

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

December 18, 2008

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 18, 2008 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair
Bob Kuhn
Charles Field
Kathy Tieg
Jim Bowman
Terry Catlin
Bob Bowcock
Jeff Pierson
Geoffrey Vanden Heuvel

City of Upland
Three Valleys Municipal Water District
Western Municipal Water District
Cucamonga Valley Water District
City of Ontario
Inland Empire Utilities Agency
Vulcan Materials Company
Agricultural Pool
Agricultural Pool

Watermaster Staff Present

Ken Manning
Sheri Rojo
Ben Pak
Danielle Maurizio
Sherri Lynne Molino

CEO
CFO/Asst. General Manager
Senior Project Engineer
Senior Engineer
Recording Secretary

Watermaster Consultants Present

Scott Slater
Michael Fife
Tom McCarthy

Brownstein, Hyatt, Farber & Schreck
Brownstein, Hyatt, Farber & Schreck
Wildermuth Environmental, Inc.

Others Present

Jennifer Novak
Bob Feenstra
Rob Vanden Heuvel
Steven Lee
Dave Crosley
Jack Safely
Mark Kinsey
Sandra Rose
Raul Garibay
Robert Tock
Dave Penrice
Pat Shields
Henry Pepper
Robert Tock
Michael Camacho
Marty Zvirbulis
Ken Jeske
David DeJesus
Ron Craig
Eunice Ulloa

Department of Justice/CIM
Ag Pool Dairy
Milk Producers Counsel
Reid & Hellyer
City of Chino
Western Municipal Water District
Monte Vista Water District
Monte Vista Water District
City of Pomona
Jurupa Community Services District
Aqua Capital Management
Inland Empire Utilities Agency
City of Pomona
Jurupa Community Services District
Visitor
Cucamonga Valley Water District
City of Ontario
Three Valleys Municipal Water District
RBF Consulting/Chino Hills
Chino Basin Water Conservation District

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held November 20, 2008

B. FINANCIAL REPORTS

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

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008

*Motion by Catlin, second by Pierson, and by unanimous vote – Bowcock abstained on C2
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. MOU COOPERATIVE EFFORTS FOR MONITORING PROGRAMS BETWEEN THE INLAND EMPIRE UTILITIES AGENCY AND THE CHINO BASIN WATERMASTER – BRIGHT LINE APPROACH

Mr. Manning stated the concept of this item has been discussed in great detail at past meetings. There is a previous agreement for monitoring with Inland Empire Utilities Agency and in 2007 there was some disparity regarding what some costs should be and how those numbers were determined. In the discussions over those costs it was decided among Watermaster and IEUA staff to adopt an approach which was referred to as the Bright Line Approach. The concept is that IEUA and Watermaster would divide the monitoring work and the information gathered from that monitoring will be cooperatively shared. That particular agreement has been performed based on a handshake since January, 2008, and it has been working well for both parties, however, it now needs to be formalized in writing. This agreement has gone to the Pools and Advisory Committee and was approved unanimously.

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

Moved to approve the MOU Cooperative Efforts for Monitoring Programs between the Inland Empire Utilities Agency and the Chino Basin Watermaster – Bright Line Approach, as presented

B. PUBLIC INFORMATION COST SHARING AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY FOR 2009 COMMUNITY OUTREACH CAMPAIGN

Mr. Manning stated this is an item Watermaster has been working on with Inland Empire Utilities Agency since 2005. In 2005, IEUA and Watermaster had discussions with the Daily Bulletin regarding developing a public information program that assists our agencies in dealing with water issues; a proactive approach on recycled water, water reliability issues, scarcity outages, and other water related topics. The idea was to purchase a volume of ad space within the newspaper at a reduced cost. This ad campaign was very successful over the past years. Watermaster has been a contributor of \$10,000 per year and this is the amount staff is recommending at this time for another 12-month ad campaign. This will also include an on-line campaign. This agreement has gone to the Pools and Advisory Committee and was approved unanimously.

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

Moved to approve the Public Information Cost Sharing Agreement with Inland Empire Utilities Agency for 2009 for a 12-month Community Outreach Campaign, as presented

C. CONDITION SUBSEQUENT NO. 5

Mr. Manning stated this item is a follow up to the second phase of Condition Subsequent No. 5. Included on the back table is a draft legal document that would be filed with the court along with a copy of a new schedule that WEI has put together. Watermaster is required to update Condition Subsequent No. 5, and to submit the update along with the new schedule. At the upcoming hearing on February 2nd and 3rd the court has asked that Watermaster make a presentation on the physical solution. It was noted there is a draft pleading on the back table for review on this item. This only pertains to Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. WEI has been replaced with Black & Veatch and the Conservation District for some of the budgeted tasks. Other dates have been trued up after discussions with Black & Veatch and the Conservation District. This item has gone to the Pools and Advisory Committee and was approved unanimously.

