

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

June 16, 2009

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on June 16, 2009 at 9:00 a.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
John Huitsing	Dairy
Pete Hettinga	Dairy
Gene Koopman	Milk Producers Counsel
Jeff Pierson	Crops
Glen Durrington	Crops
Nathan Mackamul	State of California/CIW
Pete Hall	State of California/CIM

Watermaster Board Members Present

Paul Hofer	Crops
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Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Assistant General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Marv Shaw	Inland Empire Utilities Agency
Dave Crosley	City of Chino
Gil Aldaco	City of Chino
Pete Vicario II	City of Chino
Kevin Sage	Vulcan Materials Company (Calmat Division)
Sandra Rose	Monte Vista Water District

Chair Feenstra called the Agricultural Pool meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

Chair Feenstra noted an item/discussion regarding PCE will be added under updates.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held May 19, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through April 30, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009
5. Budget vs. Actual July 2008 through April 2009

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of application: May 11, 2009
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008-09. Date of application: May 21, 2009
3. **Consider Approval for Notice of Sale or Transfer** – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as transferor and Aqua Capital Management LP as transferee in the amount of 317.844 acre-feet annual right, all water in its annual account will be transferred as well (the transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet). Date of application: June 1, 2009
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 3,400 acre-feet of water from the Marygold Mutual Water Company. Water will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009)

A brief discussion regarding Water Transactions ensued prior to the call for a motion.

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

Moved to approve Consent Calendar A through D, as presented

II. BUSINESS ITEM**A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES**

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury

Mr. Manning stated this item was put on the agenda to keep all parties up-to-date on the auction activities and gave an update on the progress. Mr. Manning stated this item is presented in three portions; however, staff is seeking one motion for this item. Counsel Fife this item does need approval for all three components being presented today and noted there is a detailed staff report provided in the meeting package. Counsel Fife stated the action take at the recent joint Appropriative and Non-Agricultural Pool was that they considered all three items in one motion; however, there were some concerns raised by one party that the material physical injury analysis inappropriately singled out northern MZ1 without any attention being paid to other management zones. There has to be other conditionality on any take of the water out of storage before pumping could occur. Counsel Fife noted the Appropriative Pool did pass the item and Monte Vista Water District voted no. There was also discussion over the past couple of weeks, where some assigned parties would get together as a sub-committee and try to work out additional language for the material physical injury analysis. Counsel Fife stated with that said, the determination of material physical injury will most likely change slightly between now, and the time when the

Advisory Committee meets; the other two components should not change at all. Counsel Fife stated that even though Monte Vista Water District voted no at the pool level they are anticipating voting yes at the Advisory Committee meeting after the sub-committee meets and works out language issues. A discussion regarding the issues raised at the Appropriative Pool meeting ensued. Counsel Fife stated staff is recommending approval for these three items. Mr. Koopman inquired about Watermaster purchasing water from the overlying non-agricultural pool and if that water has been purchased yet. Mr. Manning stated when the purchase agreement was approved by the court that technically meant Watermaster has purchased that water, although it has not yet been paid for. A lengthy discussion regarding the non-agricultural pool water price and the current replenishment water status of the basin ensued. A question regarding broad benefit was presented. Mr. Manning referenced page 92 of the meeting packet that defines broad mutual benefit and that definition is fairly specific on what the money can and can't be used for. Mr. Manning stated this is staff's recommendation of the definition written in the staff report. An inquiry regarding keeping the funds gained from the auction was presented. Ms. Rojo stated these funds will be specifically segregated and safeguards and procedures will be put into place to manage these funds. An inquiry regarding CEQA was presented. Mr. Wildermuth stated Wildermuth Environmental has had to create other alternatives for this that were not anticipated and that engineering work is done and is being written up; draft documents will be transmitted shortly to the Dodson Group, Inland Empire Utilities Agency and Watermaster staff. A lengthy discussion regarding the auction process and its components ensued and it was noted the remainder of the discussions will be discussed in closed session.

