

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING

May 10, 2012

The Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 10, 2012 at 2:00 p.m.

Agricultural Pool Members Present

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Rob Vanden Heuvel	Milk Producers Council
Glen Durrington	Crops
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

Watermaster Consultants Present

Brad Herrema	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Tracy Egoscue	Egoscue Law Group
Dave Crosley	City of Chino
Gil Aldaco	City of Chino
Rick Reese	Amec
Bob Gluck	City of Ontario
Brian Dickenson	Chino Desalter Authority

Chair Feenstra called the Agricultural Pool meeting to order at 1:30 p.m.

AGENDA - ADDITIONS/REORDER

Chair Feenstra noted that he has had communication with Mr. Hall regarding the State representatives attending the Agricultural Pool meetings. Mr. Hall noted it will be several months before the new State representatives begin attending meetings.

I. CONSENT CALENDAR

A. MINUTES

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

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2012
2. Watermaster VISA Check Detail for the month of March 2012

3. Combining Schedule for the Period July 1, 2011 through March 31, 2012
4. Treasurer's Report of Financial Affairs for the Period March 1, 2012 through March 31, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through March 31, 2012

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 169.944 acre-feet of water from the City of Ontario. The transfer will be made first from the City of Ontario's Excess Carryover Account. Date of Application: March 26, 2012
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 169.944 acre-feet of water from Cucamonga Valley Water District. The transfer will be made from Cucamonga Valley Water District's under-production in Fiscal Year 2011-12, then any additional from storage. Date of Application: March 26, 2012
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 16.394 acre-feet of water from Ontario City Non-Ag. The transfer will be made from Ontario City Non-Ag's Local Storage Account. Date of Application: March 26, 2012

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

Moved to approve Consent Calendar items A through C, with one noted change to the minutes, as presented

II. BUSINESS ITEMS

A. WATERMASTER BUDGET

Chair Feenstra stated he has personally gone over the Agricultural Pool budget and the Watermaster budget with Mr. Joswiak. It was noted the budget presentation will be given in a condensed version since the chair has already gone through the budget in detail. Mr. Joswiak gave the budget fiscal year 2012/2013 presentation. Chair Feenstra inquired about the direct payment to Inland Empire Utilities Agency (IEUA). Mr. Joswiak stated that is the number that comes from IEUA and it could be higher or lower; however, he spoke with the IEUA CFO and she thinks the number presented in the budget will be close. Mr. Joswiak stated the Appropriative Pool and the Non-Agricultural Pool approved the budget today. Mr. Durrington inquired about the satellite. Mr. Wildermuth stated the concern addressed by the satellite imagery is subsidence, and he explained what the satellite does in greater detail. Chair Feenstra inquired how accurate the satellite is for what we use it for. Mr. Wildermuth stated it is very good and it gives us a complete spatial view.

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

Moved to approve the Watermaster fiscal year 2012/2013 Budget, as presented

B. CHINO BASIN WATERMASTER RECHARGE MASTER PLAN UPDATE FILING

Mr. Jeske stated this is work that has been done by the Steering Committee. Mr. Jeske stated there is an amendment to the pleading which is in the meeting packet; make sure you received the revised pleading, which has changed since the Appropriative and Non-Agricultural Pool meetings. Mr. Jeske explained the small language changed made to the court filing in detail. Mr. Jeske stated there has been very good participation at the Committee meetings. Mr. Wildermuth stated the Steering Committee started meeting in the fall of 2011, and the committee began working on a scope and schedule. Mr. Wildermuth gave the Recharge Master Plan Update presentation on the draft sections 1-4 in detail. Chair Feenstra stated he attended the most recent workshop along with Mr. Hall and Mr. Pierson, and at the workshop there was a lot of great information provided. Mr. Durrington inquired what if Jurupa and the northern parts of the water table started using reclaimed water for shrubbery, would that not solve the problem. Mr. Jeske offered comment on Mr. Durrington's suggestion and stated anything that would reduce their projected pumping load would help, and if they were able to reduce that especially for dry weather pumping that would really help. Chair Feenstra stated if any developing takes place, it will take place at the east end of Ontario and if that development comes in then there will be a lot of recycled water requests. Mr. Jeske stated Jurupa currently does not receive that

