

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on October 14, 2010 at 9:00 a.m.

Agricultural Pool Members Present Who Signed In

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
Rob Vanden Heuvel	Milk Producers Counsel
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
Michael Camacho	Inland Empire Utilities Agency

Watermaster Staff Present

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
Gil Aldaco	City of Chino
Ryan Shaw	Inland Empire Utilities Agency
Marsha Westropp	Orange County Water District
Julie Cavender	State of California, CIM

Chair Feenstra called the Agricultural Pool meeting to order at 9:11 a.m.

AGENDA - ADDITIONS/REORDER

Chair Feenstra reordered the GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation presentation to be given directly after the Consent Calendar.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held September 9, 2010

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of August 2010
2. Watermaster Visa Check Detail for the month of August 2010

3. Combining Schedule for the Period August 1, 2009 through August 31, 2010
4. Treasurer's Report of Financial Affairs for the Period August 1, 2010 through August 31, 2010
5. Budget vs. Actual July 2010 through August 2010

Motion by Vanden Heuvel, second by Durrington, and by unanimous vote

Moved to approve Consent Calendar item A Minutes with one change made to the motion on the closed item action and moved to file and receive Consent Calendar item B Financial Reports, as presented

Item 5. was taken out of order

5. GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation
Mr. Pak gave the GRCC Update presentation. Mr. Pak noted the GRCC Committee is meeting on a regular basis. Mr. Pak stated the committee has discussed planning activities that would improve or enhance recharge in the near future which would be of no cost or low cost to the existing budget, or by grants, or other possibilities. Mr. Pak reviewed the current condition, solutions, and cost and benefits in detail for the Grove Basin, the Etiwanda Basin, the Jurupa Basin the Eastern Drainage Channel, the Wineville Basin, the Turner Basin, the North Milliken Grade Separation Project, and Turbid Water. Mr. Pak discussed the Total Added Recharge numbers for the presented basins/projects in detail. Chair Feenstra inquired about Grove Basin's recharge capabilities. Mr. Pak assured the members that Grove Basin does percolate even with the soil restrictions.

II. **BUSINESS ITEMS**

A. **WATERMASTER RESOLUTION NO. 10-04 FOR PHASE III DESALTER EXPANSION**

Ms. Maurizio introduced the Watermaster Resolution No. 10-04 for the Phase II Desalter Expansion. Counsel Fife stated what is in the meeting packet as well as supplemental materials on the back table are what have been discussed at several meetings. Counsel Fife noted the actual resolution starts on page 81 of the meeting packet and is lengthy; most of the resolution is recitals. Counsel Fife stated the reason for so many recitals is that most of what is relevant to the resolution is a gathering together of the different provisions relating to the Desalters and the Desalter Expansion, and the agreements and assurance that have been formulated which then puts all of those into one document. Counsel Fife stated what this resolution is accomplishing is providing comfort to the CDA Expansion parties that they are not going to be responsible for the broader projects that are involved in the CDA Expansion. Counsel Fife stated this document was provided to the Appropriative Pool last week and there were additional questions presented. After a lengthy discussion, the Appropriative Pool members deferred voting on the approval and scheduled a special meeting on October 21, 2010 at 8:00 a.m. just prior to the Advisory Committee meeting. Counsel Fife stated this was also presented to the Non-Agricultural Pool and they approved it unanimously and gave the Chairman the discretion to negotiate language changes if necessary at the Advisory Committee and Board level. Counsel Fife stated staff is looking for a motion similar to the Non-Agricultural Pool's motion. Chair Feenstra offered comment on the Appropriative Pool not taking action and in not knowing what the final outcome is going to be at the special meeting. Mr. Pierson noted the Agricultural Pool could conditionally approve the resolution with what is being presented today based upon a second review of the substantive changes that the Appropriate Pool makes to the agreement. Ms. Novak inquired about the motion made by the Non-Agricultural Pool. Counsel Fife stated the ultimate action that is taken is the approval by the Watermaster Board. The Non-Agricultural Pool's motion was consistent with how motions are normally framed actions of the Pools. The Pools make recommendations as to what they believe the Board should do. The members gave Mr. Bowcock the instruction to negotiate whatever language changes, in his discretion, he feels needs to be negotiated and then to vote yes when it is presented to the Advisory Committee and Watermaster Board level. Ms. Novak stated the Non-Agricultural Pool's motion is also a conditional approval. Director Hofer stated he was uncomfortable voting on this until the final

