

**Minutes**  
**CHINO BASIN WATERMASTER**  
**WATERMASTER BOARD MEETING**

*April 26, 2007*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on April 26, 2007 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
Terry Catlin	Inland Empire Utilities Agency
Jim Bowman	City of Ontario
Charles Field	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Jeff Pierson	Agricultural Pool, Crops
Gene Koopman	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.

**Others Present**

Raul Garibay	City of Pomona
Gil Aldaco	City of Chino
Ken Jeske	City of Ontario

The Watermaster Board Meeting was called to order by Chair Willis at 11:00 a.m.

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

Business Item 2C Volume Vote was pulled from agenda because it is not a Watermaster Board item.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held March 22, 2007

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of March 2007
2. Combining Schedule for the Period July 1, 2006 through February 28, 2007
3. Treasurer's Report of Financial Affairs for the Period February 1, 2007 through February 28, 2007

4. Profit & Loss Budget vs. Actual July 2006 through February 2007

### C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from West Valley Water District water in storage in the amount of 1,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2006-2007. Date of Application: February 12, 2007
2. **Consider Approval for Notice of Sale or Transfer** – The one-year lease of 5,230 acre-feet of water from the City of Chino's annual production rights to the City of Ontario. This lease is made first from Chino's net under-production in Fiscal Year 2006-2007, with any remainder to be recaptured from storage. Date of Application: February 9, 2007

*Motion by Bowman, second by Bowcock, and by unanimous vote*

***Moved to approve Consent Calendar Items A through C, as presented***

## II. BUSINESS ITEMS

### A. CONTRACT WITH GARY MEYERHOFER

Mr. Manning stated at the March 8, 2007 Appropriative and Non-Agricultural Pool meeting Mr. Rossi from Western Municipal Water District gave a presentation and a recommendation that Inland Empire Utilities Agency (IEUA), Western Municipal Water District (WMWD), and Three Valleys Municipal Water District (TVMWD) get together and hire a consultant that would assist in the development of the Desalter Expansion Program. Because there are so many different moving parts, upcoming court dates, and Regional Board deadlines; we need somebody that would be directly involved in pulling all those issues together in order to insure all bases are being covered. Mr. Manning and Mr. Jeske were tasked to meet with three prospective candidates and after the review process it was decided Gary Meyerhofer at Carollo Engineers would be the person recommended for the job. Mr. Meyerhofer has great deal of knowledge about the basin, he knows the parties that are involved, and he has worked on similar projects in the past. Included in the meeting package is Mr. Meyerhofer's resume and a copy of the task order is also attached to outline the duties that he would be performing. Mr. Manning stated Mr. Meyerhofer is present today if you get a chance to say hello and talk with him after the meeting. Mr. Manning noted here is a maximum dollar amount set at \$75,000 dollars for this position which will be paid by each of the three agencies (IEUA, WMWD, and TVMWD) at \$25,000 dollars each. Chino Basin Watermaster will be doing the hiring and the overseeing of Mr. Meyerhofer. Staff is anticipating this project will take between four and six months to be completed. Updates as to the progress on this project will be given monthly at the regularly scheduled meetings. Mr. Manning stated this item has been approved by all three Pools and the Advisory Committee and staff is seeking an approval from the Watermaster Board.

*Motion by Catlin, second by Bowman, and by unanimous vote*

***Moved to approve the contract for project facilitation of the Chino Basin Desalters from Gary Meyerhofer at Carollo Engineers, as presented***

### B. SAN DIEGO COUNTY WATER AUTHORITY MOU

Mr. Manning stated this item is regarding the ongoing work that Chino Basin Watermaster is doing with various agencies on storage and recovery agreements. Staff is working with Castaic Lake Water Agency, San Diego County Water Authority, and Metropolitan Water District (MET) to expand storage and recovery programs within this basin. Staff has met with San Diego County Water Authority and they are very interested in working with us and have consented to assisting in a study that would examine the physical facilities within this basin to see if there are any fatal flaws to the process of combining the agencies into a storage and recovery program. Mr. Manning stated there is approximately 250,000 acre-feet in storage presently. Metropolitan Water District has 100,000 acre-feet and wants to expand to 150,000 acre-feet. Both San

