

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
May 14, 2009

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 May 14, 2009 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
John Bosler	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Robert Tock	Jurupa Community Services District
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Anthony La	City of Upland
Raul Garibay	City of Pomona
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
Mohamad El Amamy	City of Ontario

Watermaster Board Members Present

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.
Wenbin Wang	Wildermuth Environmental Inc.

Others Present

Scott Burton	City of Ontario
Chuck Hays	City of Fontana
Tim Hampton	City of Pomona
David DeJesus	Three Valleys Municipal Water District
Mike Sovich	Three Valleys Municipal Water District
Marv Shaw	Inland Empire Utilities Agency
Patrick Shields	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:02 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 April 14, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through March 31, 2009
4. Treasurer's Report of Financial Affairs for the Period March 1, 2009 through February 31, 2009
5. Budget vs. Actual July 2008 through March 2009

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

II. BUSINESS ITEM

**A. AUCTION PRICE FLOOR AGREEMENT AND STORAGE & RECOVERY AGREEMENT –
*NON-ACTION ITEM FOR DISCUSSION ONLY***

Mr. Manning stated this item is being brought to seek direction from the Pool members. Mr. Manning stated the original agreement is in the packet; however there will be a new agreement before this item comes back through the Watermaster process for approval. Counsel Slater handed out an outline of a proposed storage and recovery agreement and noted there has been a shift from a stocking horse bid to a reserved based auction. Counsel Slater reminded the parties of the end of year deadline. Chair Jeske noted he wanted to allow the parties to ask questions as Counsel Slater gave the update. A discussion regarding the deadline ensued. Mr. Kinsey stated the Appropriators are not ready for an auction and should exercise the right to purchase the water and hold it collectively; the auction can move forward at a later date. A discussion regarding Mr. Kinsey's comments ensued. Chair Jeske inquired to the Watermaster staff if there are enough funds in reserve to exercise the first increment of the purchase or would an immediate special assessment need go out to exercise that. Mr. Manning stated a special assessment would need to be sent out in order to generate those funds. A discussion regarding a possible special assessment ensued. Counsel Slater reviewed a proposed schedule. Mr. Manning offered comment on the possibility of special assessments and budget revisions if the end of June deadline is not met to bring a Storage and Recovery Agreement to the court. Counsel Slater stated the items that need to be taken care of in order for this to be on the June agenda are as follows: 1) Determination by staff and Wildermuth Environmental regarding the possibility of no material physical injury, 2) Determination of what a broad public benefit is going to be, and 3) Who or what professional company will conduct the auction. A discussion regarding this matter ensued and it was noted one or two informal meetings need to take place in order to keep moving forward an approval in June.

No action taken.

B. CHINO BASIN WATERMASTER 2009-2010 BUDGET

Mr. Manning noted the 2009-2010 Budget is in the meeting package and staff is seeking an approval today. Mr. Manning stated staff is looking at approving the budget as it was approved last year in that a revised budget will be presented half way through the fiscal year just prior to the Assessment Package approval with proposed revised numbers. Ms. Rojo reviewed the 2009-2010 budget and the 2008-2009 budget changes and summarized the Peace II portion and the MZ1 Long Term Plan portion of the budget. Ms. Rojo reviewed the 2009-2010 budget noting there is no COLA for Watermaster staff, there are 11 approved positions but only 10.25 are budgeted. Watermaster staff has worked to not increase administrative expenses, there are reductions in OBMP & Special Project categories, and Watermaster is still working to

reduce "maximum benefit" related monitoring costs. Ms. Rojo examined the detailed portion of the Recharge Debt Service and Recharge O&M budget detail. Ms. Rojo reviewed several years of OBMP & Project Costs by Fiscal Year with and without recharge debt and O&M spreadsheet in detail. A brief discussion on the presented 2009-2010 budget ensued.

