

**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 November 4, 2010 at 9:00 a.m.

**Agricultural Pool Members Present Who Signed In**

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
Gene Koopman	Milk Producers Counsel
Rob Vanden Heuvel	Milk Producers Counsel
Jeff Pierson	Crops
Glen Durrington	Crops
Jennifer Novak	State of California, Dept. of Justice, CIM

**Watermaster Board Members Present**

Paul Hofer	Crops
Geoffrey Vanden Heuvel	Dairy

**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
Dave Crosley	City of Chino
Jesus Plasencia	City of Chino
Dennis Mejia	City of Ontario
Sheldon Yu	City of Ontario
Eunice Ulloa	Chino Basin Water Conservation District
Ryan Shaw	Inland Empire Utilities Agency
Marsha Westropp	Orange County Water District
Julie Cavender	State of California, CIM
Charles Thomas	Southern California Edison

Vice-Chair Pierson opened the Agricultural Pool meeting at 9:02 a.m. and noted there is not a quorum present until Chair Feenstra or the State of California representative arrives.

**AGENDA - ADDITIONS/REORDER**

Vice-Chair Pierson reordered the agenda to begin with Reports/Updates due to a lack of quorum.

Chair Feenstra called the Agricultural Pool meeting to order at 9:25 a.m. and noted there is now a quorum.

The Consent Calendar and Business Items were taken out of order and presented after the Reports/Updates.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held October 14, 2010

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of September 2010
2. Watermaster Visa Check Detail for the month of September 2010
3. Combining Schedule for the Period September 1, 2009 through September 30, 2010
4. Treasurer's Report of Financial Affairs for the Period September 1, 2010 through September 30, 2010
5. Budget vs. Actual July 2010 through September 2010

**C. APPLICATION FOR RECHARGE**

1. Notice of Application for Recharge – San Antonio Water Company Has Submitted Form 2 Application for Recharge to Percolate 300,000 acre-feet of Water from Six Basins into the Upland Basin as Local Supplemental Storage

*Motion by Pierson, second by Durrington, and by unanimous vote*

***Moved to approve Consent Calendar items A through C, as presented***

**II. BUSINESS ITEMS**

**A. CHINO BASIN WATERMASTER ANNUAL AUDIT FY 2009/2010 – JUNE 30, 2010**

Mr. Manning stated this is a yearly item for Watermaster's annual audit which is performed by an outside auditing firm, Mayer Hoffman McCann. This independent audit firm has done Watermaster's audits for several years. Mr. Manning stated staff is seeking a motion to receive and file this item. Mr. Joswiak gave the Watermaster Audit for Fiscal Years 2009/2010 ending June 30, 2010 presentation. Mr. Joswiak noted a representative from the audit firm will be out in the near future to give a presentation/report on their findings. A discussion regarding this item and the checks which are not yet cashed from some of the Non-Agricultural Pool members ensued.

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

***Moved to receive and file the Chino Basin Watermaster Annual Audit FY 2009/2010 – June 30, 2010, as presented***

**B. FINANCIAL ANALYSIS**

Mr. Manning stated when our new CFO was hired approximately six months ago there was interest expressed by some of parties to obtain more information on Watermaster financial items. Mr. Manning stated Watermaster staff has put together the first report which will be presented to the Watermaster parties on a quarterly basis for the period of July 1, 2010 through September 30, 2010. Mr. Manning stated this item will normally be placed under the CEO reports on the agenda; however, since this is the first time this report is being presented, staff wanted to spend more time on reviewing the information and format. Staff is seeking a motion to receive and file this report. Chair Feenstra commented on Legal expenses and inquired about looking at a trend. Mr. Joswiak gave the 1<sup>st</sup> Quarter Financial Review Fiscal Year 2010-2011 presentation. Mr. Joswiak reviewed the spreadsheets in detail. Mr. Manning discussed the legal items, as a whole, which were and were not budgeted for. Two of the unforeseen legal items for last year were the Paragraph 31 Motion and the desalter negotiations. Mr. Manning noted staff is not asking to move any funds around at this time; however, when this item comes back through the process next time it should be accompanied by some budget transfers. Mr. Manning discussed the approval process for reviewing and paying bills. Ms. Novak stated it would be very helpful to see projected costs and to see where we are at in comparison to the dollar amounts that were originally budgeted.

*Motion by Pierson, second by Durrington, and by unanimous vote*

***Moved to receive and file the First Quarter Actual vs. Budget Report for the period July 1 2010 through September 30, 2010, as presented***

Added Comment:

Chair Feenstra acknowledged the attending parties who participated in the recent elections.

Chair Feenstra commented on Julie Cavender's participation today and possible future representation for the CIM and noted she might consider participating as an alternate for the State. Chair Feenstra asked that if Ms. Cavender is interested in that alternate position to contact him so that she is provided all the information needed. Ms. Novak noted she will give all of Ms. Cavender's information to Sherri Lynne today.

