

*Minutes*  
**CHINO BASIN WATERMASTER**  
**AGRICULTURAL POOL MEETING**  
*February 9, 2012*

The Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 9, 2012 at 1:00 p.m.

**Agricultural Pool Members Present**

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Rob Vanden Heuvel	Milk Producers Council
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
Geoffrey Vanden Heuvel	Dairy

**Watermaster Staff Present**

Ken Jeske	Interim CEO
Danielle Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Gerald Greene	Senior Environmental Engineer
Sherri Molino	Recording Secretary

**Others Present**

Tracy Egoscue	Egoscue Law Group
Dave Crosley	City of Chino
Paul Deutsch	Geomatrix Consultants, Inc.
Rick Reese	Geomatrix Consultants, Inc.
Curtis Paxton	Chino Desalter Authority
Bob Gluck	City of Ontario
Eunice Ulloa	Chino Basin Water Conservation District

Chair Feenstra called the Agricultural Pool meeting to order at 1:06 p.m.

**AGENDA - ADDITIONS/REORDER**

Chair Feenstra offered comment on Ms. Egoscue's new law group. Chair Feenstra noted Ms. Egoscue will now have more time for us. Congratulations!

Mr. Jeske stated he was just reminded to put Old Business on the Agricultural Pool's agendas and that has now been added back on all agendas on a regular basis.

Mr. Jeske stated, with regard to Item 1C on the intervention into the Agricultural Pool, the staff report states the water use is minimal and does not require it to be metered; however, conversations have taken place with the City of Chino who has provided water to them in a greater amount so that well will need to be metered, and the staff report going forward will be changed to reflect this needed change.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Annual Agricultural Pool Meeting held January 12, 2012

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2011
2. Watermaster VISA Check Detail for the month of December 2011
3. Combining Schedule for the Period July 1, 2011 through December 31, 2011
4. Treasurer's Report of Financial Affairs for the Period December 1, 2011 through December 31, 2011
5. Budget vs. Actual Report for the Current Month, Year-To-Date, and Projected Fiscal Year

**C. INTERVENTION INTO THE AGRICULTURAL POOL**

Consider Approval for the Intervention of Tad Nakase (TDN Land Company) into the Agricultural Pool

A discussion on the metering for the motion and metering of Agricultural wells ensued.

**D. MEETING TIME CONSIDERATION**

Consider Changing the Meeting Time to 2:00 p.m. to Allow Staff Time to Prepare Comments and Motions from Morning Pool Meetings

A discussion regarding the possible time change ensued.

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

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

**II. BUSINESS ITEMS**

**A. WATERMASTER MID-YEAR REVIEW, BUDGET TRANSFERS AND BUDGET AMENDMENTS**

Mr. Jeske introduced this item and stated the recommendation is to receive and file the Mid-Year Review and approve the budget transfers and budget amendments. Mr. Jeske stated both the Appropriative and Non-Agricultural Pools approved staff recommendations this morning. Mr. Joswiak gave the Watermaster Mid-Year Review, Budget Transfers and Budget Amendments presentation in detail. Chair Feenstra inquired about the recent Restated Judgment project with regard to their attorney fees, and he noted that he recalls that not much of that money which was set aside for that project has been spent. Mr. Joswiak stated he will review those numbers and referenced a slide in his presentation which indicated Chair Feenstra was correct in his recollection. Mr. Pierson stated what this presentation represents is a snapshot look at six months of activity and that does not mean that the underage will not be spent in the next six months. Mr. Joswiak stated that is correct. Mr. Rob Vanden Heuvel inquired about the 94% of the budget being spent and if that was 94% of the first six months. Mr. Joswiak stated that is for the first six month budget. Mr. Joswiak continued with his presentation. Mr. Pierson inquired about projects already being finished in the first six months. Mr. Joswiak stated there are some items that were done in the first six months that won't carry over to the next six months. Mr. Joswiak presented the next six months of financial projections. Mr. Pierson stated irrespective of the legal, which we are usually way off on, are you going to be proactive in looking at the non-mandated activities or legal activities to comply with the court, and start deferring some of those activities, or are you going to change the Assessment Package and increase the fees. Mr. Joswiak stated Watermaster will not change the Assessment Package. Mr. Pierson stated so we can assume that Watermaster is going to meet our current budget over the course of the next six months. Mr. Joswiak stated that will be difficult when we are at the 67% mark right now. Mr. Jeske stated that is in legal services. Mr. Jeske stated in looking back at the budget process recently and in the last several years, we always thought we could control legal expenses through the budget – that has never happened. Mr. Jeske offered further comment on the history of legal expenses. Mr. Jeske stated we are working to lower costs but sometimes it is a group effort that is needed to lower costs. Mr. Jeske stated all of the other