Motion by Garibay, second by Crosley, and by unanimous vote – Non-Ag concurred
Moved to approve Chino Basin Watermaster 2009-2010 Budget, as presented

C. APPLICATION FOR STORAGE ACCOUNT

Mr. Manning stated this item was put on the April agenda as an information item and noted this month it is being brought back as an action item because of deadlines that are required and necessary as to not lose the subsidies that are built into the LRP Agreements for the Desalters. Mr. Manning stated the proposed application for Storage Account is in your meeting package starting on page 81. Mr. Manning reviewed the issues that need to be resolved and the issues of preferential treatment on storage rights that need to be dealt with and direction provided to staff. Mr. Manning stated there has also been an alternate proposal produced and circulated between the parties and staff will also need direction on that alternate proposal. Mr. Garibay made an inquiry regarding the alternate proposal and Mr. Manning stated it is not a Watermaster proposal, therefore staff cannot comment on other than Cucamonga Valley Water District submitted this proposal to allow the parties to look at this different approach to a storage agreement with Metropolitan Water District. Chair Jeske noted there have been discussions regarding this alternate proposal and other options to attempt to resolve the issues and one that parties can agree with. Chair Jeske noted since this proposed outline was released there have been some changes to it including the funding for DYY from MWD which dramatically changes the scope of the proposal. Mr. Manning stated the parties could move forward with the existing agreement; although a more logical approach would be for this group to approve Watermaster staff to work with the municipal water districts within the Chino Basin regarding this matter and to ask for an extension of time to deal with the storage program and to allow Watermaster staff to work with those same parties to see if there is a viability of working with this new storage program. Mr. Manning stated with that then staff would come back next month with a report. Mr. Kinsey stated he has a two part motion to offer to the group because of existing contractual issues that are yet to be worked out and then an interest in looking at this in a completely different way of utilizing storage in the Chino Basin for the benefit of the parties which is significantly different that what is proposed in the current DYY Expansion. A discussion regarding Mr. Kinsey's comments and this item ensued.

Motion by Kinsey, second by Bosler, and by unanimous vote – Non-Ag concurred
Moved to defer item until June and request staff to work with Metropolitan Water District and the MWD agencies in our area on a six month extension, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. April 27, 2009 Hearing

Counsel Fife stated a hearing took place on April 27, 2009. Information was presented to the Judge and he asked questions and seemed to appreciate the presentation and information given to him. Judge Wade has scheduled the next hearing for June 29, 2009 at 9:30 a.m. which will to present Program Elements 4, 5, and 6. Judge Wade took action at the April 27th hearing with regard to Watermaster's reporting; he had asked for a complete report about all of the reports that are done at Watermaster. A list of the reports was presented to the Judge and an upcoming report on the Recharge Master Plan Update was due July 1st; however, Judge Wade excused Watermaster from preparing and filing that report. There seems to be a general desire on the Judges part to streamline the reporting that Watermaster does.

B. ENGINEERING REPORT1. Brooks Basin Recharge Recycled Water

Mr. Wildermuth stated there are three reports to report on today with the first being on the Brooks Basin Recharge Recycled Water. Mr. Wildermuth stated Watermaster and IEUA must meet certain recycled water contributions at each basin over a rolling 60-month average. IEUA proposed to amend the Watermaster and IEUA recharge permit to expansion the dilution period from 60 to 120 months. Both the Department of Public Health (DPH) and the Regional Water Quality Control Board (RWQCB) appear to be supportive of this permit expand. Mr. Wildermuth noted that the City of Pomona has expressed concern that this is a material change from the current permit, due to water quality concerns at its nearby wells and that IEUA should make a new application to Watermaster for analysis and approval pursuant to the Peace Agreement. Mr. Wildermuth reviewed a table from the 2010 Recharge Master Plan Perspective for the Chino Basin Recycled water Groundwater Recharge Program in detail. Several maps were reviewed in detail. Mr. Wildermuth stated for the Phase II recycled water recharge application, Watermaster found no material injury provided that IEUA could obtain DPH approval and a permit from the RWQCB. Mr. Wildermuth stated they would both likely come to the same conclusion if the proposed dilution period was extended from 60 to 120 months. Mr. Wildermuth reviewed the TDS projections for the Chino basin North Management Zone which included Max Benefit Objective and Ambient TDS concentrations. A brief discussion regarding Mr. Wildermuth's presentation ensued.

2. Storage Losses

Mr. Wildermuth stated Watermaster currently assess a 2% loss to water in storage accounts pursuant to the Peace Agreement. Staff was asked to re-evaluate the storage loss amount given the additional data collected by Watermaster and based on the new high resolution model. Mr. Wildermuth discussed the storage loss term and noted the linear reservoir theory is commonly applied in hydrology models to describe groundwater discharge to streams. Mr. Wildermuth reviewed the charts, Cumulative Change in Chino Basin Groundwater Storage for Each Alternative, Comparison of Projected Difference in Annual Santa Ana River Discharge at Prado for DYY Expansion Program Alternatives Relative to Baseline, and Approximate Relationship between Incremental Changes in Storage and Incremental Changes in Groundwater Discharge in Santa Ana River in detail. A brief discussion regarding Storage Losses ensued.

