

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING

June 23, 2005

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on June 23, 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
Al Lopez	Western Municipal Water District
Bob Kuhn	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, Dairy

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
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

Tom Love	Inland Empire Utilities Agency
Dave Crosley	City of Chino
Carole McGreevy	Jurupa Community Services District
Henry Pepper	City of Pomona
Josephine Johnson	Monte Vista Water Company
Mark Kinsey	Monte Vista Water Company
Ken Jeske	City of Ontario
Raul Garibay	City of Pomona
Robert Harding	Metropolitan Water District
Jack Safely	Metropolitan Water District

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 May 26, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through April 30, 2005
3. Treasurer's Report of Financial Affairs for the Period April 1, 2005 through April 30 2005
4. Profit & Loss Budget vs. Actual July 2004 through April 2005

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quantity of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005

D. COST OF LIVING ADJUSTMENT (COLA)

Authorize 3.8% COLA to be applied to the salary schedule as approved in the FY 2005-06 Budget, beginning July 1, 2005

E. TWENTY-SEVENTH ANNUAL REPORT

Chino Basin Watermaster Twenty-Seventh Annual Report – Fiscal Year 2003-04

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

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

II. BUSINESS ITEMS**A. SAN ANTONIO CHANNEL UPLAND BASIN INTERCONNECT**

Mr. Manning reviewed the discussions which took place a few months ago regarding the College Heights Basins and the fact that Watermaster was not going to be using those basins until more was understood about the Upland Basin operations. This last winter a lot of information was received on how the Upland Basin was performing because of the amount of water that was channeled into that area. There is an opportunity for Watermaster to use the facilities that were designed for both College Heights and the diversion over into the Upland Basin. Staff is asking that conversations begin with the City of Upland in having them install the interconnect between the San Antonio Channel and the rubber dam facility over to the Flood Control pipe which was originally put in by the City of Upland. This interconnect will allow Watermaster to divert water from the San Antonio Channel over into the Upland Basin and bypass the College Heights basins. This does not mean there is not some future work going to be done at College Heights; there is a meeting scheduled for this afternoon to discuss the possibilities of performing some work in the College Heights Basins to investigate how they are presently working. Staff feels this interconnect is prudent to go ahead with to install this pipe over into the Upland canal. The City of Upland is checking to see if the bid for \$120,000 is still an accurate bid. Mr. Manning stated that when this item was presented to the Advisory Committee it was noted in their motion to not exceed \$150,000 in costs. This item comes with a unanimous recommendation by the Pools and the Advisory Committee with the dollar cap from the Advisory Committee.

Motion by Vanden Heuvel, second by Kruger, and by unanimous vote

Moved to authorize construction of the San Antonio Channel-Upland Basin interconnect not to exceed \$150,000 dollars, as presented

B. RESOLUTION IN SUPPORT OF PROPOSITION 50 GRANT APPLICATION

Mr. Manning stated this item is a resolution in support for a project that is being spearheaded by San Gabriel Water District and is a cooperative venture with the Inland Empire Utilities Agency, Three Valleys Municipal Water District, Foothill Municipal Water District, and Main San Gabriel Basin Watermaster (collectively known as the "participating agencies") to apply for a prop 50 planning grant for the creation of an Integrated Regional Management Plan. Watermaster is anxious to support this project because the project includes an emergency connection into the Chino Basin that would be good for the Chino Basin. The planning and creation of the integrated plan is advantageous as well and staff has been asked by our member agencies to support their project and have this resolution put before the Board. This was passed by the Advisory Committee and by all the Pools unanimously.

Motion by Lopez, second by Hamrick, and by unanimous vote

Moved to authorize support for a cooperative proposition 50 grant application for the development of an Integrated Regional Water Management Plan, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

Counsel Slater asked that he reverse the order of the items that he is presenting today.

2. MZ1 Workshop Special Referee Report

Counsel Slater stated that the report is very informative especially the last paragraph (the conclusion of the report). Counsel Slater noted that he wanted to take some extra time on this item to put this item in context because this effort is testimonial to the kind of success that this Board, Watermaster staff, and parties has had over the last five years in resolving conflicts amicably. Before the year 2000 and the Peace Agreement, counsel and parties were and going to the court house on a weekly basis; this workshop/effort is a reflection of an effort on the parties' part to allow the parties to consensually come to a management plan, on their own, without a court ordering it. This workshop/effort resulted in a dismissal of a contested law suit, the parties who were opposed to each other coming to a mutual understanding; several years later the study is underway and the court, in reviewing the activities, is quite pleased with the progress to date. A Long Term Plan is well on its way at this point for MZ1. Again this is a reflection of the Watermaster process, which is developing, and that is that we solve our problems consensually by agreement. Counsel Slater noted that again this report is a reflection of our success. The court/referee is now looking for three things; 1) An acknowledgement that there is a projection as to how long it will take to develop a plan (it was thought to be in 04-05) and is now acknowledged to be later than that; the new date for that plan is 2006, 2) The referee would like the technical data converted into a report as opposed to being carried forward in a transcript, and 3) The referee would like to hasten the parties towards the development of a Long Term Plan. Which means the development of guidance criteria; guidance criteria that would assist the parties who are planning their future affairs in Management Zone 1 in a way to ensure they do not cause harm to each other or to the basin. With that report counsel feels we are on task with what has been accomplished.

