

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING

May 26, 2005

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on May 26, 2005 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
John Anderson	Inland Empire Utilities Agency
Paul Hamrick	Jurupa Community Services District
John Rossi	Western Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Terry Catlin	Inland Empire Utilities Agency
Rita Kurth	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
Martha Davis	Inland Empire Utilities Agency
Dave Crosley	City of Chino
Raul Garibay	City of Pomona

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:10 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held April 28, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005

2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

Motion by Kruger, second by Anderson, and by unanimous vote

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

II. **BUSINESS ITEMS**

A. **AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Ms. Rojo commented that this item is Danielle Maurizio's project, who is out on maternity leave, she recently gave birth to a baby boy; both mother and baby are doing well. A full presentation has been previously given on this shared database program between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA). The name for this program has finally been decided upon and chosen as the Chino Basin Data Exchange System Development (DataX); this item represents the agreement to go forward on this project. The question if all the information for this program will be funneled through and stored at Wildermuth Environmental (WE) was presented. Ms. Rojo stated that WE is developing the software program, however, portions of the data will be housed at IEUA and CBWM. A brief discussion ensued with regard to gathering the data from the correct facilities and the confidentiality of the gathered data. Counsel Slater stated that the Watermaster, as a whole, is not a public entity and is an extension of the court; the Public Records Act does not apply directly to Watermaster. Confidentially arrangements have been placed on certain sensitive data and Watermaster can be compelled by the court to release certain information. However, IEUA is a producer and has different statutory requirements and counsel expresses no opinion if IEUA would have to disclose information on the Public Records Act. Ms. Rojo stated that information placed into the database will be segregated, where only certain people will be allowed access to retrieve certain information by password, noting that agricultural wells and water quality data will be protected with limited access.

Motion by Kruger, second by Rossi, and by unanimous vote

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. **2005/2006 WATERMASTER BUDGET**

Ms. Rojo noted there was a budget workshop held several weeks ago and was attended by several appropriators; the presentation being given at today's meeting is a summary for the 2005/2006 budget. Ms. Rojo reviewed the prior vs. current year increases and decreases. The budget is broken down into three sections; Administration, OBMP, and Implementation Projects. Administration costs are down slightly, the OBMP costs are up slightly – mostly due to the DataX Program, and the Implementation Project section has gone up substantially. In the Implementation Projects section there has been a cost reduction in Groundwater Quality, Basin Water Quality, and Storage & Conjunctive Use. Cost increases have been attributed to Ground Level Monitoring, Hydraulic Control (water quality & level - recharge/well monitoring), Recharge Monitoring, and MZ1 Monitoring. A brief discussion ensued with regard to debt service. Ms. Rojo stated that Mr. Treweek will be giving a detailed presentation on the Recharge Program. Ms. Rojo noted that the majority of the security issues are regarding putting up new non-climbable fences around the SCADA equipment and other expensive equipment along with increasing the distance of posted signs to be put up every 150 feet. The question regarding making security enhancements at basins that are owned by other entities was presented. There has been vandalism and theft over this past year as construction has

gone on; hardening of the security of high value items will be put in place which will be in the form of non-climbable chain link fencing. Ms. Rojo stated that the recharge program maintenance costs, which is the O&M on an annual basis, and does not include the damage related from the recent storms. Management Zone 1 (MZ1) was budgeted to begin a development of the long term management plan and the piezometer replacement, which were the largest cost increases for the MZ1 area. Ms. Rojo stated that at the Advisory Committee meeting today, as a result of the Special Referee meeting yesterday appropriators want to keep close tabs on the expenses that will be incurred in MZ1. Most of the costs and contracts related to MZ1 will be brought back through the Watermaster process. The question if the costs for the MZ1 are identifiable was presented. Ms. Rojo commented that was a really good point and counsel has not been addressed on this issue. When counsel was working on the recharge project, those legal costs were put into the recharge expenses; however the MZ1 legal expenses have not been broken down in that manner. Ms. Rojo stated that is something can be done and will be examined further so those numbers will be more accurately represented. It was noted that an accurate depiction of expenses would be very beneficial. A discussion ensued with regards to the Attorney-Manager process and costs related to that process.