items on the agenda today are simply transfers from one area to another, so that we can keep the projects going. Mr. Jeske stated at this time there is no supplemental assessment needed. Mr. Jeske offered comment on the additional one-time revenue being received from Metropolitan Water District (MWD) from management work that Watermaster had done for them. Mr. Jeske stated Watermaster is suggesting that it use the bulk of that one time revenue to offset the one time salary expenses and extensometer costs without having to change the assessments. Chair Feenstra stated Mr. Pierson stated it perfectly when he said we all have to do is be diligent in our spending and see how we can get through this period. Chair Feenstra offered comment on the Restated Judgment and noted the Mr. McKinney told him that we are right on schedule so far with not a lot of expenses for that. Mr. Joswiak reviewed the budget transfers and budget amendments in detail. Mr. Pierson asked for clarification if we do go over budget and how is that covered, if it is taken out of the reserves. Mr. Joswiak stated it would come out of reserves; we don't want a special assessment. A discussion on Watermaster reserves ensued. Mr. Jeske stated so we are clear, staff can't go and spend the reserves, it has to come through the approval process to appropriate the dollars. Mr. Jeske stated staff will look again at the reserves again next year. Mr. Jeske stated we have a cooperative approach on the reserves. Chair Feenstra stated we all want to do what we can to meet the budgets that are in place. Mr. Hofer inquired why the MWD revenue was not included in the budget. Mr. Joswiak stated the previous CEO had the information on this matter and it was his decision not to include it. Mr. Joswiak stated the other issue was that MWD was sending emails to the previous CFO email address which was shut down and MWD never followed up on the matter for over a year and a half. Mr. Hofer inquired if we are now up to date. Mr. Joswiak stated yes, we are up to date, current on billings, and going forward staff will make sure this is budgeted correctly next year. A discussion on the MZ1 Monitoring Program and this item ensued. Chair Feenstra offered comment on Watermaster legal counsel attending all the Watermaster meetings.

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

***Moved to approve to receive and file the Mid-Year Review, and to approve the budget transfers and budget amendments, as presented***

#### **B. CHINO CREEK WELL FIELD EXTENSOMETER CONSTRUCTION CHANGE ORDER REIMBURSEMENT AGREEMENT**

Mr. Jeske stated this is an agreement with the Chino Basin Desalter Authority (CDA) to enter into a change order with their driller to accomplish the drilling for the extensometer in the amount of \$295,200 plus a 10% contingency, and to authorize the CEO to complete and execute the agreement. Mr. Greene noted he does not think his presentation on this item needs to be given today. Mr. Pierson asked for clarification on the change order contract and the value Watermaster is getting on this agreement. Mr. Jeske stated he had performed a field walk on the site and noted in your meeting packet is the proposal from the driller on the costs. Mr. Pierson stated he just wants to make sure the number we are getting is an appropriate value for the well that's being drilled. Mr. Greene stated we started out with the engineers cost opinion for the item, we disused the matter, and identified that the cost opinion was in the right range. Mr. Greene stated we informally checked with other drillers that the cost was in the right range. Mr. Greene stated once the site was identified we went out with the driller and driller stated he did not see anything that would cause any change in the cost opinion. Mr. Greene stated we now have a planed reimbursement agreement with the CDA as a change order under their existing contract, and he noted there is a 10% contingency. Mr. Pierson stated that did not answer his question of are we paying a fair and representative cost for drilling the well. Mr. Greene stated if we were comparing just the drilling then the answer is yes. A discussion regarding this matter ensued.

