

**Minutes**  
**CHINO BASIN WATERMASTER**  
**APPROPRIATIVE POOL MEETING**  
August 5, 2010

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on August 5, 2010 at 1:00 p.m.

**APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN**

John Mura, Chair	City of Chino Hills
Mohamed El-Amamy	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Tom Harder	Jurupa Community Services District
J. Arnold Rodriguez	Santa Ana River Water Company
Dave Crosley	City of Chino
Anthony La	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
Andy Malone	Wildermuth Environmental Inc.

**Others Present Who Signed In**

Marty Zvirbulis	Cucamonga Valley Water District
Shaun Stone	City of Upland
Jill Willis	Best Best & Krieger
Rick Hansen	Three Valleys Municipal Water District
Scott Burton	City of Ontario
Chuck Hays	City of Fontana
Steven G. Lee	Agricultural Pool Legal Counsel

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

**AGENDA - ADDITIONS/REORDER**

Mr. Manning noted he wanted to offer some comments on the changes that are present on the agenda; however, there are no changes being presented for the agenda. Mr. Manning stated over the last six months Watermaster staff has been working with the Pools to change or enhance how the financial reports are distributed in the packages. Watermaster has incorporated the new changes in this meeting package and Mr. Manning reviewed the changes in detail. This new format will allow for more transparency which was one of the main topics during the discussion regarding what changes could be made for the parties to review the financial reports. Mr. Manning stated he has emailed all the chairman of each Pool and notified them or their designee has the ability to come into Watermaster and review any

of the bills they need to review; however; no copies or pdf copies will be made or emailed. Mr. Manning stated Watermaster is doing this in response to questions asked about creating a more transparent process. Mr. Manning stated there has not been one check questioned that has been found to be inappropriate, there have been no audits that have been done which found and financial practices of Watermaster to be inappropriate, or any party review that the party has not had their questions answered. Mr. Manning stated he hopes the new format meets the needs for Watermaster parties. A discussion regarding cost and effort for the new format ensued. Mr. Manning noted the majority of the cost is going to come from the cost of paper for printing.

## **I. CONSENT CALENDAR**

### **A. MINUTES**

1. Minutes of the Appropriative Pool Meeting held July 1, 2010

### **B. FINANCIAL REPORTS**

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

### **C. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 1,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2009-10, with any remainder from the Excess Carryover Account –Date of Application: July 2, 2010
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company will purchase 10,000 acre-feet of water from the City of Upland's annual production right, then any additional from Excess Storage – Date of Application: July 2, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 500,000 acre-feet of water from West valley Water District (WVWD). The transfer will be made from WVWD's storage account – Date of Application: July 2, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 4,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2010-11, with any remainder from the Excess Carryover Account – Date of Application: July 29, 2010

*Motion by DeLoach, second by Garibay, and by unanimous vote*

***Moved to approve Consent Calendar items A and C and receive and file item B, as presented***

## **II. BUSINESS ITEMS**

### **A. NON-AGRICULTURAL POOL VOLUME VOTE CHANGES**

Mr. Manning stated this item has been put on the agenda as a result of discussions with the Non-Agricultural Pool; this is not an action item today. The Non-Agricultural Pool had taken action in their own Pool meeting by a unanimous vote to change their volume vote to parallel the rules that are applied to the Appropriative Pool. Mr. Manning stated the change made is the number of people who have to be in the room or available to vote in order for a volume vote to be requested. Mr. Manning stated the Non-Agricultural Pool is looking for any comments the Pools or parties may have that would assist them in their filing of this action with the court. Mr. Manning noted the Non-Agricultural Pool not only has to take action within their own Pool, Watermaster staff and counsel believes that they have to file a Judgment amendment because Exhibit G will be changed in the Judgment. Mr. DeLoach offered comment on the letter written by the Non-Agricultural Pool's counsel on the chronology of their perspective of what happened and inquired as to what will change when this item comes back through the process after the Non-Agricultural Pool discusses it at their August meeting. Mr. Manning stated the Non-Agricultural Pool had already taken action in their meeting last month and Watermaster staff is

