

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
September 13, 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 September 13, 2007 at 2:30 p.m. which was rescheduled from August 9, 2007.

APPROPRIATIVE POOL MEMBERS PRESENT

Raul Garibay, Chair	City of Pomona
Mark Kinsey	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Teri Layton	San Antonio Water Company
Mohamed El-Amamy	City of Ontario
Rosemary Hoerning	City of Upland
Rich Atwater	Inland Empire Utilities Agency
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
Terry Catlin	Inland Empire Utilities Agency

Watermaster Staff Present

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

Marty Zvirbulis	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Rick Rees	CIM – DOS
Gary Meyerhofer	Carollo Engineering
Ron Craig	RBF Consulting
Jim Erickson	Law Offices of Jimmy Gutierrez

Chair Garibay called the joint Appropriative and Non-Agricultural Pool meeting to order at 10:04 a.m.

AGENDA - ADDITIONS/REORDER

It was noted Business item A1 and B1 will be switched in reporting order.

I. **CONSENT CALENDAR**

A. **MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held August 15, 2007

B. **FINANCIAL REPORTS**

1. Cash Disbursements for the month of August 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through July 31, 2007
4. Treasurer's Report of Financial Affairs for the Period July 1, 2007 through July 31, 2007
5. Profit & Loss Budget vs. Actual July 2007 through July 2007

Motion by DeLoach, second by El-Amamy and by unanimous vote – Non-Ag concurred – with one abstention from Hoerning on the minutes

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

II. **BUSINESS ITEMS – Note Item A and B were taken out of order**

B. **Dr. SUNDING MICRO-ECONOMIC REPORT**

Mr. Manning stated the newly updated Micro-Economic Report which was performed by Dr. Sunding was transmitted via email today and a copy of the report is on the back table. Mr. Manning stated a workshop on the report was recently held in the City of Ontario. Counsel Fife stated the first draft report was distributed on August 22, 2007; Dr. Sunding has revised that report which incorporated the comments received at the recent workshop as well as the comments received from Dr. Hatched and Dr. Mann. Counsel Fife stated there is an accompanying staff report for this item which explains some of the background and specifically section II which describes a process that Watermaster intends to go through with the parties based on this report. Since the workshop, several individual meetings have taken place; some of the parties had specific issues with the report and desired specific responses from Watermaster in response to the report. Counsel Fife noted that in order to address concerns and still allow the report to move forward today, the parties engaged in a series of meetings and just yesterday arrived at the language that is in the staff report before you. Counsel Fife stated staff is recommending the Pools recommend the Advisory Committee and Watermaster Board receive and file the Micro-Economic Report conditioned on and based on the completion of the process as described in the staff report. A lengthy discussion ensued with regard to this item. Several parties noted concern over just now receiving the report and not having enough time to digest the report in its entirety on such short notice. A discussion regarding holding a special Appropriative & Non-Agricultural Pool meeting prior to the Advisory Committee meeting on September 27, 2007 was discussed. Counsel Slater stated there is a lot going on right now and there are very important steps that need to be taken to move forward on the schedule previously handed out and discussed. Counsel Slater stated the role of Dr. Sunding's Report comes from the requirement of the Peace II Term Sheet. The report is a foundational document which is mentioned in the Resolution and is something that will be transmitted to the court as background for the court's actions. It may also be referred to in pleadings as the Macro-Economic Report was; it was not approved, it is an opinion of an expert and Watermaster did not control the expert or direct the experts' opinion in any manner. The Report will be part of the record only. Counsel Slater stated parties can make a recommendation to receive and file this Report subject to further comments of the parties for their input, subject to the work that may be done or not done regarding the baseline. A discussion ensued with regard to the action needed today or at a subsequent meeting for the Dr. Sunding Report to be presented to the Watermaster Board on September 27, 2007. A volume vote was requested for the motion on the floor accepting staff's recommendation.

