

Minutes
CHINO BASIN WATERMASTER
ANNUAL AGRICULTURAL POOL MEETING
January 16, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on January 16, 2007 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, 2006 Chair	Dairy
Bob Feenstra, 2007 Chair	Dairy
Gene Koopman	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
John Huitsing	Dairy
Pete Hettinga	Dairy
Edward Gonsman	State of California CIM

Watermaster Board Member Present

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
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Chair deBoom called the meeting to order at 9:12 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. ANNUAL ELECTIONS - ACTION

A. Calendar-Year 2006 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2006:

Current Agricultural Pool Members

Crops: Glen Durrington
Jeff Pierson

Dairy: Robert Feenstra
Gene Koopman
Peter Hettinga
Nathan deBoom
John Huitsing

Current Alternates:

Crops: Dan Hostetler

Dairy: Syp Vander Dussen

State: Pete Hall
Edward Gonsman
Robert Nobles
Nate Mackamul

State: Gary Lord
Peter Von Haam
Aboyomi Sunomi

B. Calendar Year 2007 Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair.

Chair	<u>Robert Feenstra</u>
Vice-Chair	<u>Nathan deBoom</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

Chair deBoom turned the meeting over to the new 2007 Chair, Robert Feenstra, Ag Concepts

Chair Feenstra commented on Mr. deBoom's past five years of being the Agricultural Pool Chairman and thanked him for being such a valuable asset to the Agricultural industry. Chair Feenstra also thanked Mr. deBoom for his past efforts while sitting on the Advisory Committee.

C. Calendar Year 2007 Advisory Committee Members & Officers

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as Chair of the Advisory Committee during calendar year 2007

Chair	Appropriative Pool	_____
Vice-Chair	Non-Agricultural Pool	_____
2nd Vice-Chair	Agricultural Pool	<u>Robert Feenstra</u>

D. Calendar-Year 2007 Pool Representation on Watermaster Board

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2007 and one or two alternate representatives.

Member: <u>Geoffrey Vanden Heuvel</u>	Alternate: <u>Jeffrey Pierson</u>
Member: <u>Paul Hofer</u>	Alternate: <u>Gene Koopman</u>

II. CONSENT CALENDAR

A. MINUTES

- Minutes of the Agricultural Pool Meeting held December 19, 2006

B. FINANCIAL REPORTS

- Cash Disbursements for the month of December 2006
- Combining Schedule of November 30, 2006
- Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006
- Profit & Loss Budget vs. Actual July 2006 through November 2006

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

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

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

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River Water Right Application**

Counsel Fife stated counsel has been meeting with the other parties involved in the application process to discuss our joint strategies for the hearings. It is the general agreement by all parties who have attended these meetings that we are going to have one hearing on all of the applications. Staff is going up to meet with the State Board staff tomorrow to discuss our application with them. The parties are trying to approach this process cooperatively between all the different agencies; because of the cooperation we are anticipating the process to go smoothly. Counsel has requested from the State Board that they hold a series of pre-hearing workshops before noticing the hearings and have not yet had a response back from the State Board.

2. Regional Salinity Cooperative Agreement

Counsel Fife stated a draft agreement was made available at last month's meeting. Since that meeting, that draft has been completely scrapped and the parties involved in drafting this agreement are starting from scratch again. This has been a long process and with recent events it appears it will continue to be a time-consuming progression.

3. MWD Dry Year Yield (DYY) Agreement

Counsel Fife stated Metropolitan Water District (MWD) is interested in a storage agreement in the Chino Basin as are our other potential partners including San Diego and Castaic. We have heard recently the upper basin states in the Colorado River Basin are also looking around for storage in the lower basin; we have been contacted by a representative of theirs. The MWD DYY agreement was put on the agenda because we have been having a few discussions with MWD and Inland Empire Utilities Agency in anticipation there would be something to report on at the meetings, however, there is not a lot to report on. The Appropriators have been meeting to talk about the storage proposals and when something concrete emerges this committee will be informed.