wording of this agreement comes together; any approval should be conditional and should be upon the review of the final document as agreed to by the other Pools. Director Hofer stated the Chair and the Agricultural Pool's attorney, at least, should review the final document. Mr. Pierson stated he would not vote on something unless he sees the final copy and any motion given today would be conditional. Mr. Lee stated his input would be similar to both Director Hofer and Mr. Pierson's comments and a motion could be subject to review of any substantive or grammatical changes that are made. Mr. Durrington inquired as to the necessity to approve the document prior to its completion. Counsel Fife stated a conditional approval is acceptable and is what the other Pools have done; however, for a timing sense this needs to be presented to the Watermaster Board this month. A lengthy discussion regarding this matter ensued. Mr. Lee inquired if it would be possible to see the redline documents prior to the Advisory Committee meeting. Counsel Fife stated the documents will be circulated as they are produced; however, the timing of when those documents will be ready is in question. Ms. Novak inquired as to what the Appropriative Pool's concerns were to put off making a motion. Counsel Fife stated from the discussions that took place on page 92, item number 5 of the meeting packet there is a commitment addressed there as to who will be the responsible party or parties for the completion of the project. Chair Feenstra commented on the complexity of making a decision today without seeing the final documents and having Mr. Pierson attend the Advisory Committee and be expected to vote on documents he has not had the opportunity to review. Ms. Novak offered comment on the presented document and her concerns. Mr. Lee stated a conditional approval could be done and a possible meeting prior to the Advisory Committee meeting for the review of the changes could be scheduled. Mr. Pierson offered comment on this situation and noted he would not give full approval unless he has seen the final product. It was noted there is a concern if all of the "whereas" were cross-referenced. Counsel Fife stated most of what is in these documents are a reiteration and is not new information. A discussion regarding bonds, assurances, and the possibility of people/parties pulling out at the last minute ensued. Chair Feenstra asked if Mr. Lee could craft a motion for the Agricultural Pool to consider. Mr. Lee stated the motion could read – a motion to approve conditionally, subject to review of any redrafts and to designate Jeff Pierson as our representative to approve if there are not substantive or grammatical changes. Mr. Pierson stated he would need the documents at least two days prior to the Advisory Committee meeting for his support; however, would be conditional upon counsels review also. Mr. Vanden Heuvel noted that is a lot to put on one individual and maybe have the chair, vice-chair, director Geoff Vanden Heuvel, and Director Hofer as the overseers on this. Ms. Novak offered comment on the mitigation areas and the mitigation zone. Ms. Maurizio stated Watermaster staff has been out there speaking to those parties possible, not all but most, trying to get some understanding of their wells and the construction of their wells. A discussion regarding the mitigation zone ensued. Mr. Malone offered comment on the discussed items regarding the mitigation zone and related issues. A discussion regarding the timing of the special Appropriative Pool meeting ensued.

Motion by Novak, second by Vanden Heuvel, and by unanimous vote

Moved to conditionally approve Resolution 10-04, subject to the Final Approval of the Agricultural Pool Chair, Vice-chair, Director Vanden Heuvel, and Director Hofer, as presented

B. CHINO BASIN WATERMASTER 2010-2011 ASSESSMENT PACKAGE

Ms. Maurizio stated there is a prepared presentation on the 2010-2011 Assessment Package. Chair Feenstra noted the Assessment Package really does not affect the Agricultural Pool as much as it affects other members and asked that the presentation not be given today. Mr. Lee stated at the recent Appropriative Pool meeting, Fontana Water Company noted their treasurer was out of town and was not able to review the Assessment Package, and the members asked that this item also be addressed at the special Appropriative Pool meeting on October 21st. Mr. Lee stated his recommendation to approve the portion of the Assessment Package that relates to the Agricultural Pool and reserve the rest as it relates to the other Pools. An inquiry was made to what portions of the Assessment Package apply. Ms. Maurizio stated it mostly relates to a land use conversion. Ms. Maurizio gave the page numbers and column

numbers/letters from the meeting package that applies to the Agricultural Pool. Ms. Novak offered comment on the Assessment Package. Mr. Pierson noted he has an issue with 10A, specifically the land use conversions and offered comment on them. Mr. Pierson asked if he could receive an overall depiction of what acreages have converted back to the Appropriators within the region. Ms. Maurizio stated there are maps at Watermaster which show this and they will be brought to the next meeting. Mr. Pierson noted his concerns. Ms. Maurizio stated Watermaster field staff does go out and verifies the information. Mr. deBoom asked that maybe a quarterly review be done on this. Ms. Maurizio stated this review is done yearly and could be provided yearly to this committee. Ms. Novak noted she is comfortable with moving the entire Assessment Package forward.