particular recycled water and offered comment on this matter. Mr. Wildermuth also offered comment on this matter. Mr. Durrington stated they need to think ahead and put in recycled water lines now. Mr. Hofer inquired about a price break or quote that Wildermuth plugged into this chart that would change the demand of water. Mr. Wildermuth stated no, he did not, and noted that is not part of our scope. Mr. Jeske offered comment on the storage chart graph, the sensitivity analysis and bookends. Ms. Egoscue inquired about section 5 which is to come and asked that a brief description be given in light of what the determination will be. Mr. Jeske stated that will be kicked off next week and that has not been started yet with working on sections 1-4. Mr. Jeske stated there is a very small project and we are trying to quantify that and that same storage policy will indicate who gets the water. Mr. Jeske offered further comment on Ms. Egoscue's comments. Mr. Jeske stated as we move forward we will have to work with the Regional Board.

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

Moved to approve sections 1-4, authorize counsel to file the revised pleading with the court, and Direct Staff to Continue Working the Stakeholders and Recharge Master Plan Update Steering Committee on Completing the Remaining Sections of the Update, as presented

C. RE-ALLOCATION OF WEST VENTURE DEVELOPMENT SAFE YIELD

Mr. Jeske stated this is an item which has been continued from November or December 2011. Mr. Jeske stated West Venture Development is a successor to Red Star Fertilizer in the Non-Agricultural Pool; they have 15.657 acre-feet of water which they requested to essentially abandon the water and they suggested the water could be reapportioned amongst the pool after notifying all the current property owners and after action was taken by the court. Mr. Jeske stated the Non-Agricultural Pool approved this item; however, they asked to not take action until the Appropriative and Agricultural Pools took action. Mr. Jeske stated subsequently the property was subdivided and recorded, and the City of Chino is where it is located and they have all of the records. Mr. Jeske stated in the course of looking up the records the City of Chino reports that they are the owners of 22% of the property, and they have sent a letter which is in the meeting package. Mr. Jeske stated the City of Chino has indicated that they believe there is a potential they might intervene into the Non-Agricultural Pool and that they should have some, or all, of the water rights because they are serving all of the property. Mr. Jeske stated unfortunately they were not able to get that action before their City Council to authorize the form for intervention until May 15, 2012. Mr. Jeske stated the Appropriative and Non-Agricultural Pools asked this morning that this item be held for another month. Staff recommends this item be deferred for another month. Mr. Durrington stated it is approximately 16 acre-feet of water and has not been pumped for 25 years; does that water accumulate so that somebody has 600 acre-feet of water. Mr. Jeske stated the water has been unaccounted for, for this period of time and under Watermaster policy rules we only go back 4 years in our accounting principles for errors. Mr. Jeske stated this will probably never happen again for a party to ever abandon water rights. A lengthy discussion regarding this matter ensued. Chair Feenstra asked that he please be kept informed on this matter.

Chair Feenstra stated to hold this item over until next month or whenever it is required.

D. WATERMASTER BUDGET TRANSFERS AND BUDGET AMENDMENTS

Mr. Jeske stated this item is a two part item. Mr. Jeske stated this item starts on page 275 of the meeting package. Mr. Jeske reviewed this item in detail and noted there is no impact to the budget with this transfer.

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

Moved to approve the Watermaster Budget Transfer Form T-12-05-01 and the Budget Amendment Form A-12-05-01, as presented

E. OLD BUSINESS

Mr. Hall stated while he attending the Steering Committee meetings there were questions brought up about how long the Agricultural Pool is going to be around; what is Mr. Wildermuth's opinion on that question. Mr. Hall also stated a lot takes place at those meetings and more parties should attend. Chair Feenstra stated the Agricultural Pool will be around a very long time. Mr. Wildermuth stated the agricultural production never went away completely. Chair Feenstra stated this is bookmarked in the Peace Agreement and the Peace II Agreement. A discussion regarding agricultural development and production ensued.

Chair Feenstra spoke on the Restated Judgment and a recent phone call that Counsel Herrema made regarding the Restated Judgment. Counsel Herrema stated the reason for the call was to talk to your counsel on whether you wanted to have the Restated Judgment on the agenda today or to just have a discussion on it; Mr. McKinney was on vacation for that call. Chair Feenstra stated this committee needs to have a conference call with Mr. McKinney so that the sections can be gone through thoroughly and to make sure they are put together in a form that everybody can understand. Chair Feenstra stated the main concern is to protect the integrity of the Peace Agreement and the Peace II Agreement.