1. Attorney-Manager Process

Counsel Slater stressed that counsel has been very mindful of the Board's expressed concern and the parties' concern about over-reliance on attorneys and lengthy meetings. Counsel assured the members that the broader meetings have been reduced to a minimum and the involvement of lawyers; it is a Judgment that we are working with and we are an arm of the court which makes us different from a public agency because we are responsible for interacting with the court. Counsel wants to point out that staff has been very careful at reducing the global meetings, there has not been a global meeting in over a month, which means the invite is for individual meetings to discuss things. All parties have fully vetted their positions, individual working groups have been formed, and

meetings have taken place with them on an individual basis to explore with them with their needs, wishes, and desires over the last few weeks. All parties have been met with that are interested in taking meetings with the exception of two parties and those meetings are being scheduled this week for meetings to take place later next week. After those meetings conclude, Watermaster staff as the confidant of those parties is going to continue to work with smaller groups and individual producers to try to develop a consensus program. Dave Argo has been asked to gather some additional technical information which will place staff in a position to put a deal point agreement together by the end of the summer. To test that theory while meeting with the individual parties, two critical questions were presented. The first question was, "Do you have all the information you need, as a party, to engage in deal making on the issues that have been identified to complete a deal by the end of the summer?" The unanimous answer to the first question was, "yes that they felt they had all the information that they needed". The second question was with regard to their will and the question presented was "Is each party willing to enter into a formal binding deal point agreement by the end of this summer?" The unanimous answer to the second question was, "yes they are". The conclusion drawn by these answers is that the information is in place; wills are in place, that we have the basis to move forward provided the parties are willing to make the usual customary business compromises amongst themselves. Counsel Slater stated that meetings will continue to take place individually and collectively until counsel and staff feels there is enough to bring the larger group back together again and put together a deal. Staff and counsel are pleased with the progress to date.

B. CEO/STAFF REPORT

1. Assessment Package Workshop

Mr. Manning stated that on June 15, a workshop took place with a number of producers in the basin to look over the new format for our assessment package. Mr. Manning thanked Ms. Rojo for an excellent job in putting together the workshop along with the new format of the package. There were several discussions prior to the workshop in an effort to try and create a package that is transparent, in that you can tell the difference between the budget, assessment, and the activity water reporting; those documents can be followed through the process simply and to understand how they all relate to each other. This workshop was an effort to try and see if staff was moving in the right direction. All who attended that workshop felt very positive about the results and could better understand the entire process when they looked at the new format. Last years assessment package numbers were put into the new format so that familiar numbers were being reviewed and comments were asked to be given if staff accomplished what it set out to with this new easier to read format. Formatting comments were received; however, for the most part the new format was acceptable to the parties present. This was a very positive workshop and staff feels that when the new assessment package comes out, parties will be just as pleased with the new format.

2. Recharge Activity Update

Mr. Treweek stated that his report is in reference to the Storm Water Recharge Summary dated May 25, 2005 which is provided as a handout. There have been eleven storm events this past storm season which have provided approximately fifty inches of rainfall; 15,000+ acre feet was captured in our basins. The new yield will have to be calculated from that number by subtracting out historical storm water captured in the basins that had improvements made to them. It appears that the goal of 12,000 acre feet of captured storm water will be met for this year. This summer, Watermaster will be taking on two major objectives, the first will be to recharge as much MWD water as possible and the second will be to renovate the basins that were impacted by the storm flows this past winter. There are about \$1.2 million dollars in FEMA and IEUA money available for the renovations. By the end of June the work will be complete at Lower Day and Banana Basins, which will bring on two more basins that can accept MWD water. By the end of

July, Turner and Ely Basins will be complete; Turner will take in MWD water and Ely will take in recycled water. We have a pretty aggressive summer schedule to accomplish some necessary renovation projects. Mr. Manning stated that this last rainy season has provided a lot of information about how the basins work. These renovations that are going to be done in the near future and in working with Flood Control, Watermaster is going to maximize some of our improvements to where the basins can acquire quite a bit more water even with a lower amount of rainfall this next year.

3. Ontario Clean Up & Abatement Orders

Mr. Manning noted that in the 2005-2006 budget which was passed last month there were some funds available in that budget for Watermaster to support the efforts of the Regional Board in the development and issuance of the clean up and abatement orders. In speaking with Mr. Thibeault the orders will go out in July. A letter will accompany the orders to the potentially responsible parties (PRP) stating there will be a meeting scheduled in late August for Watermaster staff, including Wildermuth staff, and in working with the Regional staff to conduct a scoping meeting to discuss the issues and options for clean up with the PRP's.