Diego and Castaic have not specifically stated how much water they are interested in storing, although, it is in the ranges of 50,000 to 70,000 acre-feet; those details will be worked out during the course of the study. Staff has requested that Black and Veatch prepare a scope of work and a copy of that is in the meeting package. San Diego has consented to paying for 1/3 of the cost of the program. Mr. Manning stated this item has been approved by all three Pools and the Advisory Committee; however, both the Agricultural Pool and the Advisory Committee requested a 90 day hold off on starting the study to allow more time to work with Metropolitan Water District on a compatible Long Range Program and an extension on the Dry Year Yield Program. Mr. Manning stated waiting 90 days will not affect the study and noted there is a contingency within the MOU that we must have an agreement with Castaic Water Agency before we move forward and we are not there yet with Castaic. Staff is recommending we go ahead and approve the agreement with San Diego County Water Authority with the 90 day delay in starting the study. Chair Willis inquired if Watermaster staff has met personally with Castaic Water Agency. Mr. Manning stated one of the very first meetings that he attended as the new CEO of Watermaster was with Castaic's staff regarding a storage agreement. Mr. Manning noted since that meeting Castaic has had a change of staff and he is still working on scheduling meetings with them. Mr. Koopman stated while he supported the motion that was made by the Advisory Committee there is a concern regarding a portion of the Black & Veatch scope of work. Mr. Koopman asked if in that scope of work an Agricultural Pool meeting as well as a meeting with Inland Empire Utilities Agency could be added. Mr. Manning stated he has spoken with Black & Veatch and expressed there needed to be two changes made to their scope of work; 1) a meeting with an Agricultural Pool representative(s), and 2) a meeting with Inland Empire Utilities Agency. A discussion ensued with regard to financial responsibilities. Mr. Manning stated a comment that was made at the Advisory Committee meeting by Monte Vista Water District is they would like to see Three Valleys Municipal Water District and Western Municipal Water District participate in this study as well since they are two direct beneficiaries.

*Motion by Koopman, second by Pierson, and by unanimous vote*

***Moved to approve the MOU with San Diego County Water Authority regarding analysis of storage and recovery opportunities in Chino Basin although Watermaster staff must wait 90 days prior to starting the study, as presented***

#### **C. VOLUME VOTE**

This item was pulled from the agenda.

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. Santa Ana River Hearing**

Counsel Slater stated with regard to the Santa Ana River Water Rights Application, we are moving closer to the hearing which is scheduled for May 2, 3, and 4, 2007. Counsel has continued to make progress in all areas. There was a draft water rights stipulation presented to the board last month and at that meeting gave counsel direction to finalize the stipulation; that was completed. The water rights issues are essentially at rest which is very important. In addition to finalizing the water rights stipulation as a result of the fact that counsel was able to resolve all outstanding protests against the Watermaster's application, counsel then made a motion to the board and to the other parties via a stipulation reduce the scope of the hearing by eliminating cross examination of Watermaster and its witnesses. This is important since no party had protested application, counsel made the point that it would be wasteful for the parties to cross examine an application they had no objection to. Ultimately at the hearing and through follow up correspondence, the other interested parties to the proceeding will not be allowed to cross examine Watermaster witnesses. The only cross examination will be performed, if any, by the State Board staff. This has allowed counsel to further limit the witnesses that we need to provide for oral testimony. All of the written testimony has previously been filed along

with our exhibits; the record is now complete. The risk associated with opposition to the Watermaster position is also reduced.

