

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
August 10, 2006

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on August 10, 2006 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Mark Kinsey, Vice Chair	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Ken Jeske	City of Ontario
Charles Moorrees	San Antonio Water Company
Justin Brokaw	Marygold Mutual Water Company
Mike McGraw	Fontana Water Company
Kevin Sin	City of Pomona
Mike Maestas	City of Chino Hills
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Martha Davis	Inland Empire Utilities Agency
Rita Kurth	Cucamonga Valley Water District
Bob Bowcock	Vulcan Materials Company (Calmat Division)
Edward Gonsman	CIM/State

Chair Kinsey called the meeting to order at 10:06 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held July 13, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2006

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from San Antonio Water Company water in storage in the amount of 5,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006. Date of application: June 26, 2006

*Motion by Moorrees, second by Jeske, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. ANNUAL MONITORING PROGRAM AGREEMENT BETWEEN IEUA & CBWM

Mr. Manning stated the Memorandum of Understanding (MOU) which is before this pool is the result of continued operations between Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) which started in 2004 with the initial cost sharing agreement to perform monitoring. This MOU is identical to the budget approved amount in terms of the amount of anticipated cost. The monitoring agreement is a 50/50 share other than those issues that are related to recycled water which are 75/25. Since the original agreement was put in place there has been a lot of activity and CBWM and IEUA has constructed nine new monitoring wells and implemented new surface and ground water monitoring programs. Staff is recommending the approval of the Annual Monitoring Program Agreement at this time. Chair Kinsey inquired regarding Table 1 in the Summary of Annual Monitoring Plan and Budget Costs and asked how the development of estimated costs for completing this program occurs. Mr. Manning stated staff from CBWM, IEUA, and Wildermuth Environmental sit down and go through each item line by line. Mr. Wildermuth starts the process by making estimates of costs and then the parties involved sit down and discuss them in detail. Mr. Wildermuth stated we have certain monitoring obligations that are to be accomplished through Max Benefit and other obligations through the OBMP. IEUA has some other monitoring which they do on their own. Staff sits down and looks at the combination of obligations and tries to scope out a monitoring program to accomplish all the work; at that time staff also looks at the allocation of costs. These costs were negotiated when the original MOU was established and this agreement carries these costs forward. It is a collaborative process to develop the program, and a collaborative implementation and reconciliation. A discussion ensued with regard to the possible reduction of costs to maintain this program along with total labor costs. Mr. Manning noted when this agreement was originally formed there was the anticipation that Watermaster would have access to recycled water for replenishment purposes and there for should share, at some level, in the payment of services. A discussion ensued with regard to cost sharing.

Motion by Jeske, second by Kinsey, and by majority vote – Non-Ag concurred (Monte Vista Water District voted no)

Moved to approve the Annual Monitoring Program Agreement between Inland Empire Utilities Agency and Chino Basin Watermaster, as presented

B. UPDATE OF RESOLUTION 01-01

A number of years ago Watermaster had made a determination that staff was going to use the same costs/charges that are being applied to those types of requests for copied documents from the San Bernardino Superior Court. Watermaster adopted the same rate structure for our use and policy. The costs have gone up to \$.50 center per page and in staying in concert with their rate structure staff is requesting to update our Resolution 01-01 to reflect the new rates. Parties to the judgment have their fees waived; however, non-parties to the judgment to pay the copying fee if they want copies made. Recently there have been two requests for documents; one was a massive request for copied documents, making it even more important to adhere to the new Superior Court rate change.

