2006	11:00 a.m.	Watermaster Board Meeting
November 20, 2006	1:00 p.m.	AGWA Meeting @ CBWM
November 28, 2006	9:00 a.m.	GRCC Meeting
November 30, 2006	10:00 a.m.	MZ1 Technical Committee Meeting

The Agricultural Pool Meeting Adjourned at 2:35 p.m.

Secretary: _____

Minutes Approved: _____