

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

March 23, 2006

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on March 23, 2006 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency
Al Lopez	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Paul Hamrick	Jurupa Community Services District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Rosemary Hoerning	City of Upland
Terry Catlin	Inland Empire Utilities Agency
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Jim Taylor	City of Pomona
Carole McGreevy	Jurupa Community Services District
Ash Dhingra	City of Pomona
Charles Moorrees	San Antonio Water Company
Dave Crosley	City of Chino
Henry Pepper	City of Pomona
Tom Love	Inland Empire Utilities Agency
David DeJesus	Three Valleys Municipal Water District

The Watermaster Board Meeting was called to order by Chair Willis at 11:05 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 February 23, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through January 31, 2006
3. Treasurer's Report of Financial Affairs for the Period January 1, 2006 through January 31, 2006
4. Profit & Loss Budget vs. Actual July through January 2006

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

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

II. BUSINESS ITEMS**A. CONTRACT FOR DRILLING AND CONSTRUCTION OF A NESTED PIEZOMETER**

Mr. Manning stated a very extensive program for monitoring throughout this basin and one of the most extensive programs is in the MZ1 area where issues of subsidence have been detected. The centerpiece of this monitoring program is the nested piezometers which are located at the Ayala Park facility. The facility was constructed for the purpose of determining the extent of subsidence that is caused by pumping. During the course of the testing that has been performed at that this site, has shown periodic anomalies occurring causing cross contamination to occur between the different well casings. Having inconsistent data will not be sufficient for our monitoring program for MZ1. It has been recommended by our consultants that staff evaluate and consider installing new piezometers and then abandon the current site so that clearer and more accurate data can be gathered. The subsidence issue is an important issue to all Watermaster parties and staff wants to make sure we have an adequate monitoring program in place. The contract which is in the meeting package is with the Layne Christensen Company of Fontana in the amount of \$292,000. Staff is pleased with this contracting company and they have done of work for us before. Staff is recommending moving forward with this item that has been unanimously approved by the Pools and the Advisory Committee. The question of what an actual piezometer is was presented. Mr. Malone gave a detailed explanation on what a piezometer is and does and how it is not properly functioning currently. A discussion ensued with regards to costs and completion dates.

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

Moved to approve the Layne Christensen Company contract for drilling and construction of a nested piezometer at Ayala Park in Chino, as presented

B. IEUA/DWR GRANT FUNDING AGREEMENT

Mr. Manning stated in January 2005, Inland Empire Utilities Agency (IEUA) received a grant of \$15,500,000 from the Department of Water Resources (DWR) through the Proposition 13 Groundwater Recharge and Storage Programs. Mr. Manning noted that the purpose of this grant was to fund IEUA's Chino Basin Conjunctive Use Expansion Program. The total project cost for this program was estimated to be \$40 million with the local share being funded through IEUA's Water and Sewer Rate revenue and a combination of various State and Federal funds. Mr. Manning stated in 2002, a separate grant of Proposition 13 money was given to IEUA that was used to fund implementation of Watermaster's Recharge Master Plan. That project involved a total cost of approximately \$40 million. One half of this project cost was paid through grant funds, and the one-half local share was split evenly between IEUA and Watermaster. Through the initial implementation of the Recharge Master Plan, most, but not all, of the identified recharge basin improvements were constructed; the available funding fell short of being able to fund all of the identified improvements. Mr. Manning noted that additional improvement work was identified as necessary over the course of initial project construction and over the past year of use of the facilities. IEUA has proposed using a portion of the most

recent grant funding to perform further improvement work on the recharge basins. IEUA has also proposed using \$5,250,000 of grant money for this purpose, using the same cost sharing arrangement that was used for the grant money that was used for initial implementation of the Recharge Master Plan. Staff is recommending moving forward with this agreement and noted this was approved unanimously by the Pools and the Advisory Committee.

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

Moved to approve the agreement regarding recharge facilities improvements matching funds Cost Sharing Agreement between Inland Empire Utilities Agency and the Chino Basin Watermaster dated March, 2006, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney Manager Process/Discussion of Peace II Agreement