Motion by Jeske, second by Crosley, and by unanimous vote – Non-Ag concurred

Moved to approve the updating of Resolution 01-01 regarding Chino Basin Watermaster's cost structure, as presented

C. STATUS REPORT 2006-01

Mr. Manning stated that in February of 2006 the court reappointed the Watermaster Board and extended the Watermaster in its current capacity. That was also the end of our reporting requirements for the court based upon the previous five year order. In the course of making that determination the court ordered Watermaster to start a new sequence of reporting. In conversations with the court they have requested we change our formatting that we are currently reporting to them. A new format was adopted to meet those new requirements and the report will be filed with the court two times a year in June and in December. This is the first report and we are using the year and the number of the report in the title for ease of recognition and filing. Chair Kinsey stated this was an item added to the agenda as an add-on item and inquired if there was a need to take action today or should the committee hold the decision for a motion next month in order to allow more time to review the status report. Mr. Manning stated we would like to get this report filed with the court in a timely manner and noted the document has no relevant value of changing any decisions, it is only a report of activities in retrospect of the last six months. It was the committee's decision to approve this item and to move it forward this month for recommendation to the Advisory Committee and the Watermaster Board.

Motion by Jeske, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve filling Status Report 2006-01 with the court, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Goodrich Subpoena

Counsel Fife stated the actual subpoena was distributed last month at the Advisory Committee and Watermaster Board meeting. Counsel Fife noted that Goodrich with regard to the water quality litigation in the Rialto Basin has served Chino Basin Watermaster with a subpoena basically asking for copies of every document that we have on file. Counsel attempted to explain to Goodrich the volume of documents they were requesting, however, the notification was not well received and they noted they still wanted every single document requested in the subpoena. Counsel has responded to their request by using Watermaster's standard form that we give to entities who make either public records act requests or any other copying request. Counsel Fife noted Watermaster is a judicial branch entity and is not subject to either the subpoena power of federal district court nor are we subject to the public records act, although, we are very open with everything we have and we will provide the copies which are requested for a fee. Because this request is coming from a law firm we did ask for an advance deposit before we would begin the copying process in the amount of \$25,000 dollars.

2. Stakeholder Non-Binding Term Sheet

Counsel Fife stated the Special Referee Workshop regarding the stakeholder non-biding term sheet was held on July 26, 2006 and that workshop seemed to go very well. We are now waiting for a report from the referee and Ms. Schneider stated she anticipated her report coming to Watermaster sometime in the September time frame. Professor Sunding is also working on his revised report on the economic analysis. Some comments have been received by parties and if any others wish to make comments on Professor Sunding's report, they need to do so quickly because he finished his first report quickly which means his revised report will be done just as timely. Once we receive the referee's report as discussed at the workshop, we will then prepare a road map that describes what we see as being the process from here on out as requested by the referee. Chair Kinsey inquired to the time frame in which written comments needed to be handed in. Counsel Fife stated a formal date was not chosen or noted at the workshop which is why staff is asking now for written comments to be submitted promptly. Mr. Manning stated it is hard to put a time

frame on this sort of request, however, it would be safe to say that written comments need to be submitted within the next ten to fourteen days in order to get them to the referee in time for her to review them and possibly incorporate them into her report. Counsel stated the Sunding report is a Watermaster venture, however, the special referee is a different issue and is basically the court itself and when things go to the referee, all parties must be notified through the official serving process just as we would serve other paperwork that goes directly to the court.

