

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING
June 3, 2010

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on June 3, 2010 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

Mark Kinsey, Chair	Monte Vista Water District
Ken Jeske	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Josh Swift	Fontana Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Tom Harder	Jurupa Community Services District
Dave Crosley	City of Chino
John Mura	City of Chino Hills
Shaun Stone	City of Upland

Watermaster Board Members Present

Michael Camacho	Inland Empire Utilities Agency
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Joe Joswiak	Chief Financial Officer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Andy Malone	Wildermuth Environmental Inc.

Others Present Who Signed In

Ryan Shaw	Inland Empire Utilities Agency
Marv Shaw	City of Ontario

Chair Kinsey called the Appropriative Pool Meeting to order at 1:00 p.m.

AGENDA - ADDITIONS/REORDER

Chair Kinsey stated it has been requested by legal counsel that we reorder the agenda to move confidential session/possible action up before we take any action on any of the items; unless there is an objection we will reorder the agenda and for that item to come first at 1:02 p.m.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Appropriative Pool Meeting held May 13, 2010

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2010
2. Watermaster Visa Check Detail for the month of April 2010
3. Combining Schedule for the Period July 1, 2009 through April 30, 2010
4. Treasurer's Report of Financial Affairs for the Period April 1, 2010 through April 30, 2010
5. Budget vs. Actual July 2009 through April 2010

C. LOCAL AGENCY INVESTMENT FUND

Revised Resolution 10-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

Motion by Jeske, second by Zvirbulis, and by unanimous vote

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

II. BUSINESS ITEMS**A. CHINO CREEK WELL FIELD LOCATIONS**

Mr. Manning noted there was a revised staff report on this item on the back table and it is in redline format. Mr. Manning stated at a previous meeting earlier this morning a discussion took place regarding the word "solely" and the additional language which was added to staff's recommendation. Mr. Manning stated from the discussions at that meeting it appeared the staff report, as it is rewritten in the handout, appeared to better meet the parties' needs, and with those changes staff is asking for the new recommendation to be approved. Mr. Zvirbulis commented on the word "approve" and discussed the presented staff letter and its contents. Mr. Manning offered comment on the intent of the redline language that was added into the recommendation from the original recommendation. Mr. Zvirbulis offered alternative new language for the recommendation and a discussion regarding this matter ensued. Mr. Jeske noted the project manager who attended the earlier meeting is not present at this meeting and stated the new recommendation and the word "approve" is what they were seeking intentionally. Mr. Zvirbulis offered comment on this item which is going to be on the CDA's meeting agenda tonight. A lengthy discussion regarding this matter including location, hydraulic control, number of wells, and design parameters ensued.

Motion by Jeske, second by Mura, and by unanimous vote

Moved to approve the CDA's proposed locations of Wells I-16 and I-18, provided that they are constructed with perforations in the shallow aquifer in accordance with Wildermuth Environmental Inc. ongoing evaluation to achieve hydraulic control and will not conflict with the OBMP goal to minimize or abate permanent subsidence, as presented

B. CHINO BASIN WATERMASTER 2010-2011 BUDGET

Mr. Manning noted after the March Appropriative Pool meeting a sub-committee was formed to work with Watermaster staff in the evaluation of additional reductions in the 2010-2011 budget and those decreases are reflected in the revised 2010-2011 budget presentation which Joe Joswiak will give in a moment. Mr. Joswiak gave the revised budget presentation and reviewed all the reductions thoroughly. Mr. Manning stated staff did not just go in and cut randomly, the changes were made by working with the sub-committee on each category to see where reductions could be made that would not affect what is needed to be accomplished this next fiscal year. Mr. Joswiak reviewed the Budget Assumptions and highlighted the reductions which amounted to \$1,040,298, or 13.5% reduction from fiscal year 2009-2010. A brief discussion regarding the proposed budget ensued.

Motion by Jeske, second by Stone, and by unanimous vote

Moved to approve Watermaster 2010-2000 budget, as presented

C. CONDITION SUBSEQUENT NO. 8

Mr. Manning stated as part of the approval of Peace II there were a series of conditions subsequent that were required by the court; condition subsequent number 8 is the last one. Watermaster will have fulfilled that requirement by the submittal of the Recharge Master Plan. Mr. Manning offered comment on the events that took place with the development of the Recharge Master Plan. Mr. Manning stated because of some of the events that took place, Watermaster has had to look at the Recharge Master Plan differently. Instead of providing a delineative report that's submitted to the court which makes several concrete recommendations, Watermaster is now asking for the court to accept an interim report that outlines the critical issues, and in many cases staff cannot recommend specific actions until there is more information gathered. One of those instances would be for the Urban Water Management Plan which will not be approved by June of 2011. Mr. Manning stated in submitting this, it was decided the best approach for this item would be to construct a resolution that brought together this mechanism. Both Inland Empire Utilities Agency and Watermaster can adopt a resolution and have it accompany the Recharge Master Plan with the commitment that this plan will be continually reviewed. This will then turn the Recharge Master Plan into a living document/plan which provides the court an assurance it will be reviewed periodically; the first review will be 18 months from July 1, 2010. Mr. Manning noted there are various policy issues written into this plan which will need to be discussed and further developed. Staff is asking for an approval of the Resolution 10-03 in satisfaction of the court order condition subsequent number 8.