Counsel Slater stated based upon some of the comments that have been shared at the last few Watermaster Board meetings this report will be given in more detail than usual as to bring the members up to date on the historic and factual context of the Peace II process. This report is designed to bring the parties up to date on the status of the Attorney-Manager process and the discussion regarding the Peace II Term Sheet. Counsel Slater stated the Watermaster Board sits by virtue of the existence of a decree, a judgment, and the board itself is not a public agency. The Board is an extension of the judiciary, an arm of the court, to make findings of fact and decisions on things that come before you. As an extension of the court this board is not authorized or burdened by some of the requirements that might be attached to public agencies. The board has this power for two reasons; the parties to the judgment that initiated the litigation in 1978 decided to adopt a Watermaster structure, a rather complicated set of governance procedures and rules that have multiple cross checks and there are reasons and rational that go into why that was formed that may never be known to any of us. The fact is, what is left today is a contract which articulated a structure that the parties to the judgment trusted for purposes of making decisions. The Board serves at the discretion of the court because all of this while it may be a matter of contract, is still subject to the judicial review. This is why at one point in time the court said, "If certain things are not being carried out by Watermaster, I as the judge will exercise my discretion to disband this Watermaster and substitute in a new form of governance". There are two prongs in which this board sits; 1) the will of the parties under a contract, and 2) by virtue of the judicial review and consistent pleasure with your performance as an extension of the court. Watermaster's overall role is essentially to lead, guide, recommend, sometimes condition, and sometimes deny in accordance with our constitution, which is effectively the judgment. Watermaster itself, in particularly the board are somewhat constrained in how they deliberate. The affairs of Watermaster are essentially that of the court; in the extent this board is in the position to pass judgment one or more parties who ultimately come before you, the parties felt they were uncomfortable with this board being in a position to collectively deliberate confidentially among themselves about things that were to come before the board in the form of a subsequent application or conflict among their members. The boards' rules regarding confidential sessions are relatively constrained. If a subject matter is going to come before this board on the merits for which you would exercise your discretion and make a decision and ultimately carry that forward to the court, you are not entitled to hold a confidential session under your Rules and Regulations because the deliberation ought to be in public. This should be contrasted with a contract negotiation that you have with a third party. Mr. Slater stated that it has been asked before to counsel and staff why it is that Watermaster can't have confidential sessions about the subjects in the Peace Agreement. The reason is because the discussions in the Peace Agreement are the kinds of things that routinely come before you for which you will require to exercise your discretion. This has a bearing on the origin or the genesis of the Attorney-Manager process, although, counsel understands there is discomfort with a confidential process, there is some reluctance on the part of the people who would ultimately appear before

their judge and jury to confront their judge and jury about the reasonableness of their individual stakeholder positions. Each of the members of the board represents the public generally and also represents a constituency; this is how one is ultimately appointed to the board. There has been a long standing concern, at least since 2005 that the parties themselves need to have an ability to organize, to talk privately, without predigesting "the board" with regard to positions they may take. People are more conformable discussing compromise in a confidential setting when what is said in those confidential meetings is not subsequently held up against them in a public setting. This process was initially engaged in an Attorney-Manager process which was designed to solicit stakeholder input in a non-confrontational confidential setting to develop an outline. That outline on the basis of all of the parties who participated in that work product, that they wanted it to be day lighted into the Watermaster process; counsel complied with that request by holding workshops. In those workshops comments were received and in the interim since the last workshop in December, Mark Wildermuth's office has been busy preparing a technical response to the plethora of comments that were received, and counsel is pleased to report an administrative draft is now complete. Staff and counsel has committed to releasing the draft report for review very shortly. Counsel Slater stated that having gone through the workshop process, the individual meeting processes, and all other avenues to resolve the term sheet issues, counsel suggests, unless the board feels strongly otherwise, counsel would like to prepare on behalf of staff a facilitator amalgamation, a straw man proposal, and distribute that. Counsel feels the best place to start this next process is in a confidential setting, this board convened as Watermaster can not convene in confidential in a confidential setting. This board can allow the parties, at their own convenience, to meet confidentially and agree amongst themselves not to introduce things as evidence before Watermaster or the Court that someone says or writes at the meeting. This allows people to talk fairly among themselves. We propose not to limit attendance at the meeting to Attorneys and Managers, but to actually open this meeting up to any person or party who is willing to adhere to the confidential rules. This will entail staff and counsel to attending a single session to allow an opportunity to present the strawman proposal without prejudice to any party's position. At the conclusion of that session, we would then either bring the proposal back to the board with whatever further modifications or suggestions which are received at that process and then the board would then make a decision whether it was worthy of presentation to the pools for an initiation into the traditional Watermaster process or if the members at the proposed confidential session rejected the strawman proposal, counsel would forward that information to this board and that would then be the end of that effort. Counsel is anticipating the latter suggestion will not come into play and there will be some sort of proposal brought back to this board for a decision after the session. Counsel Slater stated during the second week in April the straw man proposal will be released followed by the scheduled, April 18, meeting by which was described in an earlier statement. At the next Watermaster Board meeting on Thursday, April 27, 2006 the results of the April 18, meeting will be presented with the expectation, if all goes well, we will then taken into the Watermaster process in May and on time to respond to the courts request for a July workshop date. A lengthy discussion ensued with regard to "board" closed sessions.

B. WATERMASTER ENGINEERING CONSULTANT REPORT

1. Update on Report on Balance of Recharge and Discharge

Mr. Wildermuth stated one of the many things Wildermuth Environmental is doing for the Watermaster is this presented item which deals with certain provisions of the Peace Agreement and with Peace II. This report, as of late last night, was completed in an administrative draft form. Mr. Wildermuth stated that a "draft administrative form" is a document, for all purposes, 95% to 97% complete. The report will first be circulated through the Watermaster staff and Watermaster legal counsel to ensure all the technical questions are answered that were presented at the workshops regarding the Peace II Term Sheet. It is most likely staff and counsel will turn this document around quickly and

staff is anticipating very little changes to be made and this item will be sent through the Watermaster process.