doing what was requested by their legal counsel, and their legal counsel asked to write their own staff letter. Mr. Bowcock stated the Pool has already taken action and no additional action will be taken. Mr. Bowcock offered comment on the Non-Agricultural Pool seeking consistency on how any Pool would take changes to the Judgment to the court. A lengthy discussion regarding this matter and Mr. Bowcock's comments ensued. Mr. Manning reviewed the events that took place leading up to the item being placed on the agenda today for discussion and not action, this will most likely come back through the Watermaster process in September. A discussion regarding the Non-Agricultural Pool filing for themselves ensued. Mr. Manning noted if Watermaster counsel is going to file the change with the court then that direction must come from the Watermaster Board. Mr. Bowcock offered comment on this item and noted the Non-Agricultural Pool is only seeking consistency. A discussion regarding the pleading that would accompany the change, the process, and this matter ensued.

#### **B. ALCOA FINAL AGREEMENT**

Mr. Manning stated this was reported on a few months ago when Watermaster had originally been contacted by the Alcoa representatives about taking over the wells for the purposes of maintaining monitoring. Mr. Manning stated Watermaster is more than willing to have another party take them over; however, since there has been no interest to date by others, Watermaster will take them over as to not lose the opportunity to use them for desired monitoring. Mr. Manning stated Watermaster has a restriction against owning property so these wells will be categorized as equipment. Mr. Manning stated Counsel Fife has been negotiating with the Alcoa legal representatives to make sure this transaction meets our requirements. Mr. Manning stated staff is recommending the approval of the final agreement with Alcoa. A discussion regarding the fiscal impact to the Watermaster budget and the O&M costs on the wells ensued. Mr. Manning stated Watermaster's long term goal is for another party/facility to take over these wells. A discussion regarding this matter ensued. Counsel Fife stated Alcoa was required to drill the wells as part of the monitoring plan under a Regional Board order and after that the wells would be abandoned properly; although, they do provide necessary monitoring which is why Watermaster is taking them over and not letting them be destroyed. A discussion regarding insurance needs ensued. Counsel Fife stated Watermaster will need to maintain the same insurance that they have previously been maintained under for the benefit of people who own the site; it is an easement. A discussion regarding this matter ensued.

*Motion by El-Amamy, second by DeLoach, and by unanimous vote  
Moved to approve the Alcoa final agreement, as presented*

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. CDA Facilitation**

Counsel Fife stated there have been several meetings and telephone conference calls on a regular basis. Counsel Fife stated Scott Slater and Ken Manning are the two primary people heading/ attending all the meetings. The facilitation is moving forward with the goal of getting the expansion to happen under the schedule which was submitted to the Regional Board. Counsel Fife stated one of the key components is a set of assurances that the parties want from Watermaster. Counsel Fife stated it is anticipated that in September the resolution is to be presented through the Watermaster process. The resolution will contain a series of commitments for Watermaster to make with regard to liabilities and backstopping various aspects of the Expansion Project.

#### **B. ENGINEERING REPORT**

##### **1. Horizontal Strain Monitoring in the MZ1 Monitoring Zone Presentation**

Mr. Manning introduced the OBMP Implementation Plan presentation that will be given today by Andy Malone. Mr. Malone stated this item is for information only on some monitoring and testing work that is going on in the MZ1 area. Mr. Malone noted this topic is discussed frequently during the MZ1 Technical Committee meetings. Mr. Malone read Exhibit B from the Peace Agreement. Mr. Malone stated what we are trying to find out is

what is considered tolerable subsidence and fissuring. Mr. Malone showed slides of actual fissure locations in 1991 and 1992 on the CIM property. A map of the Projected Drawdown (ft) in the Deep Aquifer System Peace II Alternative 2030 was reviewed in detail. Mr. Malone showed slides of street maps from an aerial view and discussed them in detail. A spreadsheet of the Ayala Park Dual Extensometer Facility from July 2003 to April 2005 was reviewed in detail. Mr. Malone reviewed the upcoming schedule which is a multi-year project and noted the project includes: Periodic check-in with MZ1 Technical Committee members, revision of the program when necessary, and Watermaster approval which is required each year due to the financial aspects of the project. Mr. Malone stated both Wildermuth Environmental and Watermaster staff feels the MZ1 Technical Committee should be expanded from an MZ1 area only, to more of a subsidence management district committee. This would allow more participation from other Watermaster parties who are outside of the MZ1 area. Mr. Manning stated discussions during the MZ1 Committee have already begun and starting next year the committee will be broadened because of the modeling work that has been done by Wildermuth. A discussion regarding this item ensued.