4. Cooperative Meetings with County Flood Control

Mr. Manning stated that he feels this is an important item to mention and that there are a number of meetings going on right now with the Flood Control, building relationships between the county, CBWM, IEUA, and the Conservation District so that we can make sure we coordinate activities. There have been a couple situations with the county in their planning that went on two and three years ago, projects that are now starting to come about that are requiring having additional work added to them like the recent sand bag structure that Mr. Theirl and crew had to construct in the San Sevaine Basin. Staff is trying to work with the county and they have agreed to meet with Watermaster. There are a couple different efforts taking place right now, one being a Rainwater Recovery Group (Orange County, Riverside, and San Bernardino agencies) working together on the Santa Ana River on a rainwater recovery program, this is being coordinated by SAWPA and the first meeting for that group met yesterday. There was a lot of good reaction during this meeting and there was pre-unanimous support for working together for trying to coordinate rainwater recovery. Additionally, there are meetings set up for Policy and Planning with Mr. Manning and staff from IEUA in meeting with staff at Flood Control. This Policy and Planning meeting is taking place quarterly to talk about planning issues. One of the issues that was discussed recently is a gravel pit on the west Fontana channel that Flood Control is interested in purchasing and that Watermaster would be very interested in using as a recharge facility over on the east end of our basin; this would be equivalent in size to the Upland Basin on the west side. This would give Watermaster two very large facilities to recharge. Flood Control feels they can channel a two hundred year storm into that basin and not have to worry about it over flowing. The meetings have increased between agencies with our GRCC meetings which are meeting monthly to every two weeks for the next six months to coordinate some of the activities that have to do with coordinating SCADA and some of the improvements prior to the next rainy season. There are a lot of cooperation efforts with Flood Control, CBWM, IEUA, and the Conservation District.

Chair Neufeld stated that he was fortunate enough to participate in the meeting with SAWPA and wanted to share with the Board some of the dialog that took place at that meeting and why it is important for us to be a participant in this process. In listening to representatives from Orange County Water District talk there is still a great level of mistrust between the Orange County people and those of us who are upstream. When the ability to divert peak flows off the San Ana River was discussed there was a sense on tension and misunderstanding in the air. Those kinds of feelings reiterate the fact that staff needs to have an open dialog with the decision makers the County of Orange County and with Orange County Water District. A discussion ensued with regard to the several

Flood Control agencies that were present at the SAWPA meeting. Mr. Manning stated that it was felt this meeting was a very good start to open doors for better communication and understanding.

5. MWD System Overview

Mr. Harding from Metropolitan Water District thanked the Watermaster for allowing this presentation to be given at this meeting. The plan that is being presented today is the Integrated Resource Plan (IRP) and the first step to the IRP is to determine Metropolitan's population growth and what supplies are necessary to meet the growing demands in the next planning period, which is typically the next 25 years. The System Overview Study Status was reviewed in detail and included these topics; 1) Completed preliminary analysis, 2) Briefed member agencies, 3) Received member agency comments, 4) Revised local supply data, and 5) Incorporating revisions in imported demand forecast. Policy issues such as points of delivery and conveyance capacity, obligation to construct treatment facilities, facility on line date, service connections on MWD supply transmission pipelines, peak service criteria for assessing regional facility needs, and system reliability, multiple delivery points and system redundancy were examined. The schedule time line from July 2005 through November 2005 was discussed.

Mr. Safely from Metropolitan Water District gave the second half of the MWD System Overview presentation. Mr. Safely discussed the projected total population demands and the projected total water use and how it relates to the several water treatment plants. Total demand on MWD, exclusive of replenishment, was reviewed in detail for the next 25 years. The change in demand on MWD from the year 2010 to 2025 was analyzed. The treatment capacity needs for 2025 was examined. The possibility that potential system improvements for the Central Pool Region could be a need and the possible new sites for water treatment plants was looked at in several locations. Lastly, Mr. Safely discussed the system overview study next steps which include; 1) Revise analysis based on member agency comments, 2) hold Board workshop in August, 3) Issue draft report in September and, 4) Final report in November. A question regarding excluding the replenishment water obligations was presented. Mr. Safely stated that the replenishment program is interruptible so the sizing of the facilities is being based on firm demand.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

Chair Neufeld stated that there is a need to convene the Personnel Committee for the purpose of starting the CEO evaluation and review of the employment contract. Chair Neufeld stated that since Terry Catlin no longer serves as a Board member, it was asked of the other Board members and of Mr. Kruger if Mr. Kruger wants and can be placed on the Personnel Committee as a member. Mr. Kruger stated he would be pleased to be a part of the Personnel Committee and the other Board members acknowledged his placement on that committee. Mr. Bowcock commented that Mr. Crosley was a part of the CEO hiring process and should stay on as a part of the next Personnel meetings regarding the evaluation and review of the employment contract. It was asked that Ms. Molino gather some available dates and organize the next meeting towards the end of July.

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

June 23, 2005	9:00 a.m.	Advisory Committee Meeting
June 23, 2005	11:00 a.m.	Watermaster Board Meeting
July 14, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
July 18, 2005	1:00 p.m.	AGWA Meeting
July 19, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
July 28, 2005	9:00 a.m.	Advisory Committee Meeting
July 28, 2005	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:02 p.m.

Secretary: _____

Minutes Approved: July 28, 2005