

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 15, 2007

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on May 15, 2007 at 9:00 a.m.

Agricultural Pool Members Present

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

Watermaster Board Members 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
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Steve Lee	Reid & Hellyer
Rich Atwater	Inland Empire Utilities Agency
Jennifer Novak	State of California

Chair Pierson called the Agricultural Pool meeting to order at 9:06 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 April 17, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2007
2. Combining Schedule for the Period July 1, 2006 through March 31, 2007
3. Treasurer's Report of Financial Affairs for the Period March 1, 2007 through March 31, 2007

Pulled for discussion

4. Profit & Loss Budget vs. Actual July 2006 through March 2007

Mr. Koopman pulled Financial Reports Item No. 4 for discussion purposes. Mr. Koopman stated on page 1 of 2 on the Profit & Loss Budget vs. Actual, in looking at the expenses there is a line item called out as Agricultural Pool Legal. Mr. Koopman inquired as to why other pools do not have legal as a separate line item as the Agricultural Pool does. Mr. Manning stated it is more historical than anything else. Ms. Rojo stated in the 6900 account, the Optimum Basin Management Program Accounting encompasses general legal expenses and the general engineering services. Mr. Koopman inquired if those two items could be broken out for clarity and commented on separating items out that are large expenses into more specific categories. Ms. Rojo stated the legal fees and the engineering fees for Watermaster are spread throughout the financial statements among different projects. If our engineer works on recharge related projects when we receive the bill it is then put into the recharge category of expenses. Ms. Rojo stated there is a more broken down section in the detailed section behind the pages that are put into the package; we only put the summary in the package each month. Ms. Rojo noted when presenting the budget at the Budget Workshop items are shown and discussed line by line and there are approximately twenty pages for the entire budget. Mr. Manning stated discussions with Inland Empire Utilities Agency are going to be taking place this week regarding recharge maintenance issues. Mr. Manning noted a meeting took place last month and extensive discussions took place on projected costs, current costs, and areas that could possibly be improved upon; the budget items are looked over with extreme care and concern where costs can be cut or dollars moved around into other categories. A brief discussion ensued with regard to maintenance. Mr. Koopman asked that the legal costs for the other Pools and Watermaster be broken out better so that the Agricultural Pool is not the only Pool to be singled out showing legal costs. Ms. Rojo noted she would take a look at the requests and try and make some changes to naming the line items differently. Ms. Rojo noted this breakdown could not be done exactly as requested due to expenses being put into many different cost categories; however, it will be looked into for any changes that can be made. Mr. deBoom noted that particular line item titled legal fees also includes technical services performed for the Agricultural Pool. Counsel Lee stated Mr. Brommenschenkel's time is billed through his office, which is then paid, and re-billed through Reid & Hellyer's office to Chino Basin Watermaster. It was requested that at the next month's meeting the Agricultural Pool legal read Agricultural Pool Legal & Technical in order to allow easier review of what is actually in that account.

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The City of Upland has agreed to purchase from West End Consolidated Water Company a portion of West End's water in storage in the amount of 3,800 acre-feet. The 85/15 rule does not apply and a recapture plan has not been completed as Upland intends to immediately sell 10,000 acre-feet of water in storage to the Fontana Water Company. Date of application: April 11, 2007

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

Moved to approve Consent Calendar Item A through C, as presented

II. BUSINESS ITEMS

A. MEMORANDUM OF AGREEMENT 2006-2008 MANAGEMENT ZONE 3 MONITORING PROGRAM

Mr. Manning stated in 2000, the Regional Water Quality Control Board had some issues with the Management Zone 3 (MZ3) water quality and asked that the Chino Basin Watermaster partake in performing sampling within the MZ3 area. Watermaster has been doing that sampling and other extra monitoring on those wells since that request was made. Mr. Manning stated Inland Empire Utilities Agency (IEUA) was successful in obtaining a grant for \$250,000

dollars that will help us to offset some of the costs for additional wells that we are going to be drilling to offset the cost there. The MZ3 Agreement with IEUA is here today for a recommendation for approval. It was noted this agreement will be going to the IEUA Board on June 5, 2007 for their approval. This cost is reflected in the Watermaster budget. Mr. Koopman noted the MOA listed other sources of contamination in historical Agricultural areas and inquired if any of these wells will pick up any of the plume from Swan Lake. Mr. Manning stated the two wells that are being put in will not pick up that plume; however, the monitoring program itself which incorporates a number of other wells may. A discussion ensued with regard to the plumes and the actual detection in wells.

