

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
July 8, 2010

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on July 8, 2010 at 9:00 a.m.

Agricultural Pool Members Present Who Signed In

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Jeff Pierson	Crops
Glen Durrington	Crops
Jennifer Novak	State of California, Dept. of Justice, CIM
Pete Hall	State of California, CIM

Watermaster Board Members Present

Paul Hofer	Crops
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Watermaster Staff Present

Ken Manning	Chief Executive Officer
Danielle Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present Who Signed In

Steven G. Lee	Reid & Hellyer
Marsha Westropp	Orange County Water District
Ryan Shaw	Inland Empire Utilities Agency
Rick Rees	Geomatrix Consultants, Inc.

Chair Feenstra called the Agricultural Pool meeting to order at 9:11 a.m. *(Tape 1 counter 000-004)*

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

Ms. Novak inquired about item D regarding the Local Storage Agreement and Mr. Manning stated this item will be pulled from the agenda and discussed in detail after the discussion on the financial documents has concluded.

I. CONSENT CALENDAR *(Tape 1 counter 004-020)*

A. MINUTES

1. Minutes of the Appropriate Pool Meeting held June 10, 2010
2. Additional Requested Items for Inclusion into the June 10, 2010 Minutes
 - a) Email from Jennifer Novak to Joseph Joswiak
 - b) Email from Jennifer Novak to Andy Malone
 - c) Material Physical Injury Analysis for Wells I-16, I-18, Dated May 27, 2010

B. FINANCIAL REPORTS *(Tape 1 counter 020-568)*

1. Cash Disbursements for the month of May 2010
2. Watermaster Visa Check Detail for the month of May 2010
3. Combining Schedule for the Period July 1, 2009 through May 31, 2010
4. Treasurer's Report of Financial Affairs for the Period May 1, 2010 through May 31, 2010
5. Budget vs. Actual July 2009 through May 2010

Mr. Pierson pulled the financial section and commented on the reasons for this action, mainly that he had not received for review certain documents, specifically the Watermaster legal counsel and consulting bills, which staff had withheld on advice of counsel. A lengthy discussion regarding this matter ensued. Staff advised that the form of the Financial Reports' presentation was going to change, perhaps as soon as August. Counsel Fife stated that he had been working on a policy responsive to Mr. Pierson's concerns that would allow for review of the invoices in question. In response to questions, staff advised that the invoices presented for approval in the Financial Reports had already been paid and, therefore, no harm would occur from delaying approval of this agenda item. Chair Feenstra called for a roll call vote for the Financial Reports. Mr. Joswiak assured all parties present that his door is open for discussions and review of documents. The recording secretary called out the roll call vote.

Motion by de Durrington, second by deBoom, and by majority vote – 4 nay and 3 aye

Moved to not approve Consent Calendar item B by a roll call vote, as presented

C. WATER TRANSACTION *(Tape 1 counter 004-020)*

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 500 acre-feet of water from West Valley Water District. This purchase is made from WVWD's water in storage and is to be placed in CVWD's Excess Carryover Account – Date of Application: June 14, 2010
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 765 acre-feet from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net under-production in Fiscal Year 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 21, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District is purchasing 19.245 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 7, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 6.082 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2009/2010 – Date of Application: June 23, 2010

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

Moved to approve Consent Calendar items A and C, as presented

D. LOCAL STORAGE AGREEMENT *(Tape 1 counter 568-775)*

Notice of Application for a Local Storage Agreement – The City of Fontana ("City") has submitted an application for a Local Storage Agreement for 5,000 acre-feet to be placed into a Local Supplemental Storage Account – Date of Application: May 18, 2010

Mr. Manning stated he had asked for this item to be pulled from the agenda. Mr. Manning explained the concerns addressed at the Appropriative Pool meeting last week regarding this item and noted the Appropriative Pool has put a sub-committee in place to hold a workshop to discuss this agreement along with other future local storage agreements. Mr. Manning reviewed this item in detail. It was noted this item will be back on a future agenda and an update will be given once the committee meets. A lengthy discussion regarding this item ensued. Chair Feenstra stated he wants to make sure the Agricultural Pool members are invited to the upcoming workshop regarding this matter. Ms. Novak requested that when this item or other

items like this are preceded by a staff letter, that there be more information in the staff letter in order for parties to have a better or clearer understanding of the matter which is to be voted on.

(Tape 2 counter 000-111)

A discussion regarding Ms. Novak's comments ensued. Mr. Manning noted the workshop will be an open workshop and all parties are welcome to attend; however, a date has not been set yet. Mr. Hofer offered comment on storage in the Chino Basin and asked that the Agricultural Pool counsel attend this storage workshop. Mr. Manning stated there are several issues to be resolved regarding this issue and there will be one or more workshops to discuss all the issues and concerns the parties have. A discussion regarding the quality of water ensued. Chair Feenstra asked Mr. Lee if he could present any information gathered at the workshop at the next Agricultural Pool meeting along with Watermaster staff. A discussion regarding the cost of reclaimed water ensued.