### **C. LAND SUBSIDENCE COMMITTEE**

Mr. Manning stated Andy Malone is the engineering consultant assigned to the MZ1 Technical Committee. Mr. Manning stated the MZ1 Committee has worked for several years within the managed zone to come up with strategies and implement programs to help parties better identify and understand the subsidence anomaly within that area. The MZ1 Committee also provides guidance criteria to prevent further subsidence. The MZ1 Committee has had many successes and has done a tremendous amount of work; however, in the process of developing additional knowledge, it has been revealed the circumstances which led to subsidence within MZ1 are not solely confined to the MZ1 area. Mr. Manning stated there are similar processes and strategies that could be implemented in other management zones throughout the basin. The MZ1 committee members in that management zone are uncomfortable making recommendations for activities outside of their management zone without having those particular parties from outside the zone participating in the meetings and being a part of those discussions. Mr. Manning stated since Watermaster has discovered that there are these kinds of activities going on that could cause subsidence in the basin, the recommendation from the MZ1 Technical Committee was to transition this committee from solely a management zone area to a Basin Wide Subsidence Committee. This would allow a larger group to focus on basin wide strategies instead of just a more concentrated area which would then broaden the committee to better suit the basins current and future requirements. Mr. Malone showed a graphic map to illustrate an example of this concept. Mr. Malone reviewed a map of the MZ1 and outside areas in detail. A lengthy discussion regarding subsidence, water levels, and the recommended expanded committee ensued. Ms. Novak expressed her gratefulness for expanding the committee which will hopefully allow for broader studies and more people looking at the larger picture for solutions.

*Motion by Pierson, second by Vanden Heuvel, and by unanimous vote*

***Moved to rename the MZ1 Committee to the Land Subsidence Committee and be opened to all Watermaster parties, as presented***

### **D. LOCATION OF WELL I-17**

Mr. Manning reviewed a map for the desalter expansion for Well I-17 which is almost exactly where it was modeled for hydraulic control. Mr. Manning stated as part of the process for working with the CDA parties and the expansion parties Watermaster is committed to working with them as a partnership as they move through the decision making process about where well sites are going to be located and whether those locations meet the requirement to address hydraulic control. Mr. Manning stated as sites are being proposed, Watermaster is providing a Material Physical Injury analysis for those wells; well locations for 16 and 18 were previously approved through the Watermaster process. Mr. Manning stated well 16 has been dug, 18 will be worked on shortly, and well I-17 has been identified. Watermaster, through Wildermuth Environmental, has done a material physical injury analysis; well I-17 shows no material physical injury as long as it is pumped through the upper zone. Mr. Malone reviewed a map of the well

locations and discussed it in detail. Mr. Manning stated staff is asking for the approval of the well location for I-17. A lengthy discussion regarding this item ensued.

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

***Moved to approve the CDA location of well I-17, as presented***

The agenda was reordered due to a lack of a quorum and Reports/Updates were taken first.

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Paragraph 31 Appeal

Counsel Fife stated the Court of Appeal has established a briefing schedule and according to that schedule, the Non-Agricultural Pool's opening brief is due November 29, 2010. They do get an automatic grace period of 15 days. The Appellate court is considering this case for their settlement process which is a mediation process. They have also issued a questionnaire to all the parties asking for recommendations concerning that settlement process. Counsel Fife noted a copy of Watermaster's completed form is on the back table. Counsel Fife stated the Watermaster board authorized counsel last week to respond to the questionnaire. Counsel Fife pointed out question number six where Watermaster commented they believe that this appeal is not proper for the settlement process given the nature of this case and that it needs to be resolved as quickly as possible. This has been distributed to the counsel of all three Pools prior to it being filed, and feedback has been received from the Appropriative Pool and Agricultural Pool counsel only.

2. Resolution 2010-04

Counsel Fife stated Resolution 2010-04 was approved by the Watermaster Board last month and one of the contemplated steps in the overall approvals was to send it to the court and ask for court approval. Counsel Fife stated there is a January 21, 2011 court date set for this; although, there are some other trailing issues still going on with this such as individual Appropriator approvals of the associated resolution and the Metropolitan Water District LRP Funding issue; these items may delay this item for the January court date. A brief discussion regarding the Appropriative Pool's Resolution ensued. Counsel Fife stated the parties will be kept apprised of this item.

3. Judgment Update

Counsel Fife stated during the court hearing in October, the judge expressed some dissatisfaction that the official version of the Judgment is still the 1978 copy which does not reflect any of the amendments that have been made since then. The judge asked that Watermaster produce an updated version of the Judgment that incorporates all amendments and submit that to the court for approval. Once the judge approves it, that will become the official judgment and will also be presented at the January 21, 2011 hearing date. This will go through the Watermaster process in December.

#### **B. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning reviewed some of the legislative changes made recently due the recent elections.

2. Recharge Update

Mr. Manning stated the most recent recharge update is on the back table. Mr. Manning reviewed the spreadsheet in detail.