4. Peace II Process

Counsel Fife stated studies are still being worked on regarding this item. Mr. Scalmanini has indicated he will have his review of the Wildermuth model done in January and ready for counsel and staff review. In addition to Mr. Scalmanini's report, we have had a macro economic review from Dr. Sunding and the next step in that aspect is to have the micro economic analysis done. There was discussion about how Watermaster should approach the micro analysis and the Watermaster Board directed counsel and staff to ask Dr. Sunding what would be involved in this next study and to put together a preliminary cost structure to provide that report. Dr. Sunding has worked up a cost estimate; Counsel Fife handed out the cost estimate. Counsel Fife stated since Dr. Sunding prepared the macro economic review, he has a good idea on a time frame and related costs. Counsel Fife noted Dr. Sunding estimated his costs at \$160,000 dollars to do this study; no motion is being asked for at this time, it is being handed out for review only. A lengthy discussion ensued with regard to the work that will be considered necessary to prepare the next study and the associated costs. Counsel Fife stated this was drafted by Dr. Sunding as an initial pass and not concrete or detailed at this point in time because we needed to get feedback additional prior to work being put into it by Dr. Sunding. If the parties feel Dr. Sunding is

the right person for the job, staff can then go back to him and ask him for a more detailed scope of work. Mr. Manning stated this item will come back through the Watermaster process once discussions have concluded. Mr. Koopman asked that a breakdown of costs be submitted in written form. Counsel Fife stated having that in written form was discussed at the last Watermaster Board meeting last month when Dr. Sunding was present to give his final macro economic report at that meeting and that will be forthcoming.

Chair Feenstra asked the committee members and Watermaster staff to please email or phone him with any pertinent information regarding Peace II since Mr. deBoom has been in the forefront for such a long time and he has to familiarize himself with the process.

B. ENGINEERING UPDATES

1. Rialto Request

Mr. Malone stated the City of Rialto's Wastewater Discharge Permit has come up for renewal. In that process, the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that request for comment, it was determined that in order for the City of Rialto to serve recycled water in the Chino Basin they have to get a letter from both IEUA and CBWM stating that whatever the City of Rialto is doing is consistent with the OBMP. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit. There would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

C. FINANCIAL REPORT

1. Assessment Package Update

Mr. Manning stated Watermaster staff sends out the Water Activity Reports (WAR) and agencies sign off on those reports as being correct and since then there have been more than one agency come back and say they had disagreements with the reports they signed and requested them to be redone. Mr. Manning stated on a go forward basis Watermaster staff would like to make sure the certifications that are made on the WAR's are verified before they are signed and returned to Watermaster to alleviate sending out the Assessment Package at such a late date.

Chair Feenstra inquired about the Agricultural Pool's financial balance and asked that the Chief Financial Officer from Watermaster provide an update at the next meeting.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning discussed the Governors new state report and in that report the Governor discussed infrastructure improvements. Infrastructure improvement costs are tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with renewable energy project in 2005; this is not tied to appropriate dollars. This just might finance several of the projects which are being

discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes in the upcoming months. A lengthy discussion ensued with regard to legislative and water storage issues.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster basins are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

3. Cyclic Storage Account

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero, however, being aggressive with recharge this year we do not want to give up our imported water. We are putting water into the Dry Year Yield until the cyclic storage account is taken care of with the extension. Mr. Manning stated Metropolitan will probably want to put a cap on the amount of water that go in to the account and they may also want some language included on length of time before Watermaster actually purchases water out of it; both of those stipulations are fine with Watermaster.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

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

January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

Chair Feenstra asked that a confidential session be convened prior to the conclusion of the meeting to review his new position responsibilities with the other Agricultural Pool members at 10:16 a.m.

The Annual Agricultural Pool Meeting Adjourned at 10:36 a.m.

Secretary: _____

Minutes Approved: February 20, 2007