

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

April 14, 2011

The Agricultural Pool Meeting was held at the offices of the office of Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on April 14 2011 at 9:00 a.m.

Agricultural Pool Members Present Who Signed In

Bob Feenstra, Chair	Dairy
John Huitsing	Dairy
Gene Koopman	Milk Producers Council
Rob Vanden Heuvel	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Pete Hall	State of California, CIM

Watermaster Board Member Present

Paul Hofer	Crops
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Watermaster Staff Present

Danielle Maurizio	Senior Engineer – Interim CEO
Joe Joswiak	Chief Financial Officer
Ben Pak	Senior Project Engineer
Sherri 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
Ken Jeske	California Steel Industries (CSI)
Paul Deutsch	Geomatrix Consultants, Inc.
Jeff Beehler	SAWPA

Chair Feenstra called the Agricultural Pool meeting to order at 9:04 a.m.

AGENDA - ADDITIONS/REORDER

The SAWPA presentation was moved to be heard directly after the Consent Calendar.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held March 3, 2011

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2011
2. Watermaster VISA Check Detail for the month of February 2011
3. Combining Schedule for the Period July 1, 2010 through February 28, 2011
4. Treasurer's Report of Financial Affairs for the Period February 1, 2011 through February 28, 2011
5. Budget vs. Actual July through February 2011

C. WATER TRANSACTIONS

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company (“Company”) has agreed to purchase from Monte Vista Water District water in storage in the amount of 500.000 acre-feet to satisfy a portion of the Company’s anticipated Chino Basin replenishment obligation for Fiscal Year 2010-2011. Date of Application: February 24, 2011
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 4,055.720 acre-feet of water from the City of Chino (Chino). The transfer will be made first from Chino’s net under-production in Fiscal Year 2010-11, with any remainder to be recaptured from storage. Date of Application: March 1, 2011
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,595.170 acre-feet of water from the City of Pomona. The transfer will be made from the City’s Excess Carryover Account. Date of Application: March 1, 2011
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 957.102 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC’s net under-production in Fiscal Year 2010-11, with any remainder to be recaptured from storage. Date of Application: March 1, 2011
5. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 2,233.238 acre-feet of water from the City of Upland (Upland). The transfer will be made first from Upland’s net under-production in Fiscal Year 2010-11, with any remainder to be recaptured from storage. Date of Application: March 1, 2011
6. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 47.855 acre-feet of water from the City of Ontario (Ontario). The transfer will be made first from Ontario’s net under-production in Fiscal Year 2010-11, with any remainder to be recaptured from storage. Date of Application: March 1, 2011

A discussion regarding the dollar amounts for the sale of water and the standard statement for the water transactions – Consider Approval for Notice of Sale or Transfer ensued. Counsel Fife noted Watermaster verifies material physical injury only. A lengthy discussion regarding Agricultural water transfers and voluntary agreements ensued. Mr. Jeske offered comment on why sale prices are not released until the year end. A discussion regarding Mr. Jeske’s comments and what Watermaster is paying for water ensued.

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

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

Taken out of order: III Reports/Updates - Special Presentation of Santa Ana Sucker

II. BUSINESS ITEMS**A. BUDGET AMENDMENT**

Mr. Joswiak stated this item is a budget amendment because Watermaster created a new line item that was not part of the original budget process last year. Mr. Joswiak stated after speaking to legal it was decided this would be an amendment rather than just a transfer. Mr. Joswiak reviewed the amendment in the amount of \$145,000 in detail, and noted the purpose of this amendment is to get the model update project started this year as opposed to next year. A discussion regarding the statement in the staff letter regarding the model being built in 2007 ensued. It was noted Chino Basin Watermaster owns the actual model. An inquiry as to the Non-Agricultural Pool’s motion was presented, and Ms. Maurizio stated that is their standard approval statement they put on most of their motions.

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

Moved to approve Budget Amendment A-11-04-01 in the amount of \$145,000, as presented

B. BUDGET TRANSFERS

Mr. Joswiak stated this budget transfer is standard Watermaster practice to review which budget items are over or under budget and then to transfer funds around by taking this through the Watermaster process. Mr. Joswiak reviewed the actual budget transfers for form T-11-04-01 in detail. Ms. Joswiak noted the transferring of these funds does not change the budget financially in any way.