2. Peace II

Counsel Slater stated the parties are aware we are getting closer to our scheduled May hearing in front of the court to discuss our proposed schedule for proceeding with and completing the Peace II process. Counsel had previously filed a proposed schedule. Since the date we made the filing we have had some recent developments and improvements, which in the opinion of counsel and if supported by the Watermaster Board members counsel would like to file a revised schedule which means we could dispense the hearing scheduled for May 24, 2007 which would be of great interest to the board. When the Peace II Term Sheet was negotiated there were certain conditions precedent which were identified in that Term Sheet. The conditions that were precedent were sequential in terms of there being identified and were all prerequisites to the court issuing a final binding order. Between the time that we negotiated the original Term Sheet and the present time, we began to explore with the parties and the Special Referee the complexities around trying to get a final binding order in a timely way. Counsel Slater stated the California Environmental Quality Act (CEQA) which governs parties' performance when they are a public agency they must comply with CEQA. CEQA has a processing time periods and they can be extended. One of the concerns that counsel, staff, and parties had was we could be delayed in implementing some of the agreements to get us to the next step while we waited for the public processing of the CEQA aspects. We could also be at risk while waiting for court to make a decision for some period of time. We were all concerned about delay associated with the underlying agreement and having an opportunity to revisit the CEQA strategy internally we are hopefully that we can pursue a more expeditious CEQA processing. Counsel has discussed with the court a way in which the court can make its decision based upon a full analysis of potential impacts done by Wildermuth Environmental under the model and through the Watermaster process and the court would do exactly what they did in 2000, which is to issue a conditional order. The conditional order would not become final until the CEQA process was completed. We could present our case to the court in the legal instruments, the Socio Economic Report, and the Wildermuth work. The court could then issue a conditional order which would be binding so long as the condition gets met; the condition being the completion of the CEQA process. Counsel Slater stated while having a conversation with the Special Referee it was suggested that we should file a revised schedule; a copy of the revised schedule is available on the back table. The narrative works in relation with the gant chart which is also available on the back table. Counsel is asking for Board approval to take these items to the court and ask for that conditional approval. The second item that is pertinent to this revised schedule is we have received the long awaited Scalmanini Report. Counsel Slater noted the Scalmanini Report was not a court requirement, this was a requirement the parties imposed upon yourselves. This was a requirement to get pier review of the Wildermuth model for its utility and planning purposes; that review took nine months to be completed. There is a memo on the back table written by Counsel Slater that takes a look at the report and compares it to the purpose for which the report was being requested. Counsel Slater stated that in his opinion as Watermaster counsel, we asked Ludhorf & Scalmanini as the Special Assistant to the court to examine the propriety of using the model for planning purposes. Counsel Slater stated that report says that indeed the model was and is appropriate for planning purposes. The report does go on to do other things; it comes up with a suite of proposed recommendations to be included in improvements in the model on a go forward basis that would be used by Watermaster at the time we go to court with all of the Peace II documents. Counsel Slater stated that Mr. Wildermuth was already going to do or has started on the recommendations made in the report. Counsel Slater stated we are taking the balance of comments by Mr. Scalmanini as superfluous to which the review was requested. We are now prepared to go to the next phase which is the physical project description releasing for peoples input and review and then for Mr. Wildermuth to

begin the technical analysis of the project. Counsel Slater stated he is seeking a motion at this time to file the proposed revised schedule which will allow us to avoid a hearing on May 24, 2007. A discussion ensued with regard to Counsel Slater's comments and requested motion.

*Motion by Rose, second by Pierson, and by unanimous vote*

***Moved to approve the filing of the Revised Timeline – Chronological Next Steps for the Peace II process with the court and dispense the hearing of May 23, 2007, as presented***

## **B. ENGINEERING REPORT**

### **1. Review of Scalmanini Report**

Mr. Wildermuth gave a presentation "Progress Report on Watermaster's Groundwater Model Update". Mr. Wildermuth stated Wildermuth Environmental (WE) and Watermaster staff developed a series of model updates and has included costs for this in Watermaster's 2006-2007 budget. There were specific questions to be answered with the new model such as, what does the new equilibrium look like when re-operation is terminated, what will the impact of re-operation be on subsidence in the MZ1 area, and what will be the impact on riparian resources in the Prado Reservoir area be like from new desalter pumping and re-operation? Mr. Wildermuth stated he plans to incorporate the latest information from new wells and monitoring programs, extend calibration from 11 to about 40 years, incorporate vadose zone flow and transport models, and develop a localized high resolution compaction model for part of MZ1. WE will also be working on refining the boundary conditions for the Rialto/Colton fault and Bloomington divide, incorporating non-linear evapotranspiration functions for riparian vegetation, revising projected groundwater pumping and replenishment plans. The updated model runs will incorporate state-of-the-art visualization software and VLA processing. Mr. Wildermuth stated the purpose of this new model is to update Watermaster's previous model based on new hydrogeologic information collected since 2002. New data sources since 2002 include, subsidence investigation in MZ1, nine new HCMP well clusters, Chino II Desalter wells and other new monitoring wells, new appropriator wells, and OBMP water-level and water-quality monitoring programs. A discussion ensued with regard to Mr. Wildermuth's presentation.