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

Moved to approve the January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent No. 5 to be filed with the court, as presented

D. AGRICULTURAL POOL REALLOCATION PROCEDURE

Mr. Manning stated this item relates to a proposed accounting procedure should there ever be a potential decline in Operating Safe Yield. Mr. Manning stated pursuant to a stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in Condition Subsequent No. 8, a comprehensive analysis and explanation of how and whether Watermaster will calculate replenishment obligations, in light of the model's predicted safe yield decline over time. The Stipulation further required Watermaster to produce information regarding an expected range of Agricultural Pool production prior to July 1, 2008. Watermaster produced this information and at the June 26, 2008 Appropriative Pool meeting, the Appropriative Pool decided to convene a subcommittee to discuss the development of a procedure to respond to this information. At the August 6, 2008 meeting of this subcommittee, staff and legal counsel were asked to put together information for consideration by the subcommittee members. Staff and legal counsel were asked to memorialize a proposed resolution of the method of reallocating Agricultural Pool water in the event of a reduction in Operating Safe Yield, and to create spreadsheets that document the results of a range of other methods. On September 8, 2008, Watermaster distributed these materials to the subcommittee and requested comments. Mr. Manning stated the recommendation provided comes from the sub-committees decision and it was noted two parties were in opposition to the sub-committees recommendation; the City of Chino and Jurupa Community Services District. Mr. Manning noted at the recent Agricultural Pool meeting that committee elected to take no position in this matter and at the Advisory

Committee meeting this morning the City of Chino and Jurupa Community Services District voted no. Mr. Geoffrey Vanden Heuvel stated he needed more information on this subject. Mr. Manning stated he did not attend the meetings. Mr. Manning stated the memorandum describes the provisions of the Peace Agreement, Peace II Agreement and the Rules and Regulations that create the need for the proposed procedure in light of a potential predicted decline in Operating Safe Yield. The procedure as proposed in the memorandum specifies that in the event that Operating Safe Yield is reduced because of a reduction in Operating Safe Yield, Watermaster will follow the Judgment, Exhibit "H," by first applying the unallocated Agricultural Pool water to compensate for the reduction in Safe Yield. If there is unallocated water left, Watermaster will then follow the remainder of the hierarchy according to the guidance provided by Peace Agreement I & II and the Rules and Regulations, as amended. A lengthy discussion regarding this issue ensued. Mr. Vanden Heuvel noted his concern over this approach. Counsel Slater stated in response to the discussion and Mr. Vanden Heuvel's concerns, counsel, and staff executed a stipulation with Monte Vista Water District wherein staff agreed to publish data about what the potential might be for the decline in safe yield and how it might be responded to. Mr. Kinsey and Mr. Crosley offered comment on their views on the issue. A discussion regarding the comments received ensued.

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

Moved to adopt the procedures for the Agricultural Pool reallocation procedure and instruct counsel to include a description of the procedures in the filing made in of with Condition Subsequent No. 8, as presented

Added Comment:

Mr. Feenstra stated he had a request for an agenda item for next month and asked Agricultural Pool legal counsel, Mr. Lee, to state the request. Mr. Lee stated there was a discussion that came up at the Pool and Board meetings last month regarding a budget transfer item on the funding of the farming portion of a TMDL Study that the Agricultural Pool deemed as a special project. It was requested at those meetings that Counsel Fife do an analysis on behalf of the Watermaster as to the term "Special Projects" and whether this TMDL Study meets the qualifications to become a special project. It is requested this item be placed on the agenda next month for consideration. Counsel Slater stated this counsel does not represent the Advisory Committee; we represent the Board and Watermaster and if there is a request for opinions, that request needs to come from the board. Mr. Manning stated, based upon the Board's direction, staff will have report on the issue of special projects, and then the item of the budget transfer issue will also be brought back if directed to do so. It was noted this item needs to be on the January, 2009, agenda. Mr. Geoffrey Vanden Heuvel offered comment on the TMDL Study. A discussion regarding this study being a part of SAWPA ensued. Counsel Slater stated with as much discussion that is being taken on this item it seems it should be officially added to the agenda.

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

Moved add this item to the agenda for purposes of discussion, as presented

It was noted what needs to be discussed is that the Agricultural Pool deemed this as a special project which should be paid by the Appropriative Pool as agreed to in the Peace Agreement and to define what is a special project. Counsel Slater reiterated the direction on this matter needs to come from the Board. A discussion regarding asking legal to define a special project ensued. It was noted this item will be placed on the agenda next month and legal counsel will provide the assistance needed to define special projects.