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

Moved to approve Chino Basin Watermaster 2010-2011 Assessment Package, as presented

C. SAN SEVAINE CHANNEL REPAIR AGREEMENT

Ms. Maurizio reviewed the San Sevaire Channel Repair Agreement in detail and offered the history regarding this item. Ms. Maurizio noted Watermaster counsel and the county attorneys have been working on this agreement; this will be a reimbursable agreement. The cost for the repairs is approximately one million dollars which will be split 50% to the county, 25% Inland Empire Utilities Agency, and 25% Chino Basin Watermaster – with a not to exceed for Watermaster of \$245,750. Ms. Maurizio stated the county has been made aware this is not a budgeted item for Watermaster this year and will be put into the budget next year. When the work is complete, Watermaster will reimburse the county the 25% - not to exceed the \$245750.00.

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

Moved to approve the San Sevaire Channel Repair Agreement, as presented

D. BUDGET MODIFICATION

Mr. Joswiak offered history on last year's special assessments in the amount of \$100,000 for legal expenses. Mr. Joswiak noted the Non-Agricultural Pool used up their entire amount of monies; however, the Appropriative Pool only used \$37,000 of their monies, leaving a balance of \$63,333.00. Mr. Joswiak stated Watermaster's normal accounting practices are to roll that money into LAIF; however, because it was from a special assessment, those funds need to be allocated out only for the Appropriators. Mr. Joswiak stated he has discussed this situation with our external audit firm and it was their recommendation that the monies be put back into the budget and specifically used only for the Appropriators. A brief discussion regarding this matter ensued.

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

Moved to approve the Budget Modification, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 8, 2010 Hearing

Counsel Fife stated there was a hearing last Friday and two items were on the agenda for consideration; 1) the approval of the Non-Agricultural Pool's motion for a Judgment amendment and 2) the approval of the Recharge Master Plan. Both were approved by Judge Reichert and a copy of the order is on the back table. Counsel Fife noted it was a very good hearing and Mr. Malone gave a technical presentation to the Judge. The one-hour long presentation ultimately turned into a three-hour presentation; the Judge seemed to really understand what was being presented and enthused to be on our case. Ms. Novak inquired about a transcript and Ms. Maurizio stated one will be made available as soon as it done.

2. Paragraph 31 Appeal

Counsel Fife stated the Paragraph 31 appeal is moving forward. Counsel Fife noted in September the Appellate Court issued an order asking for more additional information and a copy of that order is on the back table. Counsel Fife stated the Non-Agricultural Pool and California Steel Industries responded to the order; however, counsel and staff has concerns they did not provide enough information to the court. Ms. Novak inquired about whether this case is appealable or not. Counsel Fife stated the two items of concern was that the Appellate Court and their order specifically pointed to the issue that parties cannot agree amongst themselves to make something appealable, and that the right appeal is statutory only. Counsel Fife stated the concern is that they know Watermaster has a stipulated Judgment which takes the form of a contract and that the court was subtly asking why a stipulated Judgment, which is not normally appealable, can be appealable in this case. Counsel Fife stated the Judgment itself covers that issue in that it is a stipulated Judgment; it was also adopted by the court after an evidentiary proceeding which can be made appealable. The second item which needed to be made known to the court is the case in the Central Basin; they did have an issue in the past where some of the parties went to the court and asked the court to modify the Judgment and the court declined to do so. Those parties did appeal and took that case to the Appellate Court; the Appellate Court did have to address the issue of whether their stipulated Judgment could have appealable issues and the court did find that it did. Counsel Fife stated this information would be relevant to point out to our court that this type of case has already been dealt with. Ms. Novak offered comment on the importance of this item and how it affects the parties and the Chino Basin. A discussion regarding this matter ensued.