3. Recharge Master Plan Update

Mr. Wildermuth gave the 2010 Recharge Master Plan Update Progress Report presentation. Mr. Wildermuth reviewed the current Storm Water Recharge, Safe Yield – pending storm water work, Production and Recharge Optimization, and Projection and Recharge Optimization including the problems and the solution approach. Several estimated drawdown maps between 2006 and 2030 were reviewed in detail. Figures examining simulated groundwater water levels in the Cucamonga Valley Water District, the City of Ontario, and Jurupa Community Services District were reviewed in detail. Mr. Wildermuth stated supplemental water requirements are done and most of the data collection is done with major efforts to begin in late June. The schedule is being adjusted to reflect actual and a draft report should be ready next February. A brief discussion regarding the Recharge Master Plan Update ensued.

C. FINANCIAL REPORT1. Hanson Settlement

Ms. Rojo noted the settlement was discussed at previous meetings. Ms. Rojo stated the settlement is for damages caused by Hanson Aggregates at the Lower Day Basin. The settlement amount is \$450,000.00 and a check in the amount of \$117,000 has been received. Staff needs to come up with a plan as to how to equitably breakdown those monies as they come in along with how it will be allocated. Ms. Rojo reviewed the Hanson

Expense Analysis slide in detail, and this item will be discussed again at future meetings. A discussion regarding this matter ensued.

2. Replenishment Obligation Update

Ms. Rojo stated this item deals with our current unmet replenishment obligation (CURO); there is still a 13,000 acre-foot replenishment obligation from the previous year that staff is looking to come up with sources of water to meet that amount. Ms. Rojo discussed interest income, fund balance interest, and replenishment water account interest.

Added Item:

Ms. Rojo noted she would like to add an item for information. Ms. Rojo stated ACWA put out a National Geographic magazine opportunity and several parties who have expressed an interest in purchasing this magazine. This particular magazine has four different seasons and must be purchased in a minimum amount of 1,000 magazines at four different times. The cost is .35 cents for each copy; however the cost of shipping the magazine is almost the same price of the magazine. Ms. Rojo noted some parties expressed an interest in going together combine orders to meet the minimum amount that needs to be purchased.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated on April 15, 2009, Inland Empire Utilities Agency had taken action to support and oppose a few legislative bills in Sacramento. One that is of particular interest to them was vetoed by the governor last year, in its previous form; although now it is AB1366 and that did pass the committee today and will go to the assembly floor later today. Mr. Manning noted the ACWA Conference is next will and he will attend that conference.

2. Recharge Update

Mr. Manning stated the most recent recharge update spreadsheet is available on the back table for your review.

3. Foothill Water Coalition

Mr. Manning stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Mr. Manning gave an overview of the Foothill Water Coalition. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin it is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow a turnout for the Chino Basin to take water off of that line when there are times that other water districts water is not available to us. The estimated cost to join this coalition is \$10,000 which does get Watermaster involved in the project and at the table; this is a onetime payment. More information will be given at future meetings. A brief discussion regarding other parties' involvement costs.

4. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning stated a portion of this item was discussed under the Budget item. The Zone 1 repair to the San Sevaine Channel Agreement will be coming back in June and at that time a discussion regarding Watermaster's commitments and obligations will take place. Mr. Manning reminded the parties that this mainly stems from the Christmas Day 2003 storm repairs; the actual costs are almost 100% complete and will be reflected in the upcoming agreement.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Kinsey requested a look up and report back action item for Mr. Manning and Counsel Fife regarding Peace II and the ongoing imported recharge obligation in Management Zone 1 and whether that obligation is cumulative. Mr. Manning agreed that it is accumulative. Mr. Kinsey stated since we are not doing recharge right now and wants to make sure that there is some sort of tracking procedure to keep track of that so that when water does becomes available there will be an agreed upon commitment to satisfy that obligation. A brief discussion regarding Mr. Kinsey's comments ensued.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

No confidential session was held.

VIII. FUTURE MEETINGS

May 14 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 19, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 28, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
May 28, 2009	9:00 a.m.	Advisory Committee Meeting
May 28, 2009	11:00 a.m.	Watermaster Board Meeting
May 28, 2009	1:00 p.m.	WE Workshop #3 Tasks 8.2 through 8.5

The Appropriative Pool meeting was dismissed by Chair Jeske at 11:34 a.m.

Secretary: _____

Minutes Approved: June 11, 2009