

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
May 28, 2009

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 28, 2009 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
Michael Whitehead	Fontana Water Company
Michael Camacho	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Bob Feenstra	Agricultural Pool

Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Anthony La	City of Upland
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Bill Kruger	City of Chino Hills
Ron Craig	City of Chino Hills
Ken Jeske	City of Ontario
Mohamad El-Amamy	City of Ontario
Charles Moorrees	San Antonio Water Company
David DeJesus	Three Valleys Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Jeff Pierson	Ag Pool
Sandra Rose	Monte Vista Water District
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District
Terry Catlin	Inland Empire Utilities Agency

The Watermaster Board Meeting was called to order by Chair Willis at 11:06 a.m.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

No public comments were made.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

Added Comment:

Mr. Manning informed the parties present about Board member Charles Fields recent health conditions and noted Mr. John Rossi will be sitting in as his alternate until Mr. Fields returns. Mr. Manning stated a card is being passed around for the Board members to sign.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held April 23, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through March 31, 2009
4. Treasurer's Report of Financial Affairs for the Period March 1, 2009 through February 31, 2009
5. Budget vs. Actual July 2008 through March 2009

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 500 acre-feet of water from West Valley Water District. This purchase is made from WVWD's water in storage and is to be placed in CVWD's Excess Carryover Account. Date of Application: March 10, 2009
2. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,000 acre-feet of water from the Jurupa Community Services District Toward Replenishment Obligation. Date of Application: March 17, 2009
3. **Consider Approval for Notice of Sale or Transfer** – On March 9, 2009, Watermaster received Form 5 "Application to Transfer Annual Production Right or Safe Yield, with KCO, LLC (Koll) as Transferor and the City of Ontario (as Overlying Non-Agricultural party) as Transferee in the amount of 22 acre-feet – a permanent transfer of its share of safe yield. Date of Application: March 9, 2009

D. PERS AMENDMENT

Final Contract for Public Employee Retirement formula from 2.0% at 55 to 2.5% at 55

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

Moved to approve Consent Calendar A through D, as presented

II. BUSINESS ITEM**A. CHINO BASIN WATERMASTER 2009-2010 BUDGET**

Mr. Manning noted the 2009-2010 Budget is in the meeting package. Mr. Manning stated staff is looking at approving the budget as it was approved last year in that a revised budget will be presented half way through the fiscal year just prior to the Assessment Package approval with proposed revised numbers. Ms. Rojo reviewed the 2009-2010 budget and the 2008-2009 budget changes and summarized the Peace II portion and the MZ1 Long Term Plan portion of the budget. Ms. Rojo reviewed the 2009-2010 budget noting there is no COLA for Watermaster staff, there are 11 approved positions but only 10.25 are budgeted. Watermaster staff has worked to not increase administrative expenses, there are reductions in OBMP & Special Project categories, and Watermaster is still working to reduce "maximum benefit" related monitoring costs. Ms. Rojo examined the detailed portion of the Recharge Debt Service and Recharge O&M budget detail. Ms. Rojo reviewed several years of OBMP & Project Costs by Fiscal Year with and without recharge debt and recharge O&M in detail.

Motion by Camacho, second by Hofer, and by unanimous vote

Moved to approve the Chino Basin Watermaster 2009-2010 Budget, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. April 27, 2009 Hearing

Counsel Slater stated a copy of the notice of the ruling from the April 27, 2009 hearing is available on the back table. Chino Basin Watermaster was excused by Judge Wade on the final report on Condition Subsequent No. 5 which was a report on the progress in the development of the Recharge Master Plan Update and that is reflected in the notice. A third hearing is now scheduled for June 29, 2009 at 9:30 a.m. which will cover Program Elements No. 4, 5, and 6. Counsel Slater described the Program Elements in detail and noted staff is working with the City of Chino Hills and the City of Chino to decide how Program Element No. 4 will be presented.

2. Auction Price Floor Agreement and Storage & Recovery Agreement

Counsel Slater stated that this process is moving forward at the Pool level. There has still been no action taken by the underlying Pools with regard to making a formal recommendation or to bring a project forward to the Watermaster Board. The expectation is this item will be more complete and ready to be brought forward next month; hopefully, having board approval at the end of June. If this is approved in June it will be submitted to the court, with approval from the court 30 to 60 days later and then conduct the auction in the fall. There is some interest in developing an alternative to the straight auction process so that in the event the auction process does not yield the results that the parties are looking for. This possible alternative will assist the parties in not losing the opportunity negotiated under Peace II documents. The key questions that will be presented to the Watermaster Board will be the Storage & Recovery Agreement; no party can hold a storage account in the Chino Basin unless they hold an approved storage agreement. The approval must be from the Watermaster Board and from the court. Included in the approval there must be a finding of no material physical injury; Wildermuth Environmental will develop that analysis. There has been a lot of discussion regarding broad benefit and those discussions included the notion that the auction process may not be the best way to proceed. Counsel Slater stated under the Peace Agreement there is a requirement that all of the revenue secured from a Storage & Recovery Agreement, must be earmarked for the members of the Appropriate Pool; however, it cannot be discriminatory or discreet so that only certain members of the pool benefit and there will need to be a finding that all parties of the pool are benefitted. Staff is working with the parties to try and develop a standard to present to the Board members so you can conclude a broad benefit is being provided. A lengthy discussion regarding this matter ensued.

