

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
April 12, 2007

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 April 12, 2007 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Raul Garibay, Chair	City of Pomona
Rosemary Hoerning	City of Upland
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Teri Layton	San Antonio Water Company
Mike McGraw	Fontana Water Company
Mike Maestas	City of Chino Hills
J. Arnold Rodriguez	Santa Ana River Water Company
Ken Jeske	City of Ontario
Chris Diggs	Fontana Union Water Company
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	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.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

David De Jesus	Three Valleys Municipal Water District
Tom Crowley	West Valley Water District

Chair Garibay called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:01 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning noted the Volume Vote in the meeting package has now been revised and the revised copy is available on the back table. The handout Volume Vote is the one the parties will be voting on in the Business Item section of the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held March 8, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2007
2. Combining Schedule for the Period July 1, 2006 through February 28, 2007
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007
4. Profit & Loss Budget vs. Actual July 2006 through February 2007

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account to Monte Vista Water District. This lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage. Date of Application: October 31, 2006
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust water in storage in the amount of 0.720 acre-feet, and annual production right in the amount of 6.974 acre-feet

Chair Garibay requested a form be produced by Chino Basin Watermaster that would be more user friendly to the submitter, possibly streamlining the forms using the check box method for indicating which form they were applying for instead of using the several different forms being offered now, leaving the submitter confused. Mr. Manning stated he would look into condensing some of the forms currently being used and to possibly create one form if possible.

Mr. DeLoach offered comment on the Scalmanini Report and noted Mr. Scalmanini stated in his report the model that was analyzed for the Chino Basin was a good model.

*Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Item A through C, as presented*

II. BUSINESS ITEMS**A. CONTRACT WITH GARY MEYERHOFER**

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling all those issues together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. There is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. Staff is anticipating this project will take between four and six months to be completed. Updates as to the progress on this project will be given monthly at the regularly scheduled meetings. A discussion regarding liability ensued. Counsel Fife stated Mr. Meyerhofer will be hired as a consultant so

he will not be a Watermaster employee; whatever kinds of insurance bonds are required for a consulting firm will be handled through Carollo Engineers.

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

Moved to approve the contract for the project facilitator, Gary Meyerhofer at Carollo Engineers, as presented

B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any fatal flaws to the process of combining the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority contingent upon getting approval from Castaic Lake Water Agency for a similar agreement to fund the study; with that we will have enough participants to move forward and perform the study and find out if we have compatibility within the three agencies to work on a storage and recovery program. A discussion regarding the funding partners ensued. Mr. Manning stated San Diego has expressed an interest in being involved in this basin. Mr. DeLoach commented on Western Municipal Water District and Three Valleys Municipal Water District coming into the program once it is all done and paid for and wanting something out of the program at no cost to them. Mr. Manning stated he would contact the associates at those agencies to discuss coming on board with this program and being involved financially. Mr. Crosley referenced a statement in the Staff Report regarding 500,000 acre-foot "safe harbor" numbers. Mr. Crosley stated maybe it is time to discuss performing an environmental study to determine whether or not the actual number is still 500,000 acre-feet or not. A discussion ensued regarding the 500,000 acre-feet. Mr. DeLoach stated he thinks the 500,000 acre-feet number was a safe and conservative number at the time that number was issued; there might be some wiggle room in there. Mr. Manning stated staff can inquire as to what it would take to accomplish that. Mr. Wildermuth offered comment on this matter and offered history on the 500,000 acre-feet number. A lengthy discussion ensued with regard to this subject. Counsel Fife stated the objective of this study is to actually come up with a project description that we can move forward with; we have not done something on this level thus far. Mr. DeLoach inquired to the funds in the budget for this item, this year. Mr. Manning stated Chino Basin Watermaster does not have this line item in the budget for this fiscal year to contribute to this endeavor. If Castaic and San Diego were to contribute \$50,000 dollars each, then we would have to direct some funds from another portion of the budget in order to fund it or get Three Valleys and Western Municipal Water District to participate which would then fulfill the funding obligation.

Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred

Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin, as presented

C. VOLUME VOTE

Mr. Manning stated following the approval of the Assessment Package it is necessary to approve the Volume Vote. Mr. Manning stated the revised Volume Vote is provided as a handout and that version is the one that staff is requesting be approved. Ms. Rojo stated the Allocation of Volume Vote and is based 50% share of operating safe yield and 50% of previous years assessments paid. Mr. Manning stated this volume vote would stay in effect until the next assessment package is approved. Any other future votes that would call for a volume vote would be using this volume vote calculation. Mr. Kinsey inquired as to how the calculations were determined since there was a discussion last year regarding replenishment with regard to the calculations. Ms. Rojo stated that historically the guidance for generating what constitutes the Watermaster assessment has been vague. Ms. Rojo stated last year staff and counsel brought forward several options for calculating the volume vote to the group. Staff prepared this volume vote analysis based on 100% of assessments paid to Watermaster, subtracting out the 85% and the 100% portion of replenishment water costs. Mr. Kinsey commented on the meeting last year in which the discussion that took place on future formulas for figuring out the volume vote. Mr. Kinsey noted that the decision at that meeting last year was to not change the way staff was calculating the volume votes. A question regarding voting on the Advisory Committee's volume vote and Ms. Rojo stated each pool and the Advisory Committee needs to approve their own volume vote and the revisions that were made on the Appropriative Pool volume vote will be reflected in the Advisory Committee's volume vote sheet when their package is sent out.