Motion by Rossi, second by DeJesus, and by unanimous vote

Moved to approve the 2005/2006 Watermaster budget, as presented

C. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Ms. Rojo stated this item goes hand in hand with the Santa Ana River Application Process that Counsel Slater will be reporting on in the Legal section of the agenda; Ms Rojo asked Counsel Slater to speak on this item. Counsel Slater stated this will be the full and complete report for this item and for the Santa Ana River Application Process item. Counsel Slater stated that counsel has been actively prosecuting the Santa Ana River Application for some time and there is a statutory requirement that once the application is noticed parties are entitled to protest. There is a good faith obligation on the part of the applicant to meet with the protestors in an effort to resolve issues without resorting to litigation in front of the Board. This is another step forward in resolving a potential opposition to Watermaster's petition in a benign way. Counsel recommends this stipulation to the Board for execution which reflects Cucamonga Valley Water District's prior vested rights to continue doing what they are already doing with regard to their diversions. There is no impact on the project by making this stipulation recognition. Counsel Slater noted that the Pool and Advisory Committees have approved the presented stipulation.

Motion by Vanden Heuvel, second by Hamrick, and by majority vote – with one abstention by Chair Neufeld

Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Slater stated that Watermaster is actively re-engaged in the Attorney-Manager process; active engagement in that meetings are taking place every other week with the various stakeholders in an effort to reach a resolution to the five or six contractual issues that were left open from the original Peace Agreement. All of the issues have been brought forward by the parties for resolution and the next meeting is scheduled for today at which all the remaining discussion items will be fully disclosed. Counsel Slater noted that technical information has been received, reviewed, digested, and, in the opinion of the facilitator it is time to make a deal. If there is a deal to be made between the parties there is an anticipated time frame of July for that to take place; there is no need to continue

beyond that point. Counsel Slater stated there is still a discussion that was not appropriate to introduce at the Attorney-Manager's meeting, which is the fate of the nine member board. Once the parties are able to come to a conclusion and statements and documents are drawn up by way of resolutions and amendments to the Peace Agreement, it is hopeful this will be done in September well in advance of the hearing date on the nine member board.

2. Santa Ana River Application Process

This item was discussed under Business Item, No. C. No further comment was received on this item.

3. North Gualala Litigation

Counsel Slater stated the North Gualala item is the incident in Napa Valley where there was a judge reviewing groundwater production and whether it is subject to State Board jurisdiction; this judge was going to adopt an impacts test. This test would state that if it impacts a surface supply, it is jurisdictional. This case is now in appeal; the Association of California Water Agencies is gathering to file an amicus brief. Counsel Slater stated that an update will be given as soon as the pleading schedules have been set requesting the Watermaster to weigh in into that process as a friend of the court and also request that the Board members consider other agencies that might be useful in this regard. This is an important case to watch; we would not want an appellate court decision to come out which would impact the operations in our basin.

4. MZ1 Special Referee Workshop Update

Counsel Slater commented that 24-36 months ago the City of Chino and City of Chino Hills were actively engaged in litigation over the questions of who was responsible for, if anyone, for causing subsidence in the Management Zone 1 (MZ1) area. There was a collaborative process that was begun in lieu of prosecuting a case and it resulted in MZ1 efforts to historically track the causes of subsidence and develop an interim for a Long Term Plan. The interim plan has been underway for some time, which was to gather more reliable information about what the perspective causes were. Wildermuth Environmental Inc. has been actively engaged in that effort along with technical representatives from each of the producers. In 2003, a date for a hearing was set up wherein the court could get to what the underlying issues were. At that time it was decided there was not the requisite amount of information to conduct the workshop, it was put forward, and the actual hearing was held May 25, 2005. By all accounts the workshop was a success in the form of a great presentation that was done by Andy Malone from Wildermuth Environmental. The parties participated in the hearing with the special referee and the special referee's assistant; this workshop lasted approximately five hours and all parties commented in a non-confrontational environment. The result of that workshop is that the parties believe now, in given the nature of the information, which we can sit down and begin to develop a Long Term Plan for MZ1. This plan will be designed to do two things, 1) make sure that purveyor needs are met, and 2) make sure that long term hydrological balances is achieved within the zone; most importantly is to not cause subsidence.