Motion by DeLoach, second by El-Amamy and by majority volume vote – Non-Ag concurred

Moved to receive and file Dr. Sunding micro-economic report subject to the process described in the staff report, as presented

A. PEACE II LEGAL DOCUMENTS

Mr. Manning stated the Legal Documents have been subject to review for a long time. A series of phone calls with various parties dealing with specific issues has occurred over the last few days; staff feels there is resolution on those items. Mr. Manning noted the last phone call was at 4:00 p.m. yesterday and the comments that were made are incorporated in the documents being presented today. Mr. Manning stated Counsel Fife is here to review each of the documents and Counsel Slater is here today to answer any questions. Counsel Fife stated on the back table there are a number of documents including a few documents that have not been distributed before which have been promised to the parties. Counsel Fife summarized all the documents in detail to the parties. Counsel Fife stated there is a brief staff report on the back table which contains staff's recommendation on this item. Ms. Rose commented on the 4:00 p.m. conference call scheduled for today. Counsel Slater stated there are three things happening concurrently and counsel and staff are attempting to manage them and protect the right of the Board to make a decision at the September 27, 2007 Watermaster Board meeting. Counsel Slater discussed the three items and how they could affect the outcome. Counsel Slater stated what is being asked of the Committee Members for today is that this suite of documents be recommended for ultimate approval on the 27th subject to the workout that is referenced in Paragraph 7 and if the workout does not come in, in that amount of time, the basis of the recommendation would be subject to the qualifications that we did not complete Paragraph 7 in a manner that was acceptable to the parties. The parties are being asked today to, 1) if there is a continuance for further digestion of the Dr. Sunding Report, 2) should the Sunding baseline be expanded to pursue a third alternative which has a cost associated with that, and 3) which is the initiation of a process to deal with the output regardless of whether the report is expanded or not. Watermaster is recommending that this process go forward regardless of the outcome as to whether Dr. Sunding runs a new baseline. If the parties want the process to go forward, the documents being presented today do not need to be modified outside of the Dr. Sunding Report. Mr. DeLoach stated there are no changes to these documents; no opposition to these documents outside of the one paragraph, it is a placeholder for future work. Counsel Slater concurred. Counsel Slater stated it is counsels' understanding that the City of Chino Hills issue is imbedded into Paragraph 7 and it is imbedded into the process. A lengthy discussion ensued with regard to this issue and Tier II water allocations. A discussion ensued with regard to procedures.

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

Moved to approve the Peace II legal instruments subject to the process regarding the socio-economic impacts as described in the staff report for the Sunding Report, and subject to conforming changes that may be developed in advance of the Advisory Committee and Watermaster Board meetings, as presented

C. 20-GALLON CHALLENGE

Mr. Manning stated the resolution being presented today is very similar to the resolution adopted by Inland Empire Utilities Agency recently. This type of resolution has also been approved by San Diego County Water Authority and Metropolitan Water District of Southern California. This challenge is asking people within the Chino Basin to conserve water and will be putting Chino Basin Watermaster on record as supporting that voluntary water conservation effort.

Mr. DeLoach asked that Chino Basin Watermaster and Inland Empire Utilities Agency work with the retail agencies in this effort. Mr. Atwater noted they are doing weekly ads in the newspaper.

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

Moved to approve to adopt Resolution No. 07-04 encouraging residents and businesses to help drought-proof the Chino Basin by participating in the 20-Gallon Challenge for voluntary water conservation, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Court Approval re Subsidence Long Term Plan

Counsel Fife stated with regard to the approval of the Subsidence Long Term Plan, there is a hearing scheduled for November 14, 2007 and an MZ1 hearing scheduled with the Special Referee on October 3, 2007 here at the Chino Basin Watermaster office starting at 10:00 a.m.; a court report has been scheduled for this hearing.

Counsel Fife stated there is a hearing scheduled for September 14, 2007 regarding the City of Chino's motion against the City of Chino Hills. It is counsels' understanding that this hearing is going to be continued; there is a stipulation in circulation to that affect. It has been signed by the City of Chino and by Chino Basin Watermaster. This will be continued until the mid February time frame.