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

***Moved to approve staff recommendation, as presented***

**C. CHINO CREEK WELL FIELD EXTENSOMETER LAND LEASE AGREEMENT**

Chair Feenstra stated he was asked by Wildermuth Environmental and others to get involved in the procurement of land and he offered history on this endeavor. Chair Feenstra stated he, as well as others, felt that the cost for the land from the county was excessive in cost; however, after investigation by Watermaster staff it was found that the county had made a mistake in their calculations and the price was much lower than quoted. Chair Feenstra stated after he went over the new figures he believes the county's offer sounded like a fair and reasonable solution and it was appropriate to go with the county lease, and to no longer pursue the private land owner for his property. Mr. Greene concurred with Chair Feenstra's summation. Mr. Jeske stated this is only a 400 square foot site and with that small of a parcel comparing a flat rate to a square foot rate just does not work out. Mr. Pierson stated this is a good value for this property and a good deal for us. Mr. Greene noted this is for a ten year agreement with two five-year optional extensions. Mr. deBoom asked where this property was and Mr. Greene pulled up a map and discussed its location. A discussion on the location and this matter ensued.

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

***Moved to approve staff recommendation, as presented***

**D. OLD BUSINESS**

Chair Feenstra inquired if there was any old business to be brought up. Chair Feenstra stated he has asked Mr. Rob Vanden Heuvel to speak on something today that is considered old business with the chairman. Chair Feenstra stated we have the TMDL matter and we have our representative on behalf of legal counsel, Frank Brommenschenkel, attend those meetings with the group out of San Jacinto. Mr. Rob Vanden Heuvel stated that is actually separate from the San Jacinto issue. What we have here, which has been discussed numerous times, is the Santa Ana Watershed Project Authority. Mr. Rob Vanden Heuvel stated they head up a task force dealing with this Total Maximum Daily Load (TMDL) of bacteria/pathogens in the Santa Ana River. Mr. Rob Vanden Heuvel stated agricultural is 1 of 15 possible contributors, so we are part of this task force. Mr. Rob Vanden Heuvel stated Pat Bolt has been attending these meetings on behalf of agricultural for five years and she is actually a Milk Producers Council consultant; we have picked up the cost for her to attend those meetings and report back. Mr. Rob Vanden Heuvel stated the Agricultural Pool has an interest in that process, as we are helping to fund the agricultural portion of that. Mr. Rob Vanden Heuvel stated it has recently come to his attention that Frank Brommenschenkel was starting to get involved. Mr. Rob Vanden Heuvel stated Frank is a good guy and he has worked with him on other projects; however, Pat did mention to me that having two people attend those meetings and splitting up crop agricultural and dairy agricultural is not necessarily a good strategic move on our part. Mr. Rob Vanden Heuvel stated having one central person dealing with agricultural and voting on behalf of agricultural on certain matters is optimal. Mr. Rob Vanden Heuvel stated what he would like to do is propose, if the board is in favor of it since there has not been a lot of reporting back on this matter, is to have Pat Bolt come in possibly twice a year a give a brief update; more frequently if there is a lot going on. Mr. Rob Vanden Heuvel stated this would then alleviate sending two people to those meetings when Pat has already been attending regularly and is doing a great job on our behalf. Chair Feenstra thanked Rob and stated he and Ms. Egoscue will monitor Frank and his activities. Mr. Pierson stated he agrees with Rob that Pat has been a very vociferous advocate of the agricultural position for both dairy and crops, and he thinks we don't need to have the extra expense of having Frank also attend those meetings especially given the budget constraints we are currently working on. Mr. Pierson stated he would like Pat to come and give brief presentations on what is taking place at those meetings so that we are kept apprised.