B. CEO/STAFF REPORT

1. ACWA Update

Ms. Rojo noted that Mr. Manning attended the recent ACWA conference and that this item ties into the Legislative Update. Mr. Manning wanted to put together a legislative update of all the activity that is going on and at the ACWA conference obtained a copy of the handout "Hot Issues – ACWA State Legislative Department Update" which is provided at the back table. Chair Neufeld wanted to bring to the attention of the board members which ties directly to the ACWA update and to the legislative update. One of the speakers at the ACWA conference was State Senator Machado who gave a presentation on the Definition of Beneficiary/Beneficiary Pays. Chair Neufeld gave comments regarding Senator Machado's presentation. Ms. Davis offered comment on Beneficiary Pays and

the theory that surrounds that concept. This item has been a point of considerable contention within Cal Fed and has not been able to be resolved internally which as a result has spilled out into legislature. There are two ways in which Cal Fed is being potentially impacted by this legislation, 1) Senator Machado through SB113 attempting to put an imposing definition on Beneficiary Pays, and 2) Cal Fed itself, who has been forced to be taken down to a bare bones budget for the coming year. Chair Neufeld encouraged the members present to participate in the hearing process on SB113. Mr. Rossi stated that it was announced yesterday by DWR that Joe Grindstaff is now the acting director of Cal Fed, which is an interesting development. Mr. Vanden Heuvel stated that it needs to be recognized that the interest of the users of water is absolutely intricately linked with the interests of the environment in the Delta. A discussion ensued with regards to Beneficiary Pays and water quality in general.

2. MWD System Overview Study Update

Ms. Rojo stated that an update was given by a member of the Metropolitan Water District for the long term shutdown plans at the Appropriative and Non-Agricultural pool meeting and they were on the agenda to give that update at this meeting; however, they are not currently present.

3. Assessment Package Update

Ms. Rojo noted that after several years of Mr. Rossi's work on the Assessment Package and in taking over that role for the new software development, it is now ready to be unveiled. A few of the appropriators volunteered to review the assessment package as test cases using a parallel system from last year's assessment package in this new format. A workshop has been scheduled for June 15, 2005 to go over last year's assessment package and what that will do is set the foundation for next year. As the production year ends the appropriators are going to have their assessments divided into two categories. One would be the water activity and once the water activity is summarized then staff can go ahead and relate the dollars based on the water activity. The new format will be introduced on June 15, based on last year's information, and then when it is seen in the new format next year it will probably require another workshop, however, people will be more familiar with the new format.

Added Comment:

Counsel Slater stated that there is another issue which is related to this item that needs to be brought to the committee member's attention. The issue is the role in which Watermaster is the keeper of information and the recipient of data and Watermaster's willingness and ability to go out and verify data that is submitted by the parties. There have been one or two instances in the past where data submitted has turned out to not be accurate and as a result of the inaccurate data, had correct data been applied financial consequences to the parties would be considerably different than as reported. This has come up on a number of contexts, in most recently the Attorney-Manger meetings, and there was strong unanimous support for Watermaster developing a policy or a rule regarding peoples' duty to review information that is collected and transmitted by Watermaster and having a statute of limitations so that if errors are discovered they are addressed in a reasonable period of time. The view is it is trust and verification to extent Watermaster can, however, a recommendation to put in place a policy to end the debate after some period in the event that a discrepancy is discovered.

Ms. Rojo noted that in putting together the assessment package that it is a very complicated compilation of data and dollars and how certain numbers were formulated was not readily available to the reader of the document. What was done in the development of this new process is each column/category has a sheet that explains what the formula is for coming up with each number in that column/category. It will be an

interesting first workshop to get all the questions as to how the numbers were gathered previously and the new go forward process.

4. Legislative Update

This item was discussed under the ACWA Update.

5. Recharge Basin Repair Update

Ms. Rojo stated that Mr. Treweek will be giving an update on where Watermaster is at on the recharge basin project and on storm damage. Mr. Treweek noted that on the back table is a handout provided on the summary of the storm water recharge to date. It was felt that this storm season is now over and that 15,642 acre-feet of captured storm water has recorded at the Deer Creek Measuring Station. Mr. Treweek noted that this basin was very fortunate in receiving 50 inches of rainfall and that is about three times what was expected in an average year. There are two major areas that are going to be worked on this summer; the first one will be Basin Availability and the second is Basin Capacity. IEUA and Watermaster have developed a wish list of needed improvements to be made to the basins, this list was made available at a prior meeting; this list consists of about \$10 million dollars worth of grant funded items from prop 13 and DWR. The more difficult challenge deals with basin capacity and Mr. Treweek drew a diagram to clearly show why this is such a challenge. A discussion ensued with regard to flood control water and the detaining of water in regards to dam safety regulations. Ms. Rojo noted that Mr. Atwater and Mr. Manning have met with Pat Mead from Flood Control recently and stated there are more meetings set for the future.

6. Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan Update

Ms. Rojo noted that Craig Parker from the CDA is in attendance and is available for questions. This item references the Monitoring and Mitigation Plan for the Chino I and Chino II Desalter Projects which should be coming in line shortly. This plan was originally presented through the Pool process, it was listed as a potential action item, it was determined that it did not need to be an action item; Watermaster does not need to approve the CDA's Mitigation Plan. It was decided that the CDA's monitoring can mirror Watermasters to the extent that they will need additional monitoring there will be some type of agreement in the future where there is a cost sharing component involved. This is an information item only at this point; the plan is in the package and it has gone through the Pool process and there was a presentation given at the Agricultural Pool meeting regarding this plan. Mr. Vanden Heuvel stated that he knows Mr. Brommenschenkel has made some comments regarding this submitted plan, however, does not know if he has related those comments directly to the CDA. Mr. Parker stated that he has not received anything from Mr. Brommenschenkel personally, although the Agricultural Pool had some very good comments at their meeting and that the CDA is working on those comments presently. Mr. Parker noted that this is a living document and can be changed.

4. Presentation on the Conservation Program

Ms. Davis stated that imported water purchases in calendar year 2004 stayed within Tier I through conservation increased recycled water, groundwater pumping and record rainfall in November and December. It was noted that future water demands are increasing due to the region's record rate of growth. The IEUA service area will likely stay within Tier I in calendar year 2005, as a result of the wet spring, in combination with continued water conservation, and increasing use of recycled water and groundwater supplies. MWD has increased its rate for Tier II untreated water by \$15, effective January 2006 (from \$412/af to \$427/af). Ms. Davis stated that conservation is a very cost-effective way to meet future growth needs. IEUA, working in collaboration with its retail agencies, is developing new supplies through water efficiency programs that will help residential, retail and commercial customers and save money. Ms. Davis reviewed the FY 2005-2006 conservation program revenues and noted that there are no changes in rates or budgeted revenues. Ms. Davis

assessed the regional conservation programs offered through Inland Empire Utilities Agency and retail agencies which included, Residential Programs, Commercial/Industrial/Institutional Programs, Public Education Programs, and Retail Agency Support Programs. The conservation program priorities will build upon current conservation initiatives; expand on outdoor conservation programs and increase marketing, and outreach and rebate incentives. IEUA will expand on collaboration with MWD, Chino Basin Watermaster, Chino Basin Water Conservation District, local Agencies and SAWPA to enhance programs and coordinate conservation messages.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Anderson stated there was a breakfast meeting held yesterday in which Mr. Manning and Mr. Atwater gave an excellent update on the development of conservation and its future. Mr. Rossi noted Western is working with Congressmen Calvert and Congressmen Lewis on HR1008 which has recently merged with other legislative issues and became HR543 which did pass out of the house last week. Chair Neufeld stated that at the Cal Fed Drinking Water Sub Committee, in which he has a seat, had a presentation regarding some of the proposed projects that would be utilized in seeking funding. Chair Neufeld offered comments on that presentation and meeting noting support is needed for the voice of Southern California. Chair Neufeld stated that the next item that he wishes to present to the Board members that he believes needs a considerable amount of attention through Watermaster regarding the storage capacity in the Chino Basin. In reviewing the statements and comments regarding storage capacity it appears that this endeavor will benefit somebody else, not the people who use the water in this basin. Chair Neufeld encouraged staff and the Board to support the process taking a real hard look at who will really benefit from a storage program. We need to take a look at bringing water into this area to meet the demands of this area; conservation has done a great job in keeping water levels, however, with the growth level that the Chino Basin is facing is that going to continue to work? Other options need to be looked at for obtaining, keeping, and storing water. Chair Neufeld stated that he has engaged in several conversations about the completion of the Baseline Feeder and was thinking that there might be something that the Chino Basin Watermaster can do to help and encourage to make that happen. That would certainly give us the opportunity to move outside the MET service territory and bring water into this area. This project has been worked on for nearly ten years and needs to be looked at seriously and look at those issues that are going to be beneficial to those of us who work in this area.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

No confidential session was called to order.

VIII. FUTURE MEETINGS

May 24, 2005	9:00 a.m.	Water Quality Meeting
May 24, 2005	9:00 a.m.	GRCC Meeting @ IEUA

May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting
May 26, 2005	1:00 p.m.	Attorney-Manager Meeting @ CVWD
June 9, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 21, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:25 p.m.

Secretary: _____

Minutes Approved: June 23, 2005