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

Moved to approve the Memorandum of Agreement 2006-2008 for the Management Zone 3 Monitoring Program, as presented

B. MZ1 LONG TERM PLAN – NO ACTION REQUIRED

Mr. Manning stated this item has been on the agenda numerous times over the last year-and-a-half. Watermaster by agreement has put forth the effort to try and develop a solution for the Management Zone 1 (MZ1) area of subsidence. One of the working items that are needed to be developed is the Long Term Plan (LTP) and the LTP is essentially the work that has been done by Wildermuth Environmental (WE); they have been performing a lot of work in the MZ1 area. WE has incorporated work with the piezometers to locate a depth which water could be pumped in order for us not to create inelastic subsidence in the MZ1 area. Mr. McCarthy is here from the WE office and has been working on that project for some time now and he will be talking about some of the sciences that have been happening in that area as well as the LTP. Mr. McCarthy stated the paperwork in the package is essentially the same LTP as part of the Peace Agreement process from the year 2000. The subsidence investigation has preceded the LTP. What WE has done recently is to have prepared an Alternate Water Supply Plan and that plan fits into finding another water source for those who would pump from the deep aquifer in MZ1. Mr. McCarthy stated forbearance has worked successfully and the Dry Year Yield Program as a source of water has also worked successfully; however, that is short term which is why we are looking for a long term solution. The draft LTP has been distributed informally to the parties; however, it has not been formally distributed through the Pool process. This month the Long Term Plan is being presented as an information item and staff intends to request approval for the plan in June through the Watermaster process. There are technical items being worked out with the MZ1 Technical Committee and those technical items will not be part of the presented documents on the June agenda. Mr. Manning stated what Watermaster is proposing is a two part solution to the MZ1 area; the first is the Long Term Plan which follows the guidance criteria that has already been passed unanimously and been put forth to the parties in the MZ1 area. The Long Term Plan in itself is very simple stating to the parties, if you are going to pump we are looking that you do not pump below the 245 foot level which is the agreed upon level that below that could possibly cause subsidence. We are looking at some alternatives in terms of how they could utilize wells or utilize water delivery in the MZ1 area; Watermaster, working with the technical group has put together a technical plan that incorporates an alternative water suppl plan. That alternative water supply incorporates the potential of using the Water Facilities Authority (WFA) as a delivery mechanism for additional water to the MZ1 area. Those issues at the WFA are yet to be worked out; staff at Watermaster believes this makes a lot of sense but there are many details still to be worked out. Staff is proposing that the LTP be approved as we work out the details of the Alternate Water Supply Plan for them. Staff has placed this item on the agenda for information only and this item will be brought back on the June agenda for approval. The court is looking for the LTP and has made that very clear; the court feels there has been enough science done in the MZ1 area that we know what is going on there and they are looking for the LTP to be part of our court submittal. Mr. deBoom inquired if the City of Chino Hills is involved in this process at all. Mr. Manning stated there was a period of time where the City of Chino Hills was absent from any of the scheduled technical working group meetings. In the last six months the City Chino Hills has been attending the meetings; however, while in the meetings they have not

participated in any dialog. Due to the fact they have been attending the meetings they have had the opportunity to hear what is going on and see what is being presented, while offering no feedback at the meetings. Mr. Manning stated it is time that progress is made on this item. The City of Chino Hills may or may not have a problem with this proposal, we do now know; however, the court is looking for it to be resolved and submitted. A lengthy discussion ensued with regard to pumping levels in the MZ1 area.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Water Right Application

Counsel Fife stated the hearing regarding the Santa Ana River Water Right Application took place starting on Wednesday, May 2, 2007 and it was finished on Tuesday, May 8, 2007. It was a very good hearing for Chino Basin Watermaster. We had no opposition to our evidence and we worked out deals with all the parties in advance of the hearing. Counsel now needs to finish up our closing brief and submit a proposal to the State Board for our permit. The relationship with Orange County was very cordial and we worked out a very detailed stipulation with them in advance that took some of the harder issues off the table. All in all the hearing went extremely well.

2. Referee Report Regarding Status Report Transmittal

Counsel Fife stated Chino Basin Watermaster served all the parties with the actual transmittal from the Special Referee; a copy of that transmittal is in the meeting packet. The report is regarding comments to Watermaster's submittal of the OBMP Status Report. The main content of the notification is that there is a hearing scheduled for May 24, 2007 and we are hoping appearances will not be necessary and that the court will accept the Status Report and the schedules that were submitted. With that we are all looking forward to the completion of Peace II. Mr. Koopman inquired to sections of the Special Referee's statement. Mr. Manning stated staff has sent a letter to Mr. Thibeault informing him that the timeline that he had suggested of 2009 was unrealistic and we have now given him a very detailed chart of events that outlines the schedule that staff feels is a critical path towards implementation of the program. Mr. Manning noted after this meeting today there is a meeting scheduled with Mr. Atwater and others with Orange County to discuss this schedule to make sure they also understand it and are in agreement with it. Staff has taken the tasks that are necessary to achieve Hydraulic Control in order to maintain our Maximum Benefit and we have outlined that in a very detailed chart. Mr. Manning stated in speaking with Mr. Thibeault he has expressed that he would love for us to have the 2009 timeline met although he understands now that he has seen the chart and our difficulty with being about to comply with that date. A discussion ensued with regard to Orange County's agreeability. Mr. Koopman inquired to a portion of the Special Referee's recommendations. Counsel Fife stated the portion he is speaking about is the 1978 Judgment and there has been no question that basin re-operation requires Hydraulic Control. A lengthy discussion regarding replenishment and recycled water ensued. Mr. Koopman inquired as to the exact amount of water in storage in the basin for the Agricultural Pool. Mr. Manning stated he would need to investigate his question and would bring the number back at the next meeting.