Chair Feenstra stated he and Mr. deBoom sat down with Mr. Kashak from the Regional Water Quality Control Board (RWQCB) this morning and there are some concerns relating to manure spreading and that type of activity in the San Jacinto Basin. Chair Feenstra stated he wants to bring this to the board's attention that the RWQCB is looking more and more closely to the application of live stock fertilizers to crop ground. Mr. Durrington stated he thought you had to spread manure and work it into the ground right away in San Jacinto. Mr. Rob Vanden Heuvel

stated by law you are limited to spreading manure only on crop land. Mr. Rob Vanden Heuvel offered further comment on the San Jacinto requirements and on Chino manure going out to the San Jacinto area. A discussion regarding this matter ensued. Mr. Rob Vanden Heuvel stated the San Jacinto area is dealing with significant salt issues, that we fortunately have a Desalter to deal with those types of issues. Mr. Rob Vanden Heuvel stated their agricultural community is dealing with a lot of issues in that area and there are Milk Producer Counsel Members there. Mr. Rob Vanden Heuvel offered final comment on Chino manure. Chair Feenstra stated he wanted to discuss that personally with more people.

Chair Feenstra stated we have an opportunity, which Milk Producers Counsel has been very helpful and supportive of, in that we have the possibility to bring a major composter into the area that is going to compost just manure. Chair Feenstra stated right now the State Air Resources Board – South Coast provides the opportunity for dairy farmers to compost on site and they don't have to comply with the regulations that their forefathers did. Chair Feenstra stated we would have the opportunity to bring a new person into town, a big company to take a whole lot of manure into this facility, compost it, and truck it out. Chair Feenstra stated that was another part of our meeting with Mr. Kasha this morning, and he is going to be looking to the RWQCB to provide a letter for us to support our position with the South Coast Air Quality Management District. Chair Feenstra offered comment on the loss of agricultural in the Chino Basin and this matter. Chair Feenstra stated to get a dairy to release its manure is very difficult. Chair Feenstra stated he does not know if today, or possibly at our next meeting, is the time to ask for support from the Watermaster for the implementation of a major composter in the Chino Basin to move this material out. Mr. Jeske stated that would be an item that would have to be agenized through the Watermaster process, or you may want to just put it on your agenda for direction. Chair Feenstra inquired to Mr. Rob Vanden Heuvel if it would be better that it go through the entire process or through just the Agricultural Pool. Mr. Rob Vanden Heuvel stated he thinks this issue is of interest to the Agricultural Pool and not the other parties, and for expedient purposes, the Agricultural Pool would be appropriate. Mr. Geoffrey Vanden Heuvel stated your largest roadblock is going to be the AQMD, and he offered further comment on the AQMD and the politics of this matter. Mr. Geoffrey Vanden Heuvel stated this board is going to have to justify this to the Watermaster Board and family because they are not as knowledgeable on this matter. Mr. Geoffrey Vanden Heuvel stated with this matter he suggests that it be a good idea to get all the Pools to recommend it to the Advisory Committee, and ultimately on to the Watermaster Board, that Watermaster support this. Mr. Geoffrey Vanden Heuvel offered further comment on this matter. Chair Feenstra stated an environmental representative for Harvest was with him and the representatives of South Coast yesterday along with several other parties, and he told them that he would be coming back with letters from cities, the dairy industry, the farm bureau, the County, and from other groups of political interests for the area. Chair Feenstra stated he likes Geoffrey's thoughts and asked that Watermaster staff put this topic on the upcoming agendas. Mr. Jeske stated there is going to have to be a lot of facts and information provided to move forward on this, and noted there are multiple impacts from that type of facility and we will probably want to limit our discussion to those we have information and responsibility with. Mr. Jeske stated Chair Feenstra mentioned the Air Quality District, which Watermaster does not have an air quality specialist, and offered further comment on this matter. Mr. Jeske stated this is not going to be a quick process and what he thought he heard is this process needs to be moving rather quickly. Mr. Geoffrey Vanden Heuvel offered final comments on the AQMD rules, individual composting, community composting rules, and effects on groundwater. Chair Feenstra offered comment on how political this is, and on the complexity of this whole matter. Ms. Novak stated at this point in time she does not have enough information to say whether the Agricultural Pool should be involved in this or not, let alone approve some sort of recommendation coming out of the Agricultural Pool in favor of a private industry that is looking to relocate and have a business here. Ms. Novak stated she would really like to see as much information as possible provided via a staff report or even a proposed letter. Ms. Novak stated she appreciates the information that has been given here today; however, was wondering about a CEQA review, what is currently being done with the manure, and other impacts or implications from a company that she knows nothing about, etc. and all of that, plus probably

