

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

*July 24, 2008*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 24, 2008 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Jim Curatalo	Cucamonga Valley Water District
Jim Bowman	City of Ontario
Charles Field	Western Municipal Water District
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Jeff Pierson	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

Scott Slater	Brownstein, Hyatt, Farber & Schreck
Michael Fife	Brownstein, Hyatt, Farber & Schreck
Tom McCarthy	Wildermuth Environmental, Inc.

**Others Present**

Bob Feenstra	Agricultural Pool
Robert DeLoach	Cucamonga Valley Water District
Mohamed El-Amamy	City of Ontario
Marty Zvirbulis	Cucamonga Valley Water District
Rich Atwater	Inland Empire Utilities Agency
Hank Stoy	Visitor
Dave Crosley	City of Chino
David DeJesus	Three Valleys Municipal Water District
Raul Garibay	City of Pomona
Gary Meyerhofer	Carollo Engineers
Gerald Thibeault	Regional Water Quality Control Board
John Rossi	Western Municipal Water District
Tom Crowley	Western Municipal Water District
Jack Safely	Western Municipal Water District
Eldon Horst	Jurupa Community Services District
Ron Craig	RBF Consulting/Chino Hills
Bob Lemons	RBF Consulting/Chino Hills
Pat Shields	Inland Empire Utilities Agency
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency

The Watermaster Board Meeting was called to order by acting Chair Willis at 11:00 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 June 26, 2008

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through May 31, 2008
4. Treasurer's Report of Financial Affairs for the Period May 1, 2008 through May 31, 2008
5. Budget vs. Actual July 2007 through May 2008

**C. INTERVENTION**

1. Consider Approval for Intervention into the Agricultural Pool – Michael Y. Park

**D. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to lease 4,500 acre-feet of water from the City of Pomona. This lease is to be taken first from the FY 2007/08 allocation from the City of Pomona's net underproduction, if any, with any remainder from Pomona's local storage account. Date of Application: May 9, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District (CVWD) has agreed to the transfer of 8,530.000 acre-feet of water from San Antonio Water Company (SAWCO). This transfer is made from SAWCO's annual production right. Date of Application: May 30, 2008
3. **Consider Approval for Notice of Sale or Transfer** – Attachment G of the Chino Basin Watermaster Peace II documents allows for a one-time special water transfer of 8,530.000 acre-feet from Vulcan Materials to San Antonio Water Company (SAWCO). SAWCO is purchasing the transferring 8,530.000 acre-feet of Vulcan Material's water in storage. Date of Application: May 30, 2008

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

***Moved to approve consent calendar items A through D, as presented***

**II. BUSINESS ITEMS****A. O&M AGREEMENT**

Mr. Manning stated this item is an amendment to the Operation and Maintenance Agreement which is a four party agreement. This agreement is formalizing the language which was in the Peace II Agreement whereby Inland Empire Utilities Agency would be contributing to the O&M budget based on a percentage of recycled water recharge into the basins. There are a set of documents that discusses O&M and how it is dealt with and those documents will be used as the basis for separating out the other costs as a percentage as well. Staff is in approval of this agreement and is asking for an approval at this meeting. A meeting with Mr. Atwater regarding application of the O&M amendment will take place next week. A discussion regarding the pro-rata share for recycled water costs ensued. Mr. Manning stated staff will take the spreadsheet used for O&M costs, then the percentage for the total overall that it represents will be calculated, and then that will translate into a cost so that IEUA is paying its proportionate share of the overall cost. Mr. Manning noted that cost breakdown be different than basin by basin; it will be aggregated amongst all of them. A discussion regarding surplus funds ensued. Mr. Manning stated Ms. Rojo will get together with the financial staff at IEUA to figure those costs out. Ms. Rojo stated the understanding if there is a surplus budgeted one year and that amount is not fully utilized it will then be offset the next year. Mr. Manning and Mr. Atwater agreed with the

analogy Ms. Rojo gave on the surplus. Mr. Manning stated a letter regarding surplus will need to be drafted and sent out so that parties in future years will interpret what has been established correctly.

Mr. Vanden Heuvel inquired about the outstanding accounting issue with IEUA. Mr. Manning noted that is a separate issue from this item; however, a committee comprised of two CBWM board members and two IEUA board members held meetings on that issue. From those meetings it was decided to have an audit performed and the results delivered to the committee, which will be discussed by them and an update will be given back to the Watermaster parties.

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

***Moved to approve the adoption of the first amendment to Attachment 2 to the agreement for operation and maintenance of facilities to implement the Chino Basin Recharge Master Plan to conform with the agreement to the Peace II agreement section 8.1(a), as presented***