Counsel Fife stated the Chino Basin Watermaster, Wildermuth Environmental Inc., and Hatch and Parent were served with subpoenas from the City of Chino Hills regarding the relating documents concerning the MZ1 Long Term Plan. There is a letter on the back table in response to their subpoena. The letter indicates that staff and counsel find the subpoena objectionable on a number of grounds, not the least of which is that Chino Basin Watermaster is not subject to subpoenas being a court appointed entity; however, in the spirit of cooperation we did respond to the subpoena by which all three of the served parties reproduced their entire files relating to Management Zone 1; it was approximately 5 gigabytes and was produced electronically and they are receiving that information today.

B. ENGINEERING REPORT

1. Status Report on Basin Modeling Work

Mr. Wildermuth stated his office is calibrating the model at the moment. We are attempting to finish the calibration by this weekend and the next step will be to run planning runs/simulations. Mr. Wildermuth stated there are three alternatives which are being proposed. The first alternative would be the expansion of the Desalters to 40,000 acre-feet of groundwater pumping from the current capacity without the benefit of re-operation and then we would superimpose the existing 100,000 acre-foot Dry Year Yield Program. The next step would be to superimpose re-operation and there are two alternatives to do that. From the groundwater perspective they are not going to look much different. The third alternative is the same as the second only we are expanding the Dry Year Yield to 150,000 acre-feet. Mr. Wildermuth stated all three baseline alternatives will initially look like they are creating some yield but without re-operation it goes away and with re-operation the yield will expand. Mr. Wildermuth noted many of our evaluations will include looking at the water levels all over the basin, the changes of storage locally in the basin, the impact on subsidence by comparing it against what we think the metrics are on subsidence on the west side, and we are going to be analyzing for hydraulic control. We will also look at the surface water discharge projection for the Santa Ana River at Prado. We have all historical discharges in the calibration but on a go forward basis, we have all the projections for dischargers and its futuristic hydrology. Mr. Wildermuth stated we will also be looking at the water balance and from that we can determine exactly how much water is going out of the basin from Chino North into Prado and it will hopefully be a negative number and subject to tweaking the well field. We are also going to look at the change in the movement of known plumes during these three different scenarios. Comparing primarily alternative one and two deviations from the baseline and from these we will come up with our finding of material physical injury. Mr. Wildermuth reviewed Chart 1 in detail. A lengthy discussion ensued with regard to the presentation given by Mr. Wildermuth and it was noted a Recharge Master Plan must be done.

2. Peace II Project Description and Planning Alternatives Evaluated with the 2007 Watermaster Model

This item was covered/discussed under the Status Report on Basin Modeling Work.

C. FINANCIAL REPORT

1. Water Activity Report Status

Ms. Rojo stated staff has all the information needed to generate the Water Activity Reports; staff is doing the final reviews for the transfer information which was recently received. Staff is anticipating sending out the Water Activity Reports by the end of next week and is hoping to receive them back by the end of this month.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated the Governor has called for a special session of the Legislature to deal with two issues; first is health care and the other is water. The democrats in Sacramento have made a measure for a new bond measure that would be on the February ballot. It is SB 378; the democrat's proposal is for a \$5 billion dollar bond and has a number of provisions in it that is different from what the Governor's response is. The democrats have put an amendment to the SB 378 on the table and the Governor's proposal is for \$8.3 billion dollar bond and there are big differences in each amendment. Mr. Manning reviewed the differences between the two provisions in the amendments.

2. Recharge Update

Mr. Manning stated Chino Basin Watermaster is still recharging the water that is made available to us which is all in the way of recycled water and some storm water; approximately 250 acre-feet. No recharge water is available from Metropolitan Water District.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

September 13, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
September 18, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 27, 2007	9:00 a.m.	Advisory Committee Meeting
September 27, 2007	11:00 a.m.	Watermaster Board Meeting

The Appropriative and Non-Agricultural Pool committee meeting was dismissed at 11:35.m.

Secretary: _____

Minutes Approved: October 11, 2007