3. Vulcan Assignment to San Antonio Water Company

Counsel Fife stated the materials for this item were also added to package after the package was first distributed; the item was on the agenda originally without paperwork. Watermaster has received a Form 10 Assignment from Calmat Division which was originally thought to be from Vulcan. It is an assignment to San Antonio Water Company. Calmat is requesting an assignment that goes back to 1980. Apparently San Antonio Water Company has been providing water to Calmat and they are deciding now that the water that was provided to them was an assignment up to Calmat or Vulcan's water right which is 317 acre-feet a year and they are now notifying Watermaster that assignment has been made since 1980. Calmat is asking that Watermaster water that has accumulated in storage for to San Antonio Water Company's storage account. As indicated in the staff report, assignments do not come to Watermaster for approval so this is not an action item. Staff has not completed our analysis of this and there are some issues that need to be analyzed; we need to look at meter records and records that both San Antonio and Vulcan have. There is a map available on the back table and shown on the overhead that in the last day or so has raised some questions by staff regarding the location of the Calmat facility. It appears that the facility that has been receiving the water is actually outside the Chino Basin; this is something that we have not inquired into with either San Antonio or Vulcan. We are putting this issue out to the committee and we would like feedback and discussion. Mr. Jeske asked that if this assignment was granted and Watermaster does go back to 1980 to change books, does that change any assessments. Mr. Manning stated this would not change any assessments that San Antonio has not been a part of the 85/15 during that period of time and has never been an over producer. A discussion regarding the four year look back rule on making changes ensued. Mr. Crosley inquired into the difference between Calmat and Vulcan. It was noted it is the same entity working under different names. Mr. Bowcock stated Vulcan is Calmat. A discussion ensued with regard to the different names. Mr. Crosley inquired into Counsel Fife's comment regarding Calmat being out of the Chino Basin. Counsel Fife stated this issue arose yesterday and we have not had an opportunity to look into it further. In looking at the map, it appears the Calmat facility has been provided water by San Antonio and is outside of the Chino Basin. Mr. Crosley inquired if Calmat knew twenty years ago that they wanted to pursue this and didn't and if they didn't, why? Mr. Bowcock stated he does not know why and would not attempt to question what people thought twenty years ago. It is an enormous piece of property that does cross through the adjudicated boundary lines that has a complicated mix of water resources and in evaluating and trying to gain understanding of what the mix of water resources are and in an effort to optimize them about three years ago we identified that the easiest way to liberate some of that water in storage was to work with its provider under an assignment. A lengthy discussion ensued with regard to all aspects of this subject. Chair Kinsey asked staff what the subsequent steps are because what is possibly being done here can clearly set some precedents that can be possibly applied to other parties. Mr. Manning stated from staff's prospective we would ask that any other activity that goes on in Watermaster whether it be a few months of back documentation or several years of documentation, we would want it to include dates, maps, where the water was used, etc. in order for staff to make a determination. We will be looking for a legal opinion from our legal counsel to assure us that this is something that we can do based upon the Judgment and the Rules and Regulations. Those are the actions this staff will be moving through in the days to come to find resolve in this issue. Staff will be keeping the Pools, Advisory Committee, and the Watermaster Board informed as to the progress with regards to this

subject. It was noted Watermaster staff will look at any Form 10 that is submitted. A brief discussion ensued with regard to precedent.

B. WATERMASTER ENGINEERING REPORT

1. Basin Outflows Regarding the Chino Airport Plume

Mr. Wildermuth stated discussions have taken place in the past regarding working incrementally off existing well fields or pushing the use OF Desalter II to its full physical capacity. We talked about moving the well field over into the area where the Chino Airport Plume was. In working with that scenario we have come up with what the results would look like. Mr. Wildermuth stated modest expansions of Desalter I and Desalter II ALONE cannot achieve hydraulic control. Mr. Wildermuth presented data regarding the need for the West Desalter well field including reviewing several contour maps. Mr. Jeske asked if what was being shown and presented was different than what was offered at the workshop. Mr. Wildermuth stated yes this is different information. A brief discussion ensued with regard to the difference in presented information. Mr. Manning noted that during the workshop the special referee asked a question about this exact issue and Mr. Wildermuth answered at the workshop that he did not have the answer at that time but he would put together that element alone and present it at future Watermaster meetings; this is his response to the court and to the parties present at the workshop. A discussion ensued with regard to the numbers being presented. Mr. Wildermuth presented different scenarios regarding pumping. Mr. Manning stated the advantage of that production scenario is that it does two things; 1) it also cleans up the plume of contamination from the Chino Airport Plume, and 2) includes potential funding from the possible responsible parties of the Chino Airport. Mr. Wildermuth presented several more contour maps. The next steps which include making a few more sensitivity runs, complete modeling, and preparing an addendum to the draft April 2006 report. A discussion regarding well placement ensued. Mr. Jeske inquired about a time line for this work. Mr. Wildermuth stated if there is not additional work to be added to this, it should be complete within the next three weeks, if there is more work added it will not be until the end of September. A discussion ensued with regard to the numbers being presented and the estimated time frame of completion. Mr. Manning stated staff is going to try and get the information out as quickly as possible. A lengthy discussion ensued with regard to Mark's presentation.

C. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated our actual recharge for July was 1,600 acre-feet and our goal was 3,800 acre-feet. The reason we only achieved about 40% was that Metropolitan Water District shut down all the replenishment water during the very-hot dry period. We are now back running at full bore and we are recharging about 200 acre-feet a day in our basins. The only basin that is not working right now is the Lower Day Basin which is being cleaned out presently. Mr. Treweek recapped the future CBFIP facilities and reviewed the schedule of potential yield for the CBFIP facilities. Mr. Manning stated what was just reported is an optimistic view of our recharge potential operations and we look at it as the best case scenario based upon where we are today and we also believe most of it achievable with a lot of work. There are still things that need to happen to realize our goal. We are thinking of ways to meet our obligations for recharge, this was one of the items the special referee mentioned at the workshop and is also critical to the court. We are thinking about where we need to be in the year 2030 and this is part of the planning we are working on as to how to get there, along with our upcoming Strategic Planning Conference that is being held in October 2006. Chair Kinsey offered comment regarding funding.

2. Legislative/Bond Update

Mr. Manning stated Sacramento meetings will take place this month which is the last month of the session so anything that does not get off the floor and onto the governors desk is canned and will have to come back in the next session. We are in the middle of an election cycle and the filing period ends tomorrow for elections for seats that are up for election this

year. There is a lot of political stirring going on right now. There will be a lot of activity seen over the next couple weeks.

3. Hanson Aggregate Update

Mr. Manning stated this item is actually an information update and that if and when this item is discussed it will be in closed session from now on and will probably be discussed at the next Watermaster Board meeting at the end of the month.

4. Budget vs. Actual Update

Mr. Manning stated this item is in response to a letter written by Robert DeLoach to the chairman of the Agricultural Pool regarding the legal fee overage from the budgeted amount. A response letter was written back by Nathan deBoom, the chairman of the Agricultural Pool, in regard to the overage which included some great suggestions.

5. IEUA Landscaping Alliance

Mr. Manning stated there are a number of events that are all coming together at the same time, like the Strategic Planning Conference which is also related to this Alliance. Along the lines of the IEUA Landscaping Alliance, there is a series of workshops that RAND has offered to hold. The first workshop happens to tag on very nicely to the October conference and RAND wants to hold those in the same time frame as our conference. In September, we are going to be moving the Advisory Committee and the Watermaster Board meeting to the IEUA facilities and after the Board meeting we will have lunch and then go directly into the first RAND session which we will use as our pre-conference kick off. The first session will be addressing water supply and global warming water supply issues here in California. Ms. Davis has worked very closely with the staff at RAND and has put together a more comprehensive presentation on what exactly will be taking place at these sessions. Chair Kinsey inquired if this same presentation will be given at the Advisory Committee meeting. Ms. Davis noted she was asked to give this presentation at both the Advisory Committee and the Watermaster Board meeting. Chair Kinsey asked the committee members if they wanted to wait to hear the presentation at one of those meetings or view it now. The committee members asked that Ms. Davis hold off on giving the presentation today so that it can be viewed and discussed at one of the other upcoming meetings. Ms. Davis did note the scheduled sessions will be held on September 28, October 20, and November 3, 2006 at the Inland Empire Utilities Agency facility.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

2. IE PAN Invitation

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Moorrees inquired into the well location for Hanson Aggregate. Mr. Manning stated he recently received a letter from Cucamonga Valley Water District that they have been reviewing their records and are in fact supplying water to Hanson Aggregate.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

August 10, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
August 15, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 24, 2006	9:00 a.m.	Advisory Committee Meeting
August 24, 2006	11:00 a.m.	Watermaster Board Meeting

August 29, 2006 9:00 a.m. GRCC Meeting

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 11:55 a.m.

Secretary: _____

Minutes Approved: September 14, 2006