more should be included in the staff reports as this item comes up for consideration. Chair Feenstra stated he won't mention a private company again because it is a regional composter, and offered comment on using fertilizer at the prison, which we all support, and there is still a lot of material in the valley that we can't get out. Chair Feenstra stated we are an Agricultural Pool so we are going to work hard to assist dairy farmers in getting this material where it can best be used and saving the air; we will spend some time on this if time permits and noted that Ms. Novak can object. Ms. Novak stated for the chair to speak as the Agricultural Pool, she strongly suggests that it be tied into water supply and quality as much as possible and take it out of the realm of air quality, which is a different interest. Chair Feenstra asked that staff place this on the agenda and he noted he will work with staff in the days ahead to educate and inform, and move the process forward. Chair Feenstra noted he will also be working with Ms. Egoscue on this matter. Mr. Pierson stated he would like to support Mr. Rob Vanden Heuvel, Chair Feenstra and Ms. Novak, and he believes this is a policy issue that needs to really be looked at, and he offered final comments on this matter. A lengthy discussion regarding the process of keeping all the parties well informed on any item that comes before them and this matter ensued. Mr. Rob Vanden Heuvel stated manure is not an objectionable item, it is a valuable asset. Mr. Jeske stated staff can agendize this item and prepare a report that will allow for discussion. Mr. Jeske stated the information is going to have to come from a third party that has the information on the project because staff is not in the position to try and put this together neither time wise, budget wise, or expertise wise. Mr. Rob Vanden Heuvel stated he would assist with that.

Mr. Durrington inquired about the well that Ms. Novak was concerned about. Ms. Novak stated that item is coming up later on the agenda.

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

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

##### **1. Paragraph 31 Appeal Tentative Opinion**

Mr. Jeske stated the tentative report is out and there have been requests for a hearing, however, it is not yet scheduled.

#### **B. AGRICULTURAL POOL LEGAL COUNSEL REPORT**

Ms. Egoscue stated that as Watermaster legal counsel is not in the audience she will direct this to the interim CEO. Ms. Egoscue stated at the last meeting it was discussed that a motion be made that pertained to the judge and the issue about liability, and the liability of individual parties in their ability to go outside the Desalter Authority if they had some damage their property. Ms. Egoscue stated she, Counsel Fife and counsel for the Desalter Authority came to an agreement on a motion and inquired as to the status of that motion, which is set to be filed with the judge. Mr. Jeske stated he did not know the status of that. Mr. Jeske stated he will find out the status and get that to her. Ms. Egoscue stated that the remainder of her comments are for closed session.

#### **C. CEO/STAFF REPORT**

##### **1. Recharge Master Plan Update/Storage Issues Review Process**

Mr. Jeske stated work has begun on the Recharge Master Plan Update (RMPU) and Watermaster has held two meetings on that matter. Mr. Jeske stated a draft outline has been developed and has been circulated. Mr. Jeske stated the next meeting is scheduled for February 14<sup>th</sup> at 9:00 a.m. Mr. Jeske stated he will be meeting with Mr. Wildermuth tomorrow to work on materials for that meeting. Mr. Jeske stated those meetings are open to anyone so that there is a collaborative process in reviewing the 2010 RMPU.

