

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING

February 3, 2011

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 3, 2011 at 1:00 p.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

John Mura, Chair	City of Chino Hills
Mark Kinsey	Monte Vista Water District
Josh Swift	Fontana Water Company
Raul Garibay	City of Pomona
Mohamed El-Amamy	City of Ontario
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Tom Harder	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
Dave Crosley	City of Chino

Watermaster Staff Present

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

Watermaster Consultants Present

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

Others Present Who Signed In

Robert DeLoach	DeLoach & Associates
Geoffrey Kamansky	Niagara Bottling, LLC
Chris Berch	Inland Empire Utilities Agency
Curtis Paxton	Chino Desalter Authority
Steven G. Lee	Reid & Hellyer
Sheri Rojo	Consultant for Fontana Water Company

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

AGENDA - ADDITIONS/REORDER

Mr. Manning noted under the Turner Basin Excavation Costs there is an updated agreement with some minor changes in it. Those changes will be reviewed under that item on the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Annual Appropriative Meeting held January 3, 2011

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2010
2. Watermaster Visa Check Detail for the month of December 2010

3. Combining Schedule for the Period July 1, 2010 through December 31, 2010
4. Treasurer's Report of Financial Affairs for the Period December 1, 2010 through December 31, 2010
5. Budget vs. Actual July through December 2010

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The City of Pomona will transfer 370.000 acre-feet of water to the City of Upland. The water will be transferred from Pomona's Excess Carryover Account to Upland's Excess Carryover Account
Date of Application: January 18, 2011
2. **Consider Approval for Notice of Sale or Transfer** – On January 20, 2011, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Southern California Edison (SCE) as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 27.959 acre-feet of safe yield as a permanent transfer. Also to be transferred are all of SCE's post-June 30, 2007 stored, carry-over and unpumped groundwater. Date of Application: January 20, 2011

Motion by Kinsey, second by Garibay, and by unanimous vote

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

II. BUSINESS ITEMS

A. TURNER BASIN EXCAVATION COST SHARING AGREEMENT

Mr. Manning stated the agreement that is in the meeting package has been altered slightly and the revised agreement is on the back table. The alterations are from conversations that took place with Inland Empire Utilities Agency (IEUA) to incorporate into the agreement a 15% contingency clause so this item does not have to come back for revisions later. Mr. Manning stated staff has consented to the change and those changes are included in the handout agreement. Mr. Manning stated staff will be working with IEUA on the development of the environmental work and the grading plan for the parcel. Mr. Manning stated the ability to get the parcel included within the Milliken Project will be a tremendous savings for both IEUA and Watermaster in the development of another recharge basin. Mr. Manning stated by having the environmental work and the grading plan completed this will get the project started. A discussion regarding the revised dollar amount and the possible traffic study ensued. Mr. Manning stated the money for this project is not budgeted and that discussion will take place under the CFO item on the agenda. Mr. Manning noted this will be a line item transfer that will be done later in the fiscal year. A discussion regarding the location of this property and the priority of this basin being completed ensued. A question regarding the contract being for O&M work to an existing basin or for capital to develop additional recharge was presented. Mr. Manning stated the money that is being put into this agreement is for the environmental and grading plan; there is no money for any work to be done on the basin or any O&M and that will be included in the O&M budget that is done yearly after the project is completed. Mr. Manning stated a line item transfer will have to be done and staff will have to create an item for this project, and explained this item in detail as a Cost Sharing Agreement. A discussion regarding where this item will be placed in the budget once that time comes ensued. Mr. Manning stated staff feels the current budget incorporates the money necessary to cover this project without having to do any special Assessment or do anything other than to move monies around in the budget and that will not be done today. Mr. Manning stated the recommendation is to hold off on that line item budget transfer for now until it can better be defined. A discussion regarding this item being in the OBMP category ensued.

Motion by Kinsey, second by El-Amamy, and by unanimous vote

Moved to approve the Turner Basin Excavation and Grading Agreement subject to establishment of fiscal year ending 2011 funding for the project, as presented

A. RFP FOR OUTSIDE AUDIT FIRM

Mr. Manning stated Chino Basin Watermaster has been using Mayer Hoffman McCann as our outside audit firm for the last five years. As part of the discussions that have come based on recommendations made by the State Controller's Office and parallel positions that other agencies are going through, it is Watermaster's opinion this should go out for an RFP. Mr. Joswiak has been tasked with putting together the basis for an RFP and then to move it through the Watermaster process; staff does not want to hold up its yearly outside audit which will begin in a few months. Mr. Joswiak referred to page 65 and page 66 of the meeting package which is Watermaster's staff letter regarding this item and Mr. Joswiak noted staff does recommend a request for this RFP. Mr. Joswiak offered background and comment on this item. A discussion regarding this matter ensued.