Motion by DeLoach, second by Crosley, and by unanimous vote – Non-Ag concurred
Moved to approve the fiscal year 2006-2007 (based on 2005-2006 production)
Volume Vote, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Santa Ana River Water Right Application**

Counsel Fife stated the Santa Ana River Water Right Application process began in 1999 with the fully appropriated streams hearing and our signing of the Orange County Accord. We have been preparing for this hearing for the past seven years and now we are in the final stages for our hearing in May 2007. All testimonies and exhibits, everything that we plan to present at the hearing will be sent in advance of the hearing. There is a copy of the Notice of Intent to Appear on the back table. Counsel Fife stated we will be using Ken Manning, Mark Wildermuth, Mr. Dodson, and a Botanist to talk about riparian habitat, and then the chair of the Santa Ana Sucker Conservation team from SAWPA will also be testifying on our behalf. We will also have a very helpful policy statement from the City of Ontario and the City of Chino will be filing a policy statement in our favor shortly. We did have a pre-hearing conference last Thursday which went very well for Chino Basin; we are the only applicant who has no protests against our application. We were able to convince the Department of Fish and Game to dismiss its protest. We verbally put out a request at the pre-hearing conference that being that we are the only party with no protests and given that an application that has no protests can be granted without a hearing, we did not think it was right that anybody should be able to cross examine us or present any evidence about our project. This was agreed upon by the other parties present at the hearing. The attorney for the Center of Biological Diversity stated they have no problem at all with the Chino Basin; they are not going to cross examine us. The hearing officer then instructed counsel to go get stipulations which counsel is now collecting. We now have stipulations from most of the non-applicants that they will neither cross examine us nor will they present any evidence about our application. On Monday when our testimony is received we are going to present a follow up letter that states nobody has protested us and everybody has agreed not cross examine or present any evidence about the Chino Basin. We could just extract ourselves from this process here after seven years. If nothing else, we will go to Sacramento in May, present our case and will hopefully be dismissed from attending the

rest of the hearing. A brief discussion ensued with regard to the upcoming hearing and its anticipated outcome.

2. Peace II Process
No comment was made regarding this item.

B. ENGINEERING REPORT

1. Review of Scalmanini Report

Mr. Wildermuth gave a presentation "Progress Report on Watermaster's Groundwater Model Update". Mr. Wildermuth stated Wildermuth Environmental (WE) and Watermaster staff developed a series of model updates and has included costs for this in Watermaster's 2006-2007 budget. There were specific questions to be answered with the new model such as, what does the new equilibrium look like when re-operation is terminated, what will the impact of re-operation be on subsidence in the MZ1 area, and what will be the impact on riparian resources in the Prado Reservoir area be like from new desalter pumping and re-operation? Mr. Wildermuth stated he plans to incorporate the latest information from new wells and monitoring programs, extend calibration from 11 to about 40 years, incorporate vadose zone flow and transport models, and develop a localized high resolution compaction model for part of MZ1. WE will also be working on refining the boundary conditions for the Rialto/Colton fault and Bloomington divide, incorporating non-linear evapotranspiration functions for riparian vegetation, revising projected groundwater pumping and replenishment plans. The updated model runs will incorporate state-of-the-art visualization software and VLA processing. Mr. Wildermuth stated the purpose of this new model is to update Watermaster's previous model based on new hydrogeologic information collected since 2002. New data sources since 2002 include, subsidence investigation in MZ1, nine new HCMP well clusters, Chino II Desalter wells and other new monitoring wells, new appropriator wells, and OBMP water-level and water-quality monitoring programs. A discussion ensued with regard to Mr. Wildermuth's presentation.

C. FINANCIAL UPDATES

1. Budget Advisory Committee Update

Mr. Garibay stated one of the topics discussed at the last Budget Advisory Committee meeting was the current method of assessing costs was somewhat simplistic. Another topic for the group was to take a look at the reserve policy that Watermaster currently has in place. There was discussion on the issue on being able to develop a plan to obtain Water Activity Reports earlier in order to get the Assessment Package out in a more timely manner. This committee is looking at developing a three to five year budget. There were also discussions regarding the judgment that requires Watermaster to charge minor parties a minimum \$5.00 dollar assessment to help recover administration costs. Ms. Rojo stated this committee has met twice now and will be meeting again in the near future. Ms. Rojo stated the major question that came out of the last meeting was how and when to implement these issues. Staff will be working on the extended budget this year and is looking to come up with options for somewhat stabilizing the Watermaster assessments. Updates on the progress of this committee will continue to be given at the Watermaster meetings.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition

84 in terms of the intent of the voters. The LAO also questioned funding for the Sate Water Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or a statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added to the Dry Year Yield Storage Account. Staff has recognized that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, so staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts. A brief discussion ensued with regard to recharge for the balance of the year.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

It was noted the next Appropriative and Non-Agricultural Pool meeting would fall on the same day that people will be attending the ACWA conference and that the meeting should be pushed back one week to May 17, 2007 at 10:00 a.m. This date change was agreed to by those in attendance.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6, a Confidential Session may be held during the Pool meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

VIII. FUTURE MEETINGS

April 12, 2007	10:00 a.m.	Joint Appropriative & Non Agricultural Pool Meeting
April 17, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 11:20 p.m.

Secretary: _____

Minutes Approved: May 17, 2007