No motion was made on this item.

II. BUSINESS ITEM *(Tape 2 counter 111)*

A. AGRICULTURAL POOL MEMBER REQUEST FOR ACTION

Chair Feenstra noted this Business Item will be heard after the Reports/Updates portion of the agenda.

The Business Item was taken out of order after the Reports/Updates agenda item.

(Tape 3 counter 088-172)

Chair Feenstra explained how this item was placed on the agenda today. Following Personnel Committee recommendations and discussions in closed door sessions, several directors of this board and the Watermaster Board approached Chair Feenstra and discussed with him the oversight of the activities of the Watermaster Chief Executive Officer by the Chairman of the Watermaster Board. This was only as a policy as to who is working with the CEO on the activities of the agency. Chair Feenstra noted Mr. Hofer and Mr. Vanden Heuvel could not make the meeting today which presents difficulty in discussing this issue fully. It was in our comments that we thought we would make this recommendation to all the other Pools. Chair Feenstra noted he had a phone conversation with the Chairman of the Board, Ken Willis, regarding adding more responsibility of oversight for and with the Watermaster CEO; however, Mr. Willis is unable to perform that duty due to many other commitments. A lengthy discussion regarding this matter ensued and it was noted the Agricultural Pool members were not clear at all why this was being brought up today at this meeting. Ms. Novak noted her concern about this being on the agenda without proper information being given just as she has stated several times regarding any item being placed on agendas without full disclosure of what it is that is being asked in order to make proper decisions without any backup information prior to the day of the meeting. Ms. Novak stated there is an appointed Personnel Committee which is to act on personnel issues. Ms. Novak stated it is her opinion those confidential issues should be taken to that committee first and foremost and should be kept confidential, meaning all the information needed for this Pool or any other Pool to make a clear decision would be difficult because all the information would not be allowed to be presented due to confidentiality issues. A discussion regarding this matter ensued and it was noted key people are not present today to further this item with information/education to take an action today and it will be deferred to the Personnel Committee or to the Watermaster Board, and if it needs further discussion today it needs to be discussed in closed session.

No motion was made on this item.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT *(Tape 2 counter 111-226)*

1. Paragraph 31 Motion

Counsel Fife stated the Paragraph 31 Motion was heard on June 18, 2010 and the court issued a decision on that day which was posted to the website. The motion was denied completely; the appeal period will run for 60 days from the notice of decision. Chair Feenstra commented on a possible appeal and the possibility of recovering legal fees. Counsel Fife stated the Appropriate Pool met in closed session at their last meeting and reported out of closed session that they had directed their legal counsel to pursue recovery of the costs associated with the Paragraph 31 Motion, which is not tied to an appeal possibly being filed. A brief discussion regarding attorney fees ensued.

2. CDA Facilitation

Counsel Fife stated this is an ongoing process that came out of the ACL complaint from the Regional Board. The Watermaster Board directed staff and legal counsel to facilitate the CDA expansion and work with the existing CDA members and the expansion group to move that project forward. That facilitation is continuing and is very active with several meetings taking place frequently. A lengthy discussion regarding benchmarks for the CDA, members on the CDA board, costs, and progress ensued. Ms. Novak stated she would like more detailed reports on the CDA issues since it involves so many intricate aspects for several parties, especially because Watermaster is the co-holder of the permit.

3. Non-Agricultural Pool Volume Vote Changes

Counsel Fife stated this is on the agenda because the Agricultural Pool asked that all things reported to all Pools are reported to all the other Pools. The Non-Agricultural Pool asked at the May Board meeting that Watermaster legal counsel inform them as to the process for changing their volume vote. The Non-Agricultural Pool acted at one of their meetings to make such a change which entails a change to Exhibit G to the Judgment, which is the Non-Agricultural Pool Pooling Plan. At that meeting it was expressed that if they wanted to change the Judgment it would require a Judgment amendment. Then the Non-Agricultural Pool subsequently at the Watermaster Board meeting asked for the opinion of counsel as to what the process would be to make the change. At their next meeting the Non-Agricultural Pool members were informed that in legal counsel's opinion if they wanted to change the Judgment, it would require a Judgment amendment. This issue was discussed with them at their last meeting, and at that meeting they asked whether Watermaster would make that filing or whether the Non-Agricultural Pool would make the filing; they were informed in order for Watermaster counsel to make the filing counsel would have to be instructed by the Watermaster Board; however, their own legal counsel could make the filing just as well as the Watermaster counsel.