Mr. Manning stated in 2008 Monte Vista Water District brought up the issue regarding a formula to determine water rights, if in fact safe yield was declining, or if there was not a fix to declining safe yield. Mr. Manning explained how safe yield is being looked at in two different ways. Counsel Fife stated a copy of the December, 2008 Watermaster staff report is on the back table along with a memorandum from Brownstein Hyatt Farber and Schreck on the Proposed Accounting Procedures Regarding Potential Decline in Safe Yield. Counsel Fife reviewed the recommendation which was ultimately approved on December 18, 2008 by the Watermaster Board and was also approved by the Pools and Advisory Committee. Counsel Fife stated part of that motion was to instruct counsel to include a description of the procedures in the filing to be made in compliance with condition subsequent number 8. This was the resolution that was decided under the stipulation with Monte Vista Water Company. Counsel Fife stated what is being proposed now is to not make any alterations to the resolution or the Recharge Master Plan; however, in the pleading staff/counsel will be asking the court to approve two items; 1) the Recharge Master Plan and, 2) the procedures that were adopted to resolve this issue. Counsel Fife noted this is to inform you prior to the pleading being filed with the court later this month. A lengthy discussion regarding this item, the upcoming pleading, safe yield, and Counsel Fife's report ensued.

Motion by Zvirbulis, second by Mura, and by unanimous vote

Moved to approve Resolution 10-03 adopting updated Recharge Master Plan for submittal to the court in fulfillment of Condition Subsequent Number 8 subject to reconsideration if terms and conditions for purchase of water from the Non-Agricultural Pool change as a result of disposition of Paragraph 31 Motion, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Paragraph 31 Motion**

Counsel Fife noted this item was discussed during the closed session. There were no further comments regarding this item.

2. ACL Complaint

Counsel Fife stated at the last Watermaster Board meeting the Board approved a settlement agreement with the Regional Board. Counsel Fife noted the basic terms of that settle agreement are that Watermaster and Inland Empire Utilities Agency (IEUA) jointly will pay the fine that was in the Regional Board's complaint. Half of that fine is going to be dedicated to a supplemental environmental project, that is a project within the Chino Basin, and then in exchange for doing that, a new schedule for attainment of hydraulic control will be supplied so that moving forward the parties are in compliance with the permits, and fines are no longer accruing. Counsel Fife stated also being put into place is a process for meeting with the Regional Board on a quarterly basis so that if the Chino Creek Well Field project does not move forward as planned, staff can bring that to the Regional Board's attention and revise the schedule to ensure remaining in compliance. The goal is to prevent a situation from arising again where the Regional Board can issue fines. Counsel Fife stated the Watermaster Board has approved the settlement agreement and it will also go to the IEUA board on their next agenda, and then the Regional Board will consider the agreement at their next board meeting on June 10, 2010. Counsel Fife stated both Mr. Manning and Mr. Love will be making an appearance at the Regional Board meeting on June 10th to provide a presentation concerning what is being done in the Chino Basin, compliance with all of the other conditions in the Basin Plan, and the general perspective on progress being made regarding hydraulic control. Mr. Manning offered comment on the supplemental environmental project, which is the water softener removal program. Counsel Fife noted the Watermaster Board did approve the settlement agreement on May 27, 2010; however, it was not a unanimous vote, the Non-Agricultural Pool voted against it.

3. CDA Facilitation

Counsel Fife stated this item is related to the ACL complaint. When the complaint was issued, the Watermaster Board directed Mr. Manning and Mr. Slater to engage in a process of mediation with the CDA parties to try and move the project along to get it back on track. Several meetings and conference calls took place during the month of May and a set of principals was developed for accomplishing the purpose of moving the project forward. Counsel Fife stated the Watermaster Board considered these principals on May 27, 2010, and approved them. These principals will be on the CDA agenda tonight for approval. Counsel Fife stated this project now seems to be moving forward and will continue as planned. A brief discussion regarding this item ensued.

B. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated time has passed for pieces of legislation within their house of origination of assembly or senate to make the move over to the house. Mr. Manning commented on AB2304, the Recharge Protection Program which has come out of assembly and is going to the senate and will be heard possibly next week. Mr. Manning noted elections are next Tuesday.

2. Recharge Update

Mr. Manning stated there is a significant change and referenced the handout which is on the back table. Mr. Manning reviewed the recharge numbers in detail.

3. Potential Implementation of MWD's Water Supply Allocation Plan Update

Mr. Manning noted this item was put on the agenda as a carryover from it being on the agenda last month. Mr. Manning stated at last month's meeting, the white paper which the Upper District had sent to Metropolitan Water District was discussed and it was suggested that staff start working through AGWA to see if there was any interest in other groundwater agencies having dialog on this matter. Mr. Manning stated he had contacted the new chairman of AGWA, Mr. Zampello, and he is very interested in this and will be getting together with groundwater managers to discuss this in the near future. Mr. Manning stated

he will keep the parties updated as the meetings take place. A lengthy discussion regarding this item and additional water supplies that may be coming available ensued.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair Kinsey complimented the ad-hoc committee for their efforts regarding reducing the 2010-2011 Watermaster budget.

VI. OTHER BUSINESS

No comment was made regarding this item.

The Confidential Session was taken out of order:

The regular open Appropriative Pool meeting was convened to hold its confidential session at 1:02 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative 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 was convened at 1:38 p.m.

Chair Kinsey stated the committee took no reportable actions.

VIII. FUTURE MEETINGS

Thursday, May 27, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, June 3, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, June 3, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, June 10, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, June 17, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, June 17, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Friday, June 18, 2010	10:30 a.m.	CBWM Court Hearing @ Chino Court Room C1
Thursday, June 24, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Appropriative Pool meeting was dismissed by Chair Kinsey at 2:30 p.m.

Secretary: _____

Minutes Approved: July 1, 2010