B. ENGINEERING REPORT

1. Progress Report on Safe Yield Determination

Mr. Malone did not give the prepared presentation but gave a verbal report on what the presentation contained. A discussion on an increase of safe yield in the basin and how it would be apportioned ensued. Counsel Fife stated it would go to the Appropriators under the Judgment any increase or decrease goes to the Appropriators. A discussion regarding the Agricultural Pool when safe yield relates to increase and decrease ensued.

Added Comment:

Ms. Novak stated when presentations are given at other meetings; she would like the opportunity to see them at this meeting as part of the reports or at least have the option to see them or pass on them.

C. CEO/STAFF REPORT

1. Legislative Update

Ms. Maurizio stated the state budget was approved last Friday and noted AB2304 was vetoed by the governor. Ms Maurizio noted Mr. Manning will give a more detailed report at the Advisory Committee meeting next week.

2. Recharge Update

Ms. Maurizio stated there is no new update on recharge numbers; however, the new spreadsheet should be available at the Advisory Committee meeting next week.

3. Strategic Planning Conference Update

Ms. Maurizio stated the Strategic Planning Conference was held last week at the Frontier Project and was focused on the Recharge Master Plan. Ms. Maurizio stated notes were taken during the breakout sessions and those notes in their draft form will be made available at the Advisory Committee meeting next week.

4. Budget Projections

Ms. Maurizio stated next month at the meetings staff will have available, for the first quarter, which is July through September where Watermaster is on expense accounts.

5. GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation

This presentation was given by Ben Pak directly after the Consent Calendar.

Added Comment:

Ms. Maurizio asked that this committee note that the next Agricultural Pool meeting is going to be held on Thursday, November 4, 2010 due to the holiday on November 11, 2010.

IV. INFORMATION1. Cash Disbursements for September 2010

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Pierson inquired about a check written in the amount of \$1,500 for a sponsorship for a Coro luncheon. Mr. Joswiak stated this is a luncheon that was sponsored last fiscal year and this fiscal year at the request of the chairman of the Board. Ms. Maurizio noted Watermaster does have a category for conferences budgeted. Mr. Pierson asked that the chairman of the Board be asked about this sponsorship payment.

Chair Feenstra stated he has spoke to Mr. Aldaco regarding a property owner in the Chino Airport plume area that he has had difficulty getting in touch with. Chair Feenstra inquired about past tests performed on various wells by Wildermuth Environmental and noted he had not yet seen the reports on the findings. Chair Feenstra asked Mr. Lee to write a letter to Wildermuth Environmental about getting those reports/test results.

Chair Feenstra commented on a phone call from the Regional Water Board regarding some agricultural interests on the southwest end not being able to comply with discharge requirements. A report was filed a year ago on this and now the Water Board is giving Mr. Vanden Heuvel a few weeks' notice that there needs to be a response. Mr. Vanden Heuvel commented on speaking to the Regional Water Board regarding this issue. Mr. Vanden Heuvel gave the history on this matter. Mr. Vanden Heuvel stated that Mr. Brommenschenkel, on behalf of the pumpers, would submit an update to the Water Board on December 31, 2010 and another update on September 31, 2011. Mr. Vanden Heuvel noted he thinks this issue will be fine and noted Mr. Brommenschenkel is on top of the situation; further updates will be given once more is known. Chair Feenstra asked Mr. Lee to follow up on this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

Thursday, October 14, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, October 21, 2010	8:00 a.m.	Special Appropriative Pool Meeting @ CBWM
** Thursday, October 21, 2010	T.B.D.	IEUA DYY Meeting @ CBWM
Thursday, October 21, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, October 21, 2010	11:00 a.m.	Water Quality Meeting @ CBWM
Thursday, October 28, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
* Thursday, November 4, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, November 4, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, November 4, 2010	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting

Thursday, November 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, November 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, November 18, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, December 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, December 16, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

*** Note: Date changes due to holiday schedules**

**** Note: Due to the Special Appropriative Pool Meeting this Meeting time is To Be Determined**

The Agricultural Pool meeting was dismissed by Chair Feenstra at 10:53 a.m.

Secretary: _____

Minutes Approved: November 4, 2010