

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
August 25, 2005

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on August 25, 2005 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin	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

Henry Pepper	City of Pomona
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Kevin Sin	City of Pomona

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:01 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 July 28, 2005

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet; Date of Application: June 8, 2005
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 1,000 acre-feet; Date of Application: June 8, 2005
3. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from Nicholson Trust water in storage in the amount of 5.458 acre-feet; Date of Application: July 5, 2005

D. STATUS REPORT NO. 15

Consider Authorization to File OBMP Status Report No. 15 with Court and Authorize Staff and Counsel to Make Minor Edits as Necessary

Motion by Lopez, second by Bowcock, and by majority vote – Mr. Catlin abstained from the vote

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

II. BUSINESS ITEMS**A. NORTH GUALALA AMICUS**

Counsel Fife stated that this item has been discussed for several months regarding an issue that has risen up in Northern California on the North Gualala River. The State Board has asserted jurisdiction over groundwater pumping by the North Gualala Water Company; litigation ensued. The trial court decision raises concerns for the Chino Basin because it appeared to apply what is called an Impacts Test to groundwater pumping. It stated that North Gualala's pumping could have an impact on the North Gualala River (a surface stream) and because of that, the State Board's jurisdiction extends to that groundwater pumping. Counsel Fife noted that it has been suggested over the past few months to file an amicus brief. A timing issue has come up with the filing of the amicus brief. The brief that is in the packet is an outline and there is a first draft of the brief available on the back table for review. There are several amicus brief's being filed against this case. Counsel has been in discussions with Tom Bunn, who is writing the amicus brief for ACWA, and is in the opinion that it is the State Board's position that we are going to be concerned with and responding to. The State Board is not going to file their brief until the middle to end of next month. The timing issue is that other parties want to file right away; however, Watermaster plans to wait until the State Board has issued theirs. This has been brought to the agenda for approval and the approval is to authorize to file when the time comes even though the brief has not been finished. It is anticipated that the completed item will be brought back to the parties for review. If the approval to file was given now, the freedom would be there in case a timing issue actually came up counsel would be able to respond properly. The Pools and Advisory Committee unanimously approved this as presented. The question regarding filing now and then filing again after the review of the State Board's amicus brief was presented. Counsel Fife stated that an amicus brief really states that you have read all the amicus briefs and in filing ours would state that we have something significant to add; noting the answer to the presented question would be no. A brief discussion ensued with regard to the amicus briefs being filed.

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

Moved to approve the completed amicus brief for filing at the appropriate time, as presented

B. ACWA – REGION 9 ELECTION FOR 2004-2005 TERM

Mr. Manning stated that the full description of this election is in the meeting packet. ACWA has its meeting on September 15, 2005 in Dana Point and the election of the Region 9 officers can be done by either certifying this and faxing it or by delivering it to that scheduled meeting. As an agency we can concur with Region 9 nominating committee (the slate that has been

presented) or we can select agencies individual members and only elect certain people. An authorizing voting delegate needs to take place today and then get the board president signature. The first action that needs to take place is appointing a voting delegate and the second is to support the slate or look at the people individually and lastly will be the board president signature. A lengthy discussion took place regarding this item and the people represented on the nomination list and it was decided to:

Delegate: Ken Manning, CEO Chino Basin Watermaster
 Vote: To vote at the meeting in the best interest of the Chino Basin

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

Moved to approve Ken Manning as the Chino Basin Watermaster delegate and to authorize Ken Manning to vote at that meeting in the best interest of the Chino Basin, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager

Counsel Slater stated that staff and counsel continue to meet with the stakeholder groups and both staff and counsel feel a conclusion is extremely close. The substantive disagreements are so modest now that it appears a final agreement could be reached by the end of September. Counsel Slater noted that it is his anticipation that a term sheet will be presented at the September board meeting.

2. Board Re-Appointment

Counsel Slater stated that a draft pleading was prepared at the Board's instruction and was distributed through the Pool process for review and comment. No comments from the Pools or Advisory Committee have been received and counsel is not yet in the position to file the pleading. It is anticipated that this item will be brought back at the September Board meeting before we proceed to the next step which would be filing the document. Mr. Lopez noted that there is a resolution from Western Municipal Water District on the back table supporting the nine member board as structured now. Mr. Manning noted there is also a letter received by the Cucamonga Valley Water District that stated there is an appropriate time and place for the discussion on the merits of the nine member board and right now was neither the time nor the place and suggest that discussion be held off.

B. CEO/STAFF REPORT

1. Rialto Pipeline Availability

Mr. Manning stated this item is being brought today to this pool because of the events that have occurred over the last six weeks and is a place to kick off future discussions. On July 14, 2005 the Metropolitan Water District (MWD), on the Rialto Pipeline, shut all of our access to replenishment water and because of problems within the system, MWD diverted water from the Rialto Pipeline to other uses. Mr. Manning referred to the cartoon handout which is from MWD that shows the system within its service area and issue has to do with getting water down into what is called their central pool. Normally that water is fed to them by the Jensen Plant, but because of the high temperatures and some ozone work on the actual plant, in order to get water to their central pool MWD diverted water from the Rialto Pipeline down to Diemer and then from Diemer to the central pool. The Chino Basin is now capable of taking in 100 cfs a day into all of our recharge basins, if we were to use them all, and are now only getting approximately 7 cfs. Earlier this week 60 cfs is now being released into a variety of our basins. Mr. Manning stated that the Chino Basin is relying on MWD and based upon the scenario presented, the Chino Basin gets slighted. As Watermaster begins looking at strategies for supplying water to this basin for recharge, areas other than the Rialto Pipeline need to be considered and reviewed. There are discussions taking place with MWD regarding increasing some of the turnouts on the Rialto Pipeline. This is a heads up item for future discussions as staff begins to strategize about how we are going to meet the demands for 2025. Mr. Manning acknowledged that it

is incumbent upon us to look at within our own existing system at ways we can make our system work better if we are going to meet our demands. This item will be discussed further at future meetings.