### **C. CEO/STAFF REPORT**

#### **1. Legislative Update**

Mr. Manning stated the legislation is back from summer session and they are still delinquent on their budget. He noted that he has seen no structural changes being discussed to resolve this problem. Mr. Manning stated other legislative actions are moving through the legislature. There is still no resolution on the water bond and there is still a lot of controversy dealing with this bond measure.

#### **2. Recharge Update**

Mr. Manning stated the year end recharge data information spreadsheet is provided in your packets. Mr. Manning stated overall this year is characterized as a very good year for recharge, despite the problems with obtaining imported water through the Metropolitan Water District. Mr. Manning stated the recharge basins were able to take in over 5,000 acre-feet of imported water; however, the rate is still not known. The Cumulative Unmet Replenishment Obligations (CURO) was assisted by taking in that imported water. Mr. Manning reviewed the storm and recycled water year end numbers in detail.

#### **3. Implementation of MWD's Water Supply Allocation Plan**

Mr. Manning offered comment on the Ontario Workshop which took place today and focused on the new IRP Program. During the process of developing the IRP, Metropolitan Water District (MWD) put together a groundwater committee and Mr. Manning noted he did participate in that committee. Through that process and with the groundwater managers who participated, it was expected there would be a number of issues resolved through that process. Mr. Manning noted about two-thirds of that process was completed prior to MWD stating they were done. In reading the final IRP, parties can see MWD's issues were resolved; however, our issues were not. Mr. Manning stated by possibly getting the AGWA group together, drafting a white paper to get our unified positions together, that this might be the best way to approach our IRP issues; this process is now being developed. A draft of the white paper has been reviewed by Mr. Manning; however, the draft cover letter to accompany the white paper has not been sent out for review to date. Mr. Manning offered comment on what was contained in the draft white paper. Mr. Manning noted parties do not get a replenishment rate which would be seen as a benefit for groundwater agencies and offered comment on this matter. Mr. Manning noted the Water Allocation Plan was a short term program and was not meant to be long-term and offered comment regarding the plan. A lengthy discussion regarding this subject ensued. Mr. Hansen commented on the replenishment program and replenishment water issues. Mr. Manning stated as things unfold and are distributed, staff will keep the parties informed.

4. Peace II SEIR  
Mr. Manning stated Inland Empire Utilities Agency (IEUA) has issued the draft Peace II SEIR and comments from several agencies have been received. The responses to the comments have been drafted and the document will be ready for distribution, including the responses, shortly. Mr. Manning noted the soonest it would be adopted by the IEUA board would be in the mid September time frame.
5. Strategic Planning Conference – October 4-5, 2010  
Mr. Manning stated Watermaster will be holding its 6<sup>th</sup> Annual Strategic Planning Conference on October 4<sup>th</sup> and 5<sup>th</sup> locally at the Frontier Project. The Sunday prior, Watermaster will be hosting a small golf tournament and kick off reception at the Sierra Lakes Golf Course. Mr. Manning stated the main topic discussed at the conference will be the implementation of the Recharge Master Plan. Mr. Manning stated discussions will include policy issues, scheduling issues, funding issues, and how we start to move through those subjects.
6. Water Activity Reports  
Mr. Manning stated all the Water Activity Reports have been issued and they all need to be turned in as soon as possible.
7. Non-Agricultural Pool Special Assessment  
Mr. Manning stated this is for your information and as to have complete transparency; the Non-Agricultural Pool has this item on their agenda as a business item regarding assessing themselves for \$150,000 for legal fees.

**IV. INFORMATION**

1. Cash Disbursements for July 2010 as of July 28, 2010  
No comment was made regarding this item.
2. 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.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 2:04 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 2:37 p.m.

There were no reportable actions.

**VIII. FUTURE MEETINGS**

Thursday, August 5, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, August 5, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, August 12, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, August 19, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, August 19, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, August 26, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

Minutes Appropriative Pool Meeting

August 5, 2010

The Appropriative Pool meeting was dismissed by Chair Mura at 2:38 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: September 2, 2010