3. Land Use Conversions Presentation

Ms. Maurizio stated this item was put on the agenda from a request made by the Agricultural Pool members at the October meeting. Ms. Maurizio noted a handout for this item is available on the back table. Ms. Maurizio gave the Land Use Conversion

presentation. The presentation included information on the background, voluntary agreements, current requirements, land use conversions to date, and the review of a detailed map. A lengthy discussion regarding this item ensued.

#### **IV. INFORMATION**

1. Cash Disbursements for October 2010  
No comment was made regarding this item.
2. Newspaper Articles  
No comment was made regarding this item.

#### **V. POOL MEMBER COMMENTS**

Ms. Novak commented on the legal expenses for both the Ontario Airport and the Chino Airport plumes and inquired about Watermaster becoming involved in assisting the Regional Water Quality Control Board because of their lack of manpower. Mr. Manning stated Watermaster did authorize staff and did pay for the writing of the orders for both the Ontario Airport and the Chino Airport. Mr. Manning stated the Chino Desalter Authority (CDA) approximately a year ago asked that Watermaster take the lead within the litigation matters as it relates to both the Ontario Airport and the Chino Airport. Within the last thirty days, the CDA modified that request slightly, asking that they now take a parallel position with Watermaster, in working with the County, on the Chino Airport situation. Mr. Manning stated for this year, for the budgeting process for the Ontario Airport Plume, the PRP's suggested there are others who should be brought into this as responsible parties and have asked that Watermaster take a timeout from assisting while they try and locate those parties. Mr. Manning stated in the next year's budget, Watermaster staff, is going to be making a recommendation that Watermaster get more aggressive in the development of information on the Ontario Airport; the timeout will be over this fiscal year and Watermaster will be working diligently in pursuing this endeavor. Mr. Vanden Heuvel offered observations on Mr. Manning's comments regarding the plumes and the pursuit of PRP's. Chair Feenstra addressed Mr. Lee and confirmed his task to keep the Watermaster Board informed as to the position of the Agricultural Pool. Mr. Vanden Heuvel stated Watermaster played a very important role in providing assistance to the Regional Board to develop the orders for both the Chino and Ontario water quality plumes. Monies were invested by Watermaster and progress has been made; however, the development of the information that the companies did in response to those has never been formally presented to the Watermaster parties. Mr. Vanden Heuvel stated he believes the information has been presented only to the Agricultural Pool members in closed session; however, as an Agricultural Pool representative on the Watermaster Board, we have not received this information. Mr. Vanden Heuvel stated he disagrees adamantly that that information was not shared with the broader Watermaster family. Mr. Manning stated Watermaster has never received that data and has only seen a verbal presentation given at a Water Quality Committee meeting and noted the presentation was very broad in its scope of the situation. Mr. Manning stated if Watermaster does not receive this data by next year, his proposal, will be to take it to the Regional Water Quality Control Board (RWQCB), and then to the Watermaster Board if the RWQCB authorizes it for Watermaster to take a more aggressive approach at recreating the same data set that the ABGL group has already developed. Chair Feenstra inquired if the statement just made by Mr. Manning will go to all the other Pools. Mr. Manning acknowledged the comments made today will go to the other Pool members.

#### **VI. OTHER BUSINESS**

No comment was made regarding this item.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 10:40 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 confidential session concluded at 11:15 a.m.

Reported Action: By Steven Lee in writing on 11-04-10

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

***“The Agricultural Pool Committee instructs its two representatives to the Watermaster Board (Paul Hofer and Geoffrey Vanden Heuvel) to request the Watermaster Board to schedule a special meeting of the Watermaster Board to receive a PowerPoint presentation from the ABGL Group (“PRP’s) regarding the Ontario Plume.”, as presented***

**VIII. FUTURE MEETINGS**

<b>* Thursday, November 4, 2010</b>	<b>9:00 a.m.</b>	<b>Agricultural Pool Meeting @ IEUA</b>
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
<b>* Thursday, November 18, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>
Thursday, December 2, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, December 2, 2010	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, December 9, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, December 16, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, December 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
<b>* Thursday, December 16, 2010</b>	<b>11:00 a.m.</b>	<b>Watermaster Board Meeting @ CBWM</b>
Thursday, January 6, 2011	1:00 p.m.	Annual Appropriative Pool Meeting @ CBWM
Thursday, January 6, 2011	2:30 p.m.	Annual Non-Agricultural Pool Conf Call Meeting
Thursday, January 13, 2011	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
Tuesday, January 18, 2011	9:00 a.m.	GRCC Committee Meeting @ CBWM
Thursday, January 20, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, January 20, 2011	9:00 a.m.	Annual Advisory Committee Meeting @ CBWM
Friday, January 21, 2011	10:30 a.m.	CBWM Court Hearing @ Chino Courthouse
Thursday, January 27, 2011	11:00 a.m.	Annual Watermaster Board Meeting @ CBWM

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

The Agricultural Pool meeting was dismissed by Chair Feenstra at 11:16 a.m.

Secretary: \_\_\_\_\_

Minutes Approved: December 9, 2010