Note: This motion was given to the meeting recorder at the conclusion of the closed session

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. June 29, 2009 Hearing

Counsel Fife stated a copy of the notice of the ruling from the April 27, 2009 hearing is available on the back table. Chino Basin Watermaster was excused by Judge Wade on the final report on Condition Subsequent No. 5 which was a report on the progress in the development of the Recharge Master Plan Update and that is reflected in the notice. A third hearing is now scheduled for June 29, 2009 at 9:30 a.m. which will cover Program Elements No. 4, 5, and 6. Counsel Fife described the Program Elements in detail and noted Andy Malone from Wildermuth Environmental will be giving the presentation on Program Element No. 4 and Watermaster staff will be covering No. 4 and No. 5. A brief discussion regarding the upcoming hearing ensued.

Added Item:

Chair Feenstra stated he has met with engineers from Watermaster and Wildermuth Environmental to do some testing of wells in a section northeast of the Agricultural Preserve to check for VOC's and especially PCE's; it has come to his attention that there are some real concerns in this area. Chair Feenstra ordered as the chairman of this pool to have Wildermuth and Watermaster staff to investigate approximately eight wells; some are at use and some are not. Chair Feenstra stated he will keep the pool members informed accordingly as information becomes available.

Added Item:

Chair Feenstra inquired to the City of Chino as to the progress being made on the item that was presented by Gil Aldaco last month. Mr. Aldaco stated he is working with the party on the pipeline issue and handed out a large map entitled Exhibit A and noted things are progressing nicely. A more detailed report will be given in the near future when things are more complete. Chair Feenstra thanked the City of Chino and Mr. Aldaco for their hard work in this matter.

B. ENGINEERING REPORT1. Recharge Master Plan Progress Report

Mr. Wildermuth stated with regard to the Recharge Master Plan (RMP) update, Wagner and Bonsignore are working to finalize their storm water memorandum and local project (small local recharge facilities) details. Mr. Wildermuth stated his firm has halted the majority of their work due to them waiting for these local projects to be identified. The modeling for the production optimization modeling has been completed; documentation is now in process as part of the Peace II CEQA analysis.

Chair Feenstra offered comment on triple El Nino's that he has heard during several conversations that could seriously affect the Chino Basin. Chair Feenstra inquired about such storms hitting the Chino Basin and is the infrastructure in place for such large inflow of water to be captured. Mr. Wildermuth responded by commenting on the recent improvements in the recharge basins.

2. Upcoming Workshop Schedule

Mr. Wildermuth stated there is a Workshop scheduled from 10:00 - 12:00 on June 18, 2009 (Non RMP Workshop) scheduled which will include losses resulting from increased storage and assumptions used in the Peace 2 CEQA analysis. Mr. Wildermuth stated there is no June 25, 2009 Workshop; however, there will be one on July 28, 2009 which is RMP Workshop #3 and will cover Task 4.3 Determine How Land use and Storm Water Recharge Decisions Affect Safe Yield and Task 6.2 Identify Potential Storm Water Recharge Projects. Mr. Wildermuth stated there is also a scheduled workshop on August 27, 2009 which is RMP Workshop #4 and will cover Task 6.3 Develop New Storm Water Recharge Alternatives. Mr. Wildermuth also noted the September 24, 2009 workshop which is RMP Workshop #5 and will cover Task 7.3 Identify New Supplemental Water Recharge Projects.

C. FINANCIAL REPORT1. Fiscal Year End Update

Ms. Rojo stated Watermaster's fiscal year ends June 30, 2009. Staff has already begun work in the Ag Conversions and the current land use conversion progress; those agencies are currently being contacted. Production Reports will be going out shortly along with the Water Activity Reports.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated he will not give a report on the legislative issues today; however, he will give a detailed report at the next June Advisory Committee meeting.

2. Recharge Update

Mr. Manning stated the most recent recharge update is on the back of the table for review.

IV. INFORMATION1. 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.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 10:10 a.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

The closed session was convened at 10:36 a.m.

Chair Feenstra called for the question for the business item – Overlying Non-Agricultural Pool Auction.

*Motion by Pierson, second by Durrington, and by a unanimous vote,
Moved to abstain from making a motion on the Overlying Non-Agricultural Pool Auction*

VIII. FUTURE MEETINGS

June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 18, 2009	10:00 a.m.	Workshop (Losses & Assumptions in Peace II CEQA)
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

The Agricultural Pool meeting was dismissed by Chair Feenstra at 10:39 a.m.

Secretary: _____

Minutes Approved: July 22, 2009