B. ENGINEERING REPORT

1. 2007 Watermaster Model Update

Mr. McCarthy stated today's presentation is on the progress on Watermaster's Groundwater Model Update. The presentation will include topics on the Geologic Conceptual Model, the Percolation Model, estimated Evapotranspiration (ET) which is in the in process, the Recharge and Routing Model which is in the calibration period, and our next steps. Mr. McCarthy stated the specific questions to be answered with the new model are. What will be the impact of re-operation on subsidence in MZ1? What will be the impact on riparian resources in the Prado reservoir area from new desalter pumping

and re-operation, and what does the new equilibrium look like when re-operation is terminated. The progress on Watermaster's Groundwater model is that we are incorporating the latest (since 2002) information from new wells and monitoring programs. We are also incorporating vadose zone flow and transport models along with non-linear ET functions for riparian vegetation. We have also extended the calibration from 11 years to about 40 years. New data sources for the conceptual model will include; subsidence investigation in the MZ1 area, 9 new HCMP well clusters, Chino II desalter wells, and other new monitoring wells, new appropriator wells, and OBMP water-level and water quality monitoring programs. A map of the new wells was reviewed in detail. The Percolation Model will reveal the thickness of unsaturated zone ranges from as low as 0 feet (Near Prado Basin) to as high as 1000 feet (north Chino basin). Mr. McCarthy stated the vadose zone lithology varies from clay to gravel and sand and the vadose zone lithology is based on well completion reports which describe soil type based on USCS. Mr. McCarthy discussed Evapotranspiration and stated the communities' field was verified by ecologists. A question regarding vegetation was presented. Mr. Atwater stated we are working very closely with Orange County Water District on this issue and we are partnering with them to expand the habitat. A lengthy discussion ensued with regard to the Prado Wet Lands. Mr. McCarthy discussed the next steps to be taken which will include the completion of the extended calibration processing (May), construction of the groundwater flow model (June), the calibration of the groundwater flow model (June/July), the building of the compaction model (June/July), the running of the planning scenarios (August/September), and the documentation of planning scenarios (October). A brief discussion ensued with regard to Mr. McCarthy's presentation.

C. FINANCIAL UPDATES

1. Budget Presentation

Ms. Rojo stated the budget is still in the process of being developed. A preliminary Budget Workshop was held on May 3, 2007 and there will be another workshop scheduled prior to the distribution of the final budget through the Watermaster process. Staff is anticipating a presentation will be given on the progress of the budget at the May Advisory Committee and Watermaster Board meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is not much to report on as far as legislation is concerned. The Santa Ana River Application process went very well and Mr. Manning overheard several people commenting on how well prepared the Chino Basin Watermaster was for this hearing. Mr. Manning thanked Counsel Fife and expressed that he and his staff did an excellent job. Mr. Manning stated he will have a more complete legislative report to give and the Advisory Committee and Watermaster Board meeting later on this month.

2. Recharge Update

Mr. Treweek stated there are copies of the spreadsheet that incorporate recharge through the end of April on the back table. Last month, 500+ acre-feet of storm water was recharged which also includes any urban run off and 130 acre-feet of recycled water. Staff did receive notice that effective May 1, 2007 Metropolitan Water District will not be making any replenishment water available through the Rialto pipeline; which shuts us down as far as imported water is concerned. It does not appear that there will be much of a change between now and June 30th, the end of this fiscal year. We have imported and recharged 33,000 acre-feet of MET water, 4,000 acre-feet of storm water, and approximately 3,000 acre-feet of recycled water for a total of 40,000 acre-feet for this fiscal year. Our emphasis is to put recharge water into the MZ1 area and of our 33,000 acre-feet about 22,000 acre-feet went into MZ1 recharge area.

Mr. Treweek stated the Flood Control District sent out a letter to Inland Empire Utilities Agency on April 11, 2007 regarding the damage in the San Sevaire channel during the

storms in 2005. The District estimates approximately \$2.2M dollars worth of damage to that channel during those storms and they are asking CBWM and IEUA to pay for half of that cost for repairs. Mr. Treweek gave a presentation on the Etiwanda – San Sevaine Recharge Project which also showed the damages done to the channel by the 2005 storms. A lengthy discussion ensued with regard to this topic.

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

May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* May 17, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

* Appropriative & Non-Agricultural Pool Meeting changed from May 10, 2007 to **May 17, 2007**

The Agricultural Pool committee meeting was dismissed at 11:00 a.m.

Secretary: _____

Minutes Approved: June 19, 2007