III. REPORTS/UPDATES

1. February 2, 2009 Hearing

Counsel Slater stated a rough draft outline will be distributed to the parties prior to it going to the court and one is available on the back table for review. This draft is open for comments and Counsel Fife noted that not all parties that are listed as witnesses have been contacted

prior to them being placed on the list. It was noted after comments are received, a second draft will be presented prior to it going to the court.

2. Condition Subsequent No. 7 Pleading

Counsel Slater stated the pleading on this is available on the back table; this is regarding Wildermuth's report on Condition Subsequent No. 7 and an update on Condition Subsequent No. 5. The pleading will be filed next week along with the recent interventions.

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

Moved to approve the Condition Subsequent No. 7 pleading for filing with the court, as presented

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities November 2008

Mr. McCarthy stated with regard to the Recharge Master Plan Wildermuth Environmental has been working with the Conservation District and their consultant to get their work going and working directly with Black & Veatch to help them interpret what the scope of work is. Water supply and demand and replenishment projections are complete; staff did use those in water supply demands plans in the Dry Year Yield expansion work. Mr. McCarthy stated he has spent a lot of time in the last few months working on compiling data for the Dry Year Yield expansion. Our role on that is to supply modeling support and to do a material physical injury analysis. Inland Empire Utilities Agency has not submitted a request to Watermaster for that analysis yet. Mr. McCarthy stated this portion work has been done in a study by the Dodson Group and should be reviewed. Work has been done on Condition Subsequent No. 7 which included a lot of double checking calibration periods, including work that IEUA has performed.

2. Progress Report on the AB303 Grant ASR Pilot Project in MZ1

Mr. McCarthy stated for MZ1, Wildermuth has been working with the state and the City of Chino Hills trying to get that contract signed. Mr. Manning noted all \$250,000 of AB303 grant was awarded to us. Work is being done on basin wide subsidence checking; a report on this will be done shortly. Portions of the monitoring for the Master Plan have begun.

C. FINANCIAL REPORT

1. Agricultural Pool Fund Analysis

Ms. Rojo stated this item is being presented at the request of the Advisory Committee last month to give an update of the history as to where the Agricultural Pool funds came from. At the Ag Pool meeting of June 16, 1988, the pool members ratified an agreement with the Appropriative Pool whereby the appropriators will assume all future Ag Pool administrative expenses, including special project expenses, in return for which the appropriators will receive an early transfer of the Ag Pools unpumped water rights. The Ag Pool transferred all pool administrative reserves at June 30, 1988, in the amount of \$59,852 to the Appropriative Pool effective July 1, 1988. In June, 1988, the Ag Pool sold 2,000 acre-feet of water in storage to Cucamonga County Water District. "Funds from this sale are to be held and invested by the Watermaster for future use as determined by the Ag Pool members in the amount of \$246,000." The 2,000 acre-feet of water was purchased in 1978 by the Ag Pool, in anticipation of having a future replenishment obligation. The \$246,000 has earned interest for the past 19 years. The Ag Pool "extra compensation" was taken from these funds beginning in 2001. Various "Mutual Agency Project Costs" have been paid out of the Ag pool funds on six different occasions since 1998 in amounts ranging from \$3,000-\$20,000 per year. The Ag Pool fund balance is approximately \$475,604 as of June 30, 2008.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated on page 131 of the meeting packet is Inland Empire Utilities Agency Legislative Report which a comprehensive and up-to-date report on both state and federal issues for your review on this item.

2. Recharge Update

Mr. Pak stated an updated handout on the recent recharge activities is available on the back table. Mr. Pak gave a presentation on the current state of the Watermaster recharge basins. Mr. Pak noted in November the storm water recharge as 677 acre-feet and the recycled water recharge was 229 acre-feet. On December 15, there was 1,380 acre-feet of storm water recharge and 600 acre-feet of recycled water recharge and the December numbers will be recalculated at the end of the month. Mr. Manning noted that the 1,380 acre-feet of capture that was the single largest day capture recorded for the Watermaster basins.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm from Brownstein, Hyatt, Farber & Schreck was to be here to make this presentation, however, due to weather conditions she was not able to be here in time. This presentation will be given at future meeting.

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

No comment was made regarding this item.

VII. FUTURE MEETINGS

December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting
January 8, 2009	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 8, 2009	9:45 a.m.	Annual Appropriative Pool Elections
January 8, 2009	10:00 a.m.	Annual Joint Appropriative & Non-Agricultural Pool Meeting
January 20, 2009	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 12:20 p.m.

Secretary: _____

Minutes Approved: January 22, 2009