##### **2. WEI Analysis of Well Design for CDA Well I-20 & I-21**

Mr. Jeske stated this item is for wells I-20 and I-21; however, he will be reporting on well I-19 also. Mr. Jeske stated this item had a request made by the state that an annular seal be put into the wells between the two water zones; however, well I-20 had already been drilled and gravel packed, and it was not possible to get that seal in that one well. Mr. Jeske stated on

well I-19 and I-21 the well design has been amended and that annular seal, as requested, will be placed in them. Mr. Jeske offered further history on this item.

3. Data Release Procedures

Mr. Jeske stated with regard to the water sampling that has been done, he is working with the chair on notifications and analysis reports, and to provide in a letter the proper agency where an individual may go if they have questions or any complications in this process. Mr. Jeske stated we want to make sure that the information we send out actually assists the people.

Chair Feenstra stated that Ms. Maurizio brought a draft letter in for him for review, which Ms. Egoscue will also review. Chair Feenstra stated there will be a few changes to the letter to consider, including possibly adding the chair's phone number.

Mr. Jeske stated the other item is related to data release, at which he was not present when the actual request was made. Mr. Jeske stated this was a request for the history of how Watermaster releases data, what data, and how it is released. Mr. Jeske stated staff compiled that information from our files and provided it to Ms. Novak and Chair Feenstra. Mr. Jeske stated there are copies of the entire research on the back table. Mr. Jeske stated the most significant find for this project is on page U2 which is the most recent Resolution of Watermaster, and the one that Watermaster works from. Mr. Jeske stated until there is another recommendation this is what will be used. Mr. Jeske stated hopefully that satisfies what information that was needed in this matter. Mr. Durrington inquired if that rescinds the motion to not release any of the test results. Mr. Jeske stated the answer is yes, but that happened in steps - there were several motions made that rescinded the original motion which Mr. Durrington is referring to. Mr. Jeske stated the only one that is pertinent now is the standing Resolution that is in effect and the other things are just history on the matter, which is what was asked for - the history. Mr. Durrington offered further comment. Chair Feenstra stated he spoke to Ms. Egoscue and Ms. Novak about the release of data and we felt comfortable with that, and if someone is going to file suit then they can.

Chair Feenstra offered comment on the property lessee that will not allow testing to be done on his property, and noted he has made some phone calls and now believes that the testing will now be able to be completed. Ms. Maurizio thanked Chair Feenstra for his work on this.

**IV. INFORMATION**

1. Cash Disbursements for January 2012

No comment was made on this item.

2. Newspaper Articles

Mr. Jeske stated we have spoken to other Pools this morning and they have all said stop putting the newspaper articles into the meeting packages. Mr. Jeske stated staff needs direction from this Pool also. Mr. Durrington commented on this matter. Chair Feenstra instructed staff to stop putting the articles into the future packages.

**V. POOL MEMBER COMMENTS**

No comment was made on this item.

**VI. OTHER BUSINESS**

No comment was made on this item.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 2:22 p.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.

- 1. CEO Search

The confidential session concluded at 3:16 p.m.

No action was reported out of confidential session.

**VIII. FUTURE MEETINGS AT WATERMASTER**

Wednesday, February 8, 2012	3:00 p.m.	Reserve Policy Meeting
Thursday, February 9, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, February 9, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, February 9, 2012	1:00 p.m.	Agricultural Pool Meeting
Tuesday, February 14, 2012	9:00 a.m.	* CB RMPU Steering Committee Meeting
Thursday, February 16, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, February 16, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, February 16, 2012	10:30 a.m.	Land Subsidence Committee Meeting
Thursday, February 23, 2012	11:00 a.m.	Watermaster Board Meeting

\* **Chino Basin Recharge Master Plan Update Steering Committee**

Chair Feenstra adjourned the Agricultural Pool meeting at 3:16 p.m.

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

Minutes Approved: March 8, 2012