B. ENGINEERING REPORT *(Tape 2 counter 226-660)*

1. Presentation on the Achievement of Hydraulic Control and the Potential for Land Subsidence

Mr. Manning stated in response to requests made by this Pool to keep them informed of some of the issues that have overlapped and some of the discussions that have taken place at other meetings, Wildermuth Environmental was asked to present a presentation on Hydraulic Control, the Chino Creek Wells and the issue of land subsidence, which Director Vanden Heuvel requested. After the presentation Mr. Malone and Mr. Manning will be available for questions. Mr. Pierson asked this presentation be put on the Watermaster ftp site. Mr. Malone gave the Achievement of Hydraulic Control and the Potential for Land Subsidence presentation which included several detailed graphs, maps, and charts. Mr. Malone stated his objective today is to educate and answer any questions. Several questions were asked about subsidence issues and both Mr. Malone and Mr. Manning answered them. Mr. Malone continued with his presentation. Ms. Novak inquired about modeling based on the actual design and intent of the CDA wells. Mr. Malone stated that work has not started; however, direction has been given to begin. Mr. Manning stated he has asked Wildermuth Environmental to give Watermaster a price, which is not included in the new budget because of a request to obtain that information, and the quote was just recently received. This will be taken to the CDA members to obtain approval for creating that modeling run over the next few weeks. A discussion regarding the new model ensued. Ms. Novak requested the results of the new modeling be presented to the Agricultural Pool.

Chair Feenstra commented on the Chino and Ontario plumes. Mr. Malone continued with his presentation. A discussion regarding Mr. Malone's presentation ensued.

C. CEO/STAFF REPORT *(Tape 2 counter 660-773)*

1. Legislative Update

Mr. Manning commented on the very late budget and the effects that is having on the state of California. Mr. Manning stated the legislature has been out on recess and has spent a limited amount of time on the budget; however, some legislative issues are now moving into the other house and through the bill process, and eventually will make it into the governor's office. Mr. Manning stated the governor and the organization which was put in place to support the Bond Measure for this November have both now made the recommendation that that bond measure be placed on the November 2012 ballot. That still needs to be approved by the legislature. Mr. Manning stated the governor is essentially reacting to pressure from the legislature to move that Bond Measure; there will be some controversy over this but it appears the governor has the support he needs. Chair Feenstra discussed the drought situation and groundwater levels and a discussion ensued.

2. Recharge Update

Mr. Manning stated there is not a new chart for this meeting from last month; however, the last spreadsheet was provided last month and the new report should be available by the Advisory Committee meeting later this month. Mr. Manning discussed the two water purchases that Watermaster made this month.

3. Policy Manual / Database Management

Mr. Manning stated this item was put on the agenda to inform the parties that the Policy Manual is going to be started to be worked on again since it was delayed by the Paragraph 31 Motion.

(Tape 3 counter 000-088)

Mr. Manning stated the database management is a related but separate issue and there will be a tremendous amount of work that needs to be accomplished for the gathering of this information. Mr. Manning stated it will be pretty easy to gather the information for the Appropriative Pool and the Non-Agricultural Pool; however, the Agricultural Pool will be a much more tedious task and may take up to a year to get all the information needed. Along with names and such, staff is checking to make sure parties are in the correct Pools and that will also take discussions and investigations. A lengthy discussion regarding the new Policy Manual and the new Database Management investigations ensued. Ms. Novak noted she wants to be able to access any documents and/or reference materials that are noted in the Policy Manual or be provided information as to how to obtain the links or materials.

Mr. Manning commented on some statements made regarding Watermaster and/or him lobbying, and a discussion regarding this matter ensued. Ms. Novak offered comments on Watermaster being an arm of the court and Watermaster working on any sort of legislation efforts. Chair Feenstra instructed parties to speak to their legal contacts if more information is needed on this subject. Mr. Manning stated when he is in Washington or Sacramento it is only as chairman of the California Groundwater Coalition and it is at the request of one of the member agencies to be there to represent and educate the legislatures and their staff on the impacts of legislation to the Chino Basin. As chairman of the California Groundwater Coalition there has been opportunities to weigh in on the behalf of groundwater basins statewide on issues that are more pertinent to whether a piece of legislation is beneficial to groundwater statewide.

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. 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.

No confidential session was called.

VIII. FUTURE MEETINGS

Thursday, July 8, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, July 15, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, July 15, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, July 22, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Tuesday, July 27, 2010	9:00 a.m.	GRCC Technical Committee Meeting @ CBWM

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:30 a.m.

Secretary: _____

Minutes Approved: August 12, 2010