## **B. HYDRAULIC CONTROL PROGRESS REPORT**

Mr. Manning noted this item will be a three part presentation first; a background on this item will be given by me, Mr. Meyerhofer will give a presentation on the Chino Desalters, and finally, Counsel Slater will address the legal aspects of this item in relation to Peace II. Mr. Thibeault is also available to offer comment and/or answer questions. Mr. Manning stated as part of the Peace II adoption the court asked as condition subsequent no. 6 that clarification be made with the Regional Water Quality Control Board on what it is that the RWQCB use as the definition of the creation of Hydraulic Control. This question was presented to the RWQCB and CBWM asked that their reply be made in the form of a letter; that letter was received by Watermaster. In that letter, a request was made by the RWQCB asking for updated schedules and a request to the court that the RWQCB become more involved and active in the processes. A revised schedule was presented to the RWQCB and the revised schedule was reviewed in detail by Mr. Manning. Mr. Manning noted with the changes made on the revised schedule, a one year loss of time is anticipated and the RWQCB was not satisfied with this one year loss. A hearing was scheduled for September 5, 2008 for IEUA and CBWM to go to the RWQCB and explain the change in schedule and other difficulties with this project in greater detail. Mr. Manning referenced a letter from Western Municipal Water District regarding their inclusion into the CDA was received recently. In that letter from WMWD it was stated that if the inclusion of WMWD into the CDA did not take place, WMWD is prepared to move on their own with the expansion of the desalters. The desalter expansion issue is being dealt with also by the City of Chino and the City of Chino Hills and a list of items that need to be addressed has been received by Watermaster; a meeting regarding this matter is going to be held later this week.

Mr. Meyerhofer gave the Chino Desalter Phase 3 Project presentation. Mr. Meyerhofer reviewed the nine benefits for the desalter expansion in detail. A discussion ensued with regard to Mr. Meyerhofer's presentation.

Counsel Slater stated he is going to describe the penalties if this project fails to proceed and noted this is no trivial matter. The entire Peace II process was predicated on the assumption that we are moving forward on the management strategy which is Hydraulic Control. On that basis, the court authorized a withdrawal of 400,000 acre-feet from the basin in excess of what the Operating Safe Yield is and the court further added a reporting schedule to continue to appraise the court on the progress. If the parties were to fall off schedule they could lose Max Benefit and there is the prospect that the availability of the 400,000 acre-feet which is presently being used to offset existing desalter production would be jeopardized. There is a relationship to existing water in storage and losses at hand. There is a potential litigation issue with Orange County Water District associated with the loss of Max Benefit. Lastly, there are serious creditability issues with the court if we move off schedule. There is a meeting scheduled next week and there is high anticipation that any outstanding issues will be resolved.

A discussion regarding Counsel Slater's noted penalties and issues with WMWD joining the CDA ensued.

Mr. Thibeault commented on the two airport plumes. Mr. Thibeault noted a new order was issued to the county because the first one was not clear enough for the county to proceed on clean up.

A discussion regarding Hydraulic Control, potential penalties, and grants associated with this item ensued. A discussion regarding a possible conference call to discuss the progress on the CDA issue ensued. It was decided a conference call will be held on August 8, 2008.

*No motion was made regarding this item; it was presented as information only*

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. August 21 Hearing

Counsel Slater stated there are a variety of items that will be heard at this upcoming hearing. This hearing has been rescheduled a couple times due to various reasons from the court. The majority of the items being presented are routine, however, there is another element that could be much different regarding the Monte Vista Water District's issues with potential effects of decline in Operating Safe Yield over a number of years. The court has been made aware of the status of the Max Benefit and the Hydraulic Control issues and staff and counsel are hopeful that a resolution to that issue will be reported to the court at that August 21, hearing. There was a filing made by Cucamonga Valley Water District regarding the status of the special referee and joinders have been filed in support of CVWD's filing. Watermaster staff and counsel view this issue as a subject which involves governance and court process; consequently counsel is providing no recommendation and is waiting direction from the board on how to proceed. A lengthy discussion regarding the special referee issue ensued.

*Motion by Vanden Heuvel, second by Catlin, and by majority vote, Mr. Curatalo abstained  
**Moved to have Watermaster staff and/or legal counsel take no action or position, until further direction from the Watermaster Board, regarding the special referee removal or modified direction, as presented***

##### 2. SWRCB Permit

Counsel Slater stated there is a draft order which has been published by the State Water Resource Control Board proposing to grant Watermaster's application for a 68,000 acre-foot entitlement in the form of a permit.

#### B. CEO/STAFF REPORT

##### 1. Legislative Update

Mr. Manning stated there is no budget yet and that is the main focus for all parties involved. Mr. Manning noted starting on page 143 of the meeting packet is the legislative update from IEUA which provides more detailed information on bills and legislative information.

##### 2. Recharge Update

Mr. Manning stated the updated recharge update spreadsheet is provided as a handout on the back table.

##### 3. August Meetings

Mr. Manning stated the three Pools and Advisory Committee agreed that Watermaster can go dark in the month of August for their meetings. A notice of cancellation will be sent out if the Board members decide a meeting is not necessary.

4. Appropriative Pool Committee Regarding Analysis of Residual Agricultural Pumping

Mr. Manning stated Monte Vista Water District had some issues related to the analysis of residual agricultural pumping as it relates to the loss of safe yield and had Watermaster staff put together, as part of the stipulation, some information. That was done and the Appropriative Pool asked that a sub-committee be established to review this issue to see if there could be resolution before the August 21<sup>st</sup> court hearing. The first meeting of that committee which is made up of sub-committee members Robert Tock, Ken Jeske, Anthony La, Dave Crosley, Raul Garibay, and Mark Kinsey, is to be held on August 6, 2008 from 1:00 p.m. to 4:00 p.m.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. COMMITTEE MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

A discussion regarding the CDA ensued. It was decided a conference call regarding the CDA issues will be held on August 8, 2008 at 10:00 a.m. A notice regarding this call will be sent out by Watermaster staff prior to the call.

**VII. FUTURE MEETINGS**

September 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 25, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 25, 2008	9:00 a.m.	Advisory Committee Meeting
September 25, 2008	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 12:05 p.m.

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

Minutes Approved: September 25, 2008