III. REPORTS/UPDATES**A. LEGAL REPORT**1. Day Creek and San Sevaine Recharge Permit Time Extensions

Counsel Herrema stated this item is for an extension of time for the San Sevaine Project. Counsel Herrema stated Watermaster holds three separate diversion permits for putting the water to beneficial use. Counsel Herrema stated the San Sevaine permit expired in 2010 and, prior to the expiration, an extension for time was filed for to make that permit application to beneficial use requirement coterminous with the other permits. Counsel Herrema stated he was in Sacramento two weeks ago on other business and he met with the State Board staff to discuss the classification of those facilities, and they are going to issue another draft extension with some clarifications on the way the facilities are labeled. Counsel Herrema stated all the other terms are consistent with what is currently in the permit with the exception for the time for full beneficial use would be extended through 2057, which is the deadline under the most recent permit obtained by Watermaster in 2008.

3. Paragraph 31 Motion

Counsel Herrema stated this item is for the Paragraph 31 Motion. Counsel Herrema stated it was reported last month that the Watermaster Board conceptually approved a settlement at their March meeting. Counsel Herrema stated we are waiting on final language to move forward on that settlement. Counsel Herrema stated Watermaster has not yet signed on to the settlement because the final paper is not finished.

B. ENGINEERING REPORT1. HCMP Monitoring Report

Mr. Wildermuth stated the HCMP report needs to be filed with the Regional Water Quality Control Board (RWQCB) every year. Mr. Wildermuth stated last summer Wildermuth prepared a proposal to the RWQCB that went through coupled with the Basin Plan Amendment, which means the next Hydraulic Control Monitoring report after the one we just filed will be in April 2017 instead of April 2013. Mr. Wildermuth stated this will save Watermaster hundreds of thousands of dollars in having two reports every ten years instead of one report.

2. Groundwater Model Calibration Update

Mr. Wildermuth stated the schedule for the groundwater modeling calibration has been pushed out slightly to accommodate the modeling work that was done for the Recharge Master Plan Update. Mr. Wildermuth stated this will be coming back sometime in July or possibly August with the modeling calibration results. Mr. Wildermuth stated this is going to

be used for resetting the safe yield; there are some hydrology things we are running down to make sure we do the best job we can.

3. Extensometer Progress

Mr. Wildermuth stated, regarding the new vertical extensometer is to be constructed in Chino Creek Well Field, the well has been constructed and we are developing it this week and equipping it shortly thereafter. Mr. Wildermuth stated that will be on line and ready before the end of the fiscal year.

C. CEO REPORT

Mr. Jeske stated recruitment for the new GM for Watermaster has begun and a copy of the brochure is on the back table for review.

Added Comments:

Chair Feenstra asked that Mr. Joswiak come to the podium and noted his comments are on an item that has already been voted on. Chair Feenstra stated there was a slight minor increase in the assessments and inquired if there were any concerns voiced by the Appropriative Pool. Mr. Joswiak stated no.

Mr. deBoom inquired about line item 8456 IEUA Readiness to Serve. Mr. Joswiak stated that is the bill that Watermaster receives from IEUA routinely. Ms. Maurizio stated that charge is based on the number of agricultural wells. Mr. Joswiak stated that bill comes directly from IEUA.

D. AGRICULTURAL POOL LEGAL REPORT

No comment was made.

IV. INFORMATION

1. Cash Disbursements for April 2012

No comment was made.

V. POOL MEMBER COMMENTS

No comment was made.

VI. OTHER BUSINESS

No comment was made.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 2:29 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.

The confidential session concluded at 2:50 p.m.

There was no reportable action from the confidential session.

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, May 10, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, May 10, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, May 10, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, May 17, 2012	9:00 a.m.	Advisory Committee Meeting
Thursday, May 17, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Tuesday, May 22, 2012	9:00 a.m.	GRCC Meeting
Thursday, May 24, 2012	11:00 a.m.	Watermaster Board Meeting

Minutes Agricultural Pool Meeting

May 10, 2012

Chair Feenstra adjourned the Agricultural Pool meeting at 2:50 p.m.

Secretary: _____

Minutes Approved: June 14, 2012