Motion by Kinsey, second by Moorrees, and by unanimous vote

Moved to approve staff to send out an RFP for an outside audit firm, as presented

B. WELL LOCATION OF WELLS I-19, I-20, AND I-21

Mr. Manning stated Mr. Wildermuth is here today to answer any questions regarding the well locations I-19, I-20, and I-21. Mr. Manning stated staff has been in discussion with the Chino Desalter Authority (CDA) and, as these types of items move forward, Watermaster has taken on the role as a close partner with the CDA to make sure there is no lapse in time for moving forward. Mr. Manning stated Watermaster is in this partnership has been developed with the CDA, and has been working with them to make sure that as they make decisions that those decisions are in fact aligned with the Hydraulic Control mission that Watermaster is concerned about. Mr. Manning commented on the previous wells that were approved. Mr. Manning stated we are now in the position to evaluate the locations of the final three wells. Mr. Manning stated Wildermuth Environmental has gone through an evaluation and included in this item is the recommendation to approve the well locations for I-19-, I-20, and I-21. Mr. Wildermuth reviewed a map which shows the existing wells and the proposed new well locations and discussed the item in detail. A discussion regarding this item and Mr. Wildermuth's comments ensued. Mr. Crosley inquired about the action being approved today. Mr. Manning stated it is well location only. Mr. El-Amamy inquired about the approval process focusing on Hydraulic Control only or other areas of subsidence. Mr. Wildermuth stated it is only Hydraulic Control. Mr. Manning stated Watermaster's approval of these wells is contingent upon pumping from the shallow zone only at reasonable rates that will be determined later. Mr. Kinsey stated that in prior approvals the motion contained additional language regarding pumping in the shallow zone and inquired if this language is different from what has been done in the past. Mr. Manning stated it is not; however, the only difference is that they have accepted that premise already so that additional language is not needed because their designs are in the shallow zones only. Mr. Harder inquired about the approval of the locations as opposed to accepting Watermaster's staff recommendation. Mr. Manning stated the language is consistent with what has been done in the past and to provide the confidence to the CDA that they in fact have locations that will meet our Hydraulic Control needs. A discussion regarding the determination of the well locations and the approval given by this committee ensued. Mr. Crosley inquired about TCE contamination data showing up in the shallow zone or deep zone. Mr. Wildermuth stated it is mostly showing up in the shallow zone and offered further comment on Mr. Crosley's inquiry. Mr. Crosley inquired about the County's involvement in the cleanup. Mr. Manning stated the County has not indicated whether they are or they are not going to be involved with the cleanup effort as approved by the CDA. This design is strictly between the CDA and Watermaster. A discussion regarding this matter ensued.

Motion by Moorrees, second by Garibay, and by unanimous vote

Moved to approve well locations based on staff's recommendation for wells I-19, I-20, and I-21, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Draft Restated Watermaster Judgment

Counsel Fife stated this has been a process that has been worked on for the past several months. The draft Restated Watermaster Judgment is posted on the Watermaster ftp site. Counsel has been receiving comments from parties and those have been helpful. The text of the Judgment is mostly finished and currently the party lists are being worked on. Counsel Fife stated that nearly all party lists are easily formed; however, the Agricultural Pool's party list has been a challenge but the appointed sub-committee has met several times and that one is almost finished. Counsel Fife stated after the completion of the Agricultural Pool party list, it may involve going back to the court before we go to court for the actual Restated Judgment so that we can get approval on how to notify the people/parties and bind them to the Judgment in an easy and cost effective way. Counsel Fife stated this process continues to be worked through.

2. January 21, 2011 Hearing Update

Counsel Fife stated this hearing took place a few weeks ago and that hearing was to continue the appointment of the nine member board for a further five-year term. There was no opposition to that motion. The court granted the request and signed an order which was served on the parties last week. Counsel Fife stated at that hearing the court was updated both on the Restated Judgment issue and on the CDA Desalter approval of the Watermaster Resolution. The Judge seemed satisfied with the progress that is being made on those two items. The court set another hearing for April 22, 2011 at 10:30 a.m., and the anticipation is to present the Watermaster Resolution at that hearing. Counsel Fife stated hopefully the Agricultural Pool process issues can be included in that upcoming hearing.

3. January 26, 2011 Settlement Conference Update

Counsel Fife stated this is the Paragraph 31 Appeal from the Non-Agricultural Pool. Counsel Fife stated that the Settlement conference was well attended. Ultimately there was no settlement reached at the mediation meeting and the court has now ordered a briefing schedule for the appeal. Counsel Fife stated that order was served on the parties this morning and a copy of that order is on the back table. The order sets the deadline for the opening briefs by the Non-Agricultural Pool and California Steel Industries for forty days from the date of the order. Counsel Fife stated after the filing briefs are filed, Watermaster, the Appropriative Pool and anyone else that wants to reply will have a chance to file reply briefs. Counsel Fife stated there will be no extensions granted without good cause. Counsel Fife offered comment on some of the recent court cases in which the Judge ruled in different ways other than an actual hearing.