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

Moved to approve Budget Transfer From T-11-04-01, as presented

Taken out of order: III Reports/Updates – D. Financial Report – 2011-2012 Draft Budget

III. REPORTS/UPDATES**A. SPECIAL PRESENTATION ON SANTA ANA SUCKER (this item was taken out of agenda order directly after the Consent Calendar)****1. Presentation/Discussion by Jeff Beehler from SAWPA on Critical Habitat**

Ms. Maurizio stated that a few months ago this Pool requested a presentation by SAWPA regarding critical habitat, and Mr. Beehler is here today to give you that presentation. Mr. Beehler gave the Santa Ana Sucker – Santa Ana Watershed Project Authority presentation. Mr. Beehler started with the history and current events happening in the watershed presently and reviewed several maps in detail. Mr. Beehler explained what all this means to the Chino Basin, what the regional general permit entails, and what the successful habitat restoration means. Lastly, Mr. Beehler offered comment on what SAWPA will be doing next. A discussion regarding this item ensued.

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Paragraph 31 Appeal**

Counsel Fife stated the opening briefs have been filed and were served on all the parties last week. The deadline for responses is May 17, 2011, which will be the deadline for anyone who wants to respond; not just Watermaster. A lengthy discussion regarding the Paragraph 31 appeal ensued.

2. Court Hearing Update

Counsel Fife stated the April 22, 2011 hearing has been taken off calendar and it has been moved to July 8, 2011. The main subject of that hearing will be the approval of the Desalter Resolution as well as a few extra items that will have come up over the next few months prior to the hearing.

C. ENGINEERING REPORT**1. GE Application for Recharge Description and Status**

Mr. Malone stated this recharge application was submitted to Watermaster from the General Electric Company and is associated with the GE Flatiron treatment and recharge of the water that goes back into the basin. Mr. Malone stated when Watermaster receives an application for recharge the potential for material physical injury must be reviewed. Right now this is an information item only and this will be coming back through the Watermaster process after that finding has been determined. Mr. Malone stated he will describe what the actual project is and what the potential threat from material physical injury is that is being reviewed specifically. Mr. Malone reviewed a map of the Flatiron area and discussed it in detail. Mr. Malone noted this project is of great benefit to the basin; however, due diligence must be done as far as material physical injury to the basin is concerned. A discussion regarding the depths of the wells ensued. Mr. Paul Deutsch from Geomatrix offered comment on this project. Chair Feenstra inquired about Chromium. Mr. Malone offered comment on Chromium and stated Wildermuth has done extensive studies on this and can come back at a later meeting and give a presentation on this matter. A brief discussion regarding this matter ensued and Chair Feenstra noted he would like to follow up on this item at a future meeting.

2. Water Quality Data Update

Mr. Malone stated this item was a request from the last meeting regarding water quality; however, it has not yet been decided exactly what data needs to be presented. Mr. Malone stated he will get together with Chair Feenstra and come back at a later meeting and present the water quality data needed for this Pool. Mr. Malone did bring a database application to show today and he reviewed its capabilities. The Pool asked that Mr. Malone give a more detailed description of the application and reviewed several wells' water quality data. Chair Feenstra offered comment on why this information is so important. Chair Feenstra asked this item be kept on the future agendas.

D. FINANCIAL REPORT (this item was taken out of agenda order directly after the Business Items)

1. 2011-2012 Draft Budget

Mr. Joswiak stated the Watermaster Budget Workshop took place on April 12, 2011, which was well attended; the main focus was to keep the Assessments the exact same dollar amount as last year, meaning shaving \$800,000 off the budget. Mr. Joswiak gave the 2011-2102 budget presentation. Chair Feenstra offered comment on discussions that took place at the Budget Workshop. A discussion regarding possible changes to the legal and engineering budget concerns ensued. Mr. Pierson inquired about being able to see what current and on-going projects are. Chair Feenstra noted in his opinion legal and engineering costs will change due to the new CEO and the requests that were made by the last CEO may be very different which might lower those kinds of costs. Mr. Joswiak noted one of the items that came out of the Budget Workshop was that both Wildermuth Environmental and Brownstein is going to be providing a worksheet that lists out all the categories of what is required by the Judgment, and what are optional, and that breakdown will be provided at the next Advisory Committee meeting. A discussion regarding costs, and if those costs are compared to other vendors, ensued. Chair Feenstra inquired if the number being presented for legal and engineering were numbers Watermaster came up with or were given by the actual vendor. Mr. Joswiak stated the numbers were presented to Watermaster and a detail breakdown will be provided at the Advisory Committee meeting as requested by several parties. Mr. Joswiak stated as far as legal is concerned it is more difficult to present a fully accurate breakdown because things happen during the year which causes legal to get more involved, which will drive up the cost of legal; those are unforeseen matters. A discussion regarding reimbursement of legal costs from the Paragraph 31 Motion and the sale of the water from the water auction ensued. Counsel Fife stated that is still being worked on and Watermaster counsel have been directed by the Board not to discuss this matter. Chair Feenstra inquired how the Agricultural Pool budget has changed over the last six years.