## **C. FINANCIAL UPDATES**

### **1. Budget Advisory Committee Update**

Ms. Rojo stated this committee has met twice now and will be meeting again in the near future. Ms. Rojo stated the major question that came out of the last meeting was how and when to implement these issues. Staff will be working on the extended budget this year and is looking to come up with options for somewhat stabilizing the Watermaster assessments. Updates on the progress of this committee will continue to be given at the Watermaster meetings. Mr. Garibay stated one of the topics discussed at the last Budget Advisory Committee meeting was the current method of assessing costs was somewhat simplistic. Another topic for the group was to take a look at the reserve policy that Watermaster currently has in place. There was discussion on the issue on being able to develop a plan to obtain Water Activity Reports earlier in order to get the Assessment Package out in a more timely manner. This committee is looking at developing a three to five year budget. There were also discussions regarding the judgment that requires Watermaster to charge minor parties a minimum \$5.00 dollar assessment to help recover administration costs.

## **D. CEO/STAFF REPORT**

### **1. Legislative Update**

Mr. Manning stated there is an update on the back table on some of the legislative issues. There were approximately 3,000 bills introduced before the deadline of February 23, 2007. Many of those are considered to be spot bills which are filed with not a lot of wording or content and will then be changed later to reflect the real issues. The Legislative Analyst

Office (LAO) has done a report on policy areas which turned out to be very interesting on some of the areas on which they reported. The LAO analysis includes advising the legislature to proceed carefully regarding implementation of Proposition 1E and Proposition 84 in terms of the intent of the voters. The LAO also questioned funding for the Sate Water Project given that the Department of Water Resources budget includes 72 new positions and encouraged legislative oversight of the funds. In addition, the LAO urged the legislature not to move forward on surface storage proposals until cost sharing agreements are in place. Also the LAO recommended that water users have the full responsibility for funding the projects included in the Bay Delta Conservation Plans and recommended that funds for the South Delta Improvement Program not be funded because in their opinion, funding would be premature. Senator Machado is considering legislating a 500 year flood standard, but is undecided if that standard should only be for the Central Valley or a statewide. One of the bills that Watermaster has been following very closely is the Simitian SB 27 bill which has currently been amended to change the nature of the bill from what would include the by pass facility to more of a support for existing activities within the Delta. Mr. Manning stated SB 862 was resubmitted which is Sheila Kuehl's bill in which she has added Steinberg as a co-author. This is the redo of the old SB 810 which became SB 1620 and is now SB 862; the Water Resource Bill. There will be a lot of people getting on board and supporting this bill. A discussion ensued with regard to legislation and water issues.

2. Recharge Update

Mr. Treweek stated the most recent recharge update spreadsheet is available on the back table for review. Mr. Treweek noted Watermaster has met our recharge obligations and has added to the Dry Year Yield Storage Account. Staff has recognized that the Cyclic Account that we have with Metropolitan Water District will expire at the end of 2007, so staff has decided not to recharge any more water until that account gets extended. Staff has shutdown bringing in any imported water and the only water we have now is the runoff and the small amounts of recycled water for recharge efforts.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

2. Capital Project Budget Approval for MWD Turnout CB14 Discharge Facilities Relocation

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.

**VII. FUTURE MEETINGS**

April 26, 2007	9:00 a.m.	Advisory Committee Meeting
April 26, 2007	11:00 a.m.	Watermaster Board Meeting
May 15, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* <b>May 17, 2007</b>	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 24, 2007	9:00 a.m.	Advisory Committee Meeting
May 24, 2007	11:00 a.m.	Watermaster Board Meeting

\* Appropriative & Non-Agricultural Pool Meeting changed from May 10, 2007 to **May 17, 2007**

The Watermaster Board meeting was adjourned by Chair Willis at 12:00 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: May 24, 2007