4. Santa Ana Sucker Critical Habitat Designation

Counsel Fife stated the Fish and Wildlife Service did designate part of the river that goes by Chino Basin as critical habitat for the Santa Ana Sucker. This is not the result any of the parties wanted; the other parties on the river such as San Bernardino Municipal Water District, Western Municipal Water District and the City of Riverside are also dissatisfied with the decision by Fish and Wildlife. They have more of a significant concern because they actually do things in the river. A committee has been formed and they are deciding what their appropriate response will be. Watermaster has participated in that and will follow in their lead in whatever they decide to do. It looks like they will challenge the decision and litigate it. Counsel Fife stated if that happens Watermaster will follow as our own entity, not part of a coalition; however, still following their lead. Counsel Fife stated staff and counsel will keep the parties updated as decisions are made in this matter.

B. ENGINEERING REPORT1. Land Subsidence Committee Meeting Update

Mr. Wildermuth stated there was a Land Subsidence Committee meeting in January. Mr. Wildermuth offered comment on the newly expanded committee. Mr. Wildermuth stated from that last meeting it was apparent some parties needed more technical information to be caught up with the parties that had been attending the MZ1 meetings and noted a separate technical meeting was scheduled at the Wildermuth office. That meeting was well attended. Mr. Wildermuth offered comment on the items reviewed at that technical meeting. Mr. Wildermuth noted there are minutes from that meeting and those will be distributed shortly. The next meeting was scheduled for February 17, 2011, at 10:30 a.m. but that meeting date has now changed to February 24, 2011, at 9:00 a.m. due to some scheduling conflicts.

2. MZ3 Recharge Opportunities Effort

Mr. Wildermuth stated Wildermuth staff, Watermaster staff, and staff from the Water Conservation District had been working hard to come up with the proposal of what is possible/what could be looked at. Mr. Wildermuth offered comment on the progress. Mr. Manning stated Mr. Pak did attend a budget hearing for the County of Riverside recently, representing Watermaster to make a plea on behalf of the Watermaster parties in the MZ3 area to include funding within their budget for the Riverside Flood Control for projects dedicated to the Chino Basin. The County of Riverside did agree to place funding into their budget; however, no dollar amount has been identified. Mr. Wildermuth stated having Ben at that meeting making that pitch was very important.

3. Chino Creek Well Field Well I-18 Design

Mr. Wildermuth stated Watermaster was asked to take a look at the Chino Creek Well Field well I-18 design and those related documents are in the meeting packet starting on page 78. Mr. Wildermuth reviewed a map and discussed the well design and the issue of the removal of the cap in detail. Mr. Wildermuth stated this might be seen in other designs as well. A discussion regarding this matter ensued.

C. FINANCIAL REPORT1. Expected Cost of Completion Mid-Year

Mr. Manning introduced this item with regard to the past six months of the Watermaster's budget. Mr. Joswiak noted this item is presented in the meeting package on pages 92 through 96. Mr. Joswiak noted this is the second quarter financial review. Mr. Joswiak gave the Expected Cost of Completion Mid-Year presentation and discussed each category item in detail. A discussion regarding the Chino Airport Plume and legal services ensued. Mr. Manning stated when we look at the positives and negatives through the budget, half way through the year, even when you include the \$62,000 fine from the Regional Board that there will not be any special assessment of the Appropriative Pool in order to be able to make up for all of those funds. A discussion regarding the Regional Board fine ensued. Ms. Rojo offered comment on some of the concerns from Fontana Water Company on how capital costs for basin improvements are allocated. Mr. Manning asked that Ms. Rojo put her concerns in writing and submit them to Watermaster.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning reviewed the current state and federal legislative issues.

2. Recharge Update

Mr. Manning stated the most current recharge spreadsheet is not available for this meeting and staff will have it ready for the upcoming Advisory Committee meeting.

3. CEO Resignation

Mr. Manning stated he has informed the Watermaster Board he has taken another position with the San Gabriel Basin Water Quality Authority starting March 1, 2011. Mr. Manning offered comment on his new position and thanked the Committee members present for all the support over the last six years.

IV. INFORMATION

- 1. Cash Disbursements for January 2011
No comment was made regarding this item.
- 2. Semi Annual Report July through December 2010
No comment was made regarding this item.
- 3. 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 2:10 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative Pool Rules & Regulations, a Confidential Session will be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

- 1. Paragraph 31 Motion

The confidential session was concluded at 2:30 p.m.

The action taken: Authorize a legal agreement to be put on the March agenda.

VIII. FUTURE MEETINGS

Thursday, February 3, 2011	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, February 3, 2011	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, February 10, 2011	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, February 17, 2011	Cancelled	IEUA Dry Year Yield Meeting
Thursday, February 17, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, February 24, 2011	9:00 a.m.	Land Subsidence Committee Mtg. @ CBWM
Thursday, February 24, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, April 22, 2011	10:00 a.m.	Chino Basin Watermaster Court Hearing

* Changed from February 17th at 10:30 to **February 24th at 9:00 a.m.**

The Appropriative Pool Committee meeting was dismissed by Chair Mura at 2:31 p.m.

Secretary: _____

Minutes Approved: March 3, 2011