C. CEO/STAFF REPORT

1. USGS-GAMA Program

Mr. Manning stated in May this pool is going to be given a presentation on the USGS-GAMA Program which is a groundwater ambient water monitoring and assessment program. This is where the USGS comes into various groundwater basins and tests and evaluates water quality (called the GAMA Program). Mr. Manning stated he recently had a conversation with Robert Kent from USGS, who is the person who will be giving the May presentation, by letting him know that this basin is already light years ahead of other basins in data collection and data management and that we will gladly cooperate in assisting him in his quest by offering data that we have already gathered. Staff is trying to avoid letting the USGS come in and test where they want and then take incorrect or uncorroborated data back to our legislature and let legislature make assumptions against isolated tests. This is an awareness issue and a full presentation will be given in May on this item.

2. Legislative Update

Mr. Manning stated a number of people were in Washington last week talking with members of congress about issues relative to California water issues. This was the ACWA Legislative Agenda that was being discussed. This agenda gave us an opportunity to talk about the issues which are taking place within our own basin. Because of the tight schedules and the hastiness at those ACWA meetings, staff and representatives will be returning in a few weeks to talk in greater detail specifically about Chino Basin issues and where we think congress can be effective in meeting our mission in delivering an affordable water supply.

Mr. Manning stated that there is a meeting being held, as we speak, with Senator Margett and Senator Dutton who are currently negotiating, on our behalf, to put money into the bond for the Chino Basin. The deadline for getting our bond issue onto the ballot is March 10, 2006. It appears by several conversations with legislatures that our interests are being protected and staff is in contact with them quite frequently.

3. SAW DMS Data Coordination

Mr. Manning stated there are a few letters provided in the meeting packet which parties have probably already received a copy of wherein SAWPA is asking to come in and talk to the parties about data at each agency. After Watermaster staff received this letter, an email was sent to Daniel Cozad at SAWPA which expressed to him that staff would like to coordinate this through Watermaster; it is preferred that SAWPA not work with all the individual parties that there are reasons and benefits to work with Watermaster in a joint effort on this item. By working together Watermaster can eliminate a lot of duplicated work efforts on their part and also possibly save them some money. Mr. Manning stated this is an awareness issue and that Daniel was open and receptive to the idea.

4. Department of Health Services Public Hearing on Recycled Water

Mr. Love stated there a scheduled DHS & Regional Water Quality Control Board public hearing on Thursday, April 20, 2006 starting at 9:30 a.m. and is being held at the Chino Basin Watermaster office. Mr. Love offered history on the public hearing which was held in December of 2003 regarding Phase 1 basins. Mr. Love is asking all the appropriators, Watermaster's, and stake holders, in writing and at the actual hearing, speak in support of this program that has broad regional benefits to the groundwater basin.

5. Monthly Recharge Update

Mr. Manning noted that by commitments made at previous meetings in which Watermaster would provide the parties with monthly recharge updates at these meetings, a copy of the most recent update is available on the back table. Mr. Treweek stated we have been fortunate recently in having some late spring storm events. Mr. Treweek reviewed the handout in detail and noted we are pretty much on target as far as capturing water; our goal for the year is 50,000 acre-feet and in order to achieve that we need more months like February with its heavier rain storms. Some of our basins are only recharged, at this point in time, with only storm water and this recharge situation will be rectified shortly via our DWR grant for improvements.

Added Comment:

Mr. Manning stated when he came to the Chino Basin one of the first things he did was join the Ontario Kiwanis Club and one of the first people he met in that club and embraced him was Jerry DuBois. Mr. DuBois inducted Mr. Manning into the Kiwanis Club and has been a good friend ever since and Mr. Manning stated he is going to be greatly missed. Congressman DuBois was a true advocate for the City of Ontario. Mr. Manning asked that this meeting be adjourned in Congressman DuBois honor.

IV. INFORMATION

1. Newspaper Articles

Chair Willis noted that Mr. Vanden Heuvel put together a really great article which is included in the meeting packet and inquired to Mr. Manning if staff could work on getting Geoff a guest column in the Daily Bulletin to submit articles such as the one presented here.

V. BOARD MEMBER COMMENTS

Ms. Rose inquired into the past discussions of holding a Watermaster Board member training/education workshop by the end of April. Mr. Manning stated it will be accomplished in April and the invitation will be opened to all who would like to attend to go through in depth the role of the Watermaster Board member. Staff will be sending out notice on this informal workshop shortly.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

March 23, 2006	9:00 a.m.	Advisory Committee Meeting
March 23, 2006	11:00 a.m.	Watermaster Board Meeting
March 28, 2006	9:00 a.m.	GRCC Meeting
April 13, 2006	9:00 a.m.	Joint Appropriative Pool Meeting
April 18, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 27, 2006	9:00 a.m.	Advisory Committee Meeting
April 27, 2006	11:00 a.m.	Watermaster Board Meeting

Chair Willis asked the board members and attendees to partake in a moment of silence to observe the passing of Jerry DuBois.

The Watermaster Board Meeting Adjourned at 12:05 p.m. in honor of Congressman Jerry DuBois

Secretary: _____

Minutes Approved: April 27, 2006