2. Ontario Airport Clean Up & Abatement Update

Mr. Manning stated that the Regional Board has mailed out clean up and abatement orders on July 27, 2005. In the clean up and abatement order there was a letter that accompanied the orders which called for those organizations to meet on August 30, 2005 at the Regional Board office wherein a technical briefing would be held. A number of topics will be discussed at that briefing such as efforts that have already been undertaken, an overview of future work, discussions of various scenarios, discussions relating to the legal and administrative steps, and options for early settlement. Watermaster staff will have a large part in directing that meeting. At the Water Quality Committee meeting on August 22, this topic was discussed and that committee will be reviewing some of the technical presentations that will be given at the Regional Board technical briefing on August 30, 2005.

3. Basin Maintenance Update

Mr. Treweek stated this is a report on the Basin Maintenance Program that is on-going during the summer which will provide an update on some of the basin activities and restorations. Mr. Treweek referred to the handout titled; "Recharge / Maintenance Schedule" dated August 12, 2005. Mr. Treweek noted that since the 14th of July, MWD has shut off our water supply and due to that shut off; staff has accelerated the maintenance for the Montclair Basin and on the Ely Basin for restoration completion. This will leave the Turner Basins as the major basins requiring maintenance. We couldn't get water to put into the Turner Basins even if they were cleaned up because the City of Rancho Cucamonga is rebuilding the Haven Avenue storm drain. That storm drain is what carries the water from the MWD turnout down to the Turner Basins. The City of Rancho Cucamonga has informed Watermaster that the rebuilding of the Haven Avenue storm drain will not be completed until mid October; at that point the Turner Basins will be back up and able to receive water. As soon as MWD can release water again to our basins they are capable to receive approximately 100,000 cfs or about 6,000 acre-feet a month.

4. Water Activity Report Update

Mr. Manning stated that part of his goals and objectives is to bifurcate the assessment package, the budget package, and the water activity report so that these all work together but independently. Mr. Manning noted that Ms. Rojo has done a tremendous amount of work on this project; this project is coming together well. Mr. Manning stated that Ms. Rojo will be using the City of Ontario as a case in point to provide an illustration as to what this water reporting report would look like. Ms. Rojo stated that part of Watermaster's responsibilities involve requiring each agency to report to Watermaster various types of water activity, including: land use conversions, assignments, production on a quarterly basis, transfers and sales/leases. That information is forwarded to Watermaster through various documents and then compiled. This report presented on the screen and as a handout recaps the water activities. This is the first time this document is being presented to the parties and everyone is encouraged to offer comments and suggestions on how to improve the format or titling. Ms. Rojo reviewed in detail the 2003-2004 Water Production report for the City of Ontario. Ms. Rojo noted that this report will be mailed out to each agency and it will be asked that it be reviewed, signed, and either mailed or faxed back to Chino Basin Watermaster. Mr. Vanden Heuvel asked that the 85/15 rule be explained. This would mean that the appropriators who are participants in the 85/15 program and are over producers (have a replenishment obligation) only pay for 85% of their replenishment obligation and everybody else who participates in the 85/15 shares 15% of their burden. Mr. Kinsey offered comments from discussions and the decision for the 85/15 rule. A lengthy discussion ensued with regard to the 85/15 rule and how that rule applies to the hand out/presentation. Counsel Slater noted that the genesis is in the Judgment in Exhibit

H relates to different adjustments for whether or not you were using water in the basin solely or whether you were exporting. It is a market mechanism to discourage but not prohibit export so it gives in basin users an advantage. The market incentive is to facilitate transactions among the parties to the basin. Ms. Rojo noted that some feedback was given at the Advisory Committee on this format and those suggestions will be taken into consideration before the final copy is distributed. Mr. Manning stated this report is intended to separate the water activity that goes on within this basin from the dollars associated with that water activity which was never done prior to this report.

IV. INFORMATION

1. Quarterly Status Report No. 14
No comment was made regarding this item.
2. Newspaper Articles
No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

At 11:55 a.m. the open Watermaster Board meeting was adjourned and the confidential session convened.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

At 12:35 p.m. the confidential session was adjourned and the Watermaster Board meeting convened.

1. Personnel Matters
Staff will adopt the document dated 7-20-05 pertaining to personnel matters.
2. C.E.O. Performance Review
Approval was given to the presentation regarding the C.E.O. performance including a salary increase starting September 1, 2005 and the reimbursement of all hard expenses. The guidelines for the next review of the C.E.O.'s goals and objectives will be submitted and reviewed prior to July 1st.

VIII. FUTURE MEETINGS

August 22, 2005	1:00 p.m.	Water Quality Meeting
August 23, 2005	9:00 a.m.	GRCC Meeting
August 25, 2005	9:00 a.m.	Advisory Committee Meeting
August 25, 2005	11:00 a.m.	Watermaster Board Meeting
September 8, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
September 20, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 22, 2005	9:00 a.m.	Advisory Committee Meeting
September 22, 2005	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:40 p.m.

Secretary: _____

Minutes Approved: September 22, 2005