D. CEO/STAFF REPORT

1. Recharge Update

Ms. Maurizio stated the most recent recharge update is on the back table; however, all the numbers for March have not been received. Ms. Maurizio reviewed the February numbers in detail.

2. SBX7-6 California Statewide Groundwater Elevation Monitoring Program (CASGEM)

Ms. Maurizio noted this item has been discussed for many years now and most parties are familiar with this item. Ms. Maurizio stated it is being called optional; however, if the monitoring is not done and the groundwater level monitoring results provided then funding may be cut. It has been requested that Watermaster provide this information whenever possible. Watermaster will be reporting on behalf of the Chino Basin and the Cucamonga Basins. Ms. Maurizio stated this is basically an expanded data request and is not controversial in any way. The deadline was around the first of the year; however, Watermaster had logged into their system and made a conditional commitment and staff is

now submitting an actual letter of commitment. The draft letter is in the meeting package and after the Board has approved it the letter will be sent out at the end of the month.

3. SCE / Agricultural Well Research

Ms. Maurizio stated at the last Agricultural Pool meeting it was suggested to get well owner information from the Southern California Edison Company and staff did look into this great suggestion; however, SCE will not give out this information.

IV. INFORMATION

1. Cash Disbursements for March 2011

No comment was made regarding this item.

2. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair Feenstra thanked Ms. Maurizio for her hard work as interim while a new CEO was being looked for, and now hired to begin in May. Chair Feenstra stated four of the Agricultural Pool members and Watermaster staff was involved in a well study that was requested by the court. Chair Feenstra asked Ms. Maurizio to give a brief update on that study. Ms. Maurizio stated a total of four meetings took place at the Watermaster office and four members of this Pool attended as well as Watermaster staff members. The exercise was done for the Watermaster Restated Judgment which needed the Agricultural Pool lists to be up-to-date and accurate. The information needed would include owner and user information. These meetings were successful and staff was able get most of the information needed. Chair Feenstra offered comment on the meetings attended and noted having those four individuals giving up their time to perform this task was well worth the money it cost since it would have been much more expensive if an outside service performed the service.

Mr. Durrington inquired and offered comment about storm water runoff and storm water entering the recharge basins. A discussion regarding Mr. Durrington's comments ensued.

Chair Feenstra stated four people were interviewed for the Chino Basin Watermaster CEO position and Chair Feenstra offered comment on the selection process. Chair Feenstra noted Desi Alvarez from the City of Downey was hired.

VI. OTHER BUSINESS

Mr. Lee handed out a document regarding the Agricultural Pool quorum. Mr. Lee stated he was asked at the last Agricultural Pool meeting to review this Pool's quorum requirements as it relates to the Agricultural Pool. Mr. Lee reviewed the handout in detail. Mr. Lee stated a minimum of nine members must be appointed to the committee and a majority must be present to have a quorum which would mean five members present. Presently this committee has ten members appointed which means a quorum would be satisfied with six members present. A discussion regarding proxy ensued.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 11:04.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 11:25 a.m.

There was no reportable action from the confidential session.

VIII. FUTURE MEETINGS

Tuesday, April 12, 2011	2:30 p.m.	Budget Workshop @ CBWM
Thursday, April 14, 2011	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, April 21, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, April 21, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, April 21, 2011	10:00 a.m.	Non-Ag Pool Budget Workshop @ CBWM
Thursday, April 21, 2011	10:30 a.m.	Land Subsidence Committee Mtg. @ CBWM
Thursday, April 28, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
*Friday, July 8, 2011	10:30 a.m.	Court Hearing

*** Changed from Friday, April 22nd at 10:30 a.m. to Friday, July 8th at 10:30 a.m.**

The Agricultural Pool Committee meeting was dismissed by Chair Feenstra at 11:26 a.m.

Secretary: _____

Minutes Approved: May 12, 2011