3. Application for Storage Account

Counsel Slater stated this was a business item on the Pools agenda that has been moved to reports for the Advisory Committee and Watermaster Board meetings. Counsel Slater stated this is the application by Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District for the MET DYY Expansion. The Appropriate Pool voted to table this item for this month and to move it to the agenda for next month; the materials were kept in the packet for reference and transparency.

B. ENGINEERING REPORT1. Brooks Basin Recharge Recycled Water

Mr. Wildermuth stated there are three items to report on today with the first being the Brooks Basin Recharge Recycled Water permit. Mr. Wildermuth stated Watermaster and IEUA must meet certain recycled water contributions at each basin over a rolling 60-month average. IEUA proposed to amend the Watermaster and IEUA recharge permit to expanding the dilution period from 60 to 120 months. Both the Department of Public Health (DPH) and the Regional Water Quality Control Board (RWQCB) appear to be supportive of this permit expansion. Mr. Wildermuth noted that the City of Pomona has expressed concern that this is a material change from the current permit, due to water quality concerns at its nearby wells and that IEUA should make a new application to Watermaster for analysis and approval pursuant to the Peace Agreement. Mr. Wildermuth reviewed a table from the 2010 Recharge Master Plan Perspective for the Chino Basin Recycled water

Groundwater Recharge Program in detail. Several maps were reviewed in detail. Mr. Wildermuth stated for the Phase II recycled water recharge application, Watermaster found no material injury provided that IEUA could obtain DPH approval and a permit from the RWQCB. Mr. Wildermuth stated they would both likely come to the same conclusion if the proposed dilution period was extended from 60 to 120 months. Mr. Wildermuth reviewed the TDS projections for the Chino Basin North Management Zone which included Max Benefit Objectives and Ambient TDS concentrations. A brief discussion regarding Mr. Wildermuth's presentation ensued.

2. Storage Losses

Mr. Wildermuth stated Watermaster currently assesses a 2% loss to water in storage accounts pursuant to the Peace Agreement. Staff was asked to re-evaluate the storage loss amount given the additional data collected by Watermaster and based on the new high resolution model. Mr. Wildermuth discussed the storage loss term and noted the linear reservoir theory is commonly applied in hydrology models to describe groundwater discharge to streams. Mr. Wildermuth reviewed the charts, Cumulative Change in Chino Basin Groundwater Storage for Each Alternative, Comparison of Projected Difference in Annual Santa Ana River Discharge at Prado for DYY Expansion Program Alternatives Relative to Baseline, and Approximate Relationship between Incremental Changes in Storage and Incremental Changes in Groundwater Discharge in Santa Ana River in detail. In summary, it appears that the use of 2% as a storage loss factor is consistent with the model results. A lengthy discussion regarding storage losses ensued.

3. Recharge Master Plan Update

Mr. Wildermuth gave the 2010 Recharge Master Plan Update Progress Report presentation. Mr. Wildermuth reviewed the current Storm Water Recharge, Safe Yield – pending storm water work, Production and Recharge Optimization, and Projection and Recharge Optimization, including the problems and the solution approach. Several estimated drawdown maps between 2006 and 2030 were reviewed in detail. Figures examining simulated groundwater water levels in the service areas of Cucamonga Valley Water District, the City of Ontario, and Jurupa Community Services District were reviewed in detail. Mr. Wildermuth stated supplemental water requirements are done and most of the data collection is done with major efforts to begin in late June. The schedule is being adjusted to reflect actual and a draft report should be ready next February. A brief discussion regarding the Recharge Master Plan Update ensued. Mr. Manning stated a workshop will be held to discuss this item in greater detail.

C. FINANCIAL REPORT

1. Hanson Settlement

Ms. Rojo noted the settlement was discussed at previous meetings. Ms. Rojo stated the settlement is for damages caused by Hanson Aggregates at the Lower Day Basin. The settlement amount is \$450,000.00 and a check in the amount of \$117,000 has been received. Staff has come up with a plan as to how to equitably breakdown those monies as they come in along with how it will be allocated. Ms. Rojo reviewed the Hanson Expense Analysis slide in detail.

2. Replenishment Obligation Update

Ms. Rojo stated this item deals with our Current Unmet Replenishment Obligation (CURO); there is still a 13,000 acre-foot replenishment obligation from the previous year that staff is looking to come up with sources of water to meet. Ms. Rojo discussed interest income, and how interest earnings attributed to money held for purchasing replenishment water will have that interest unedited to the replenishment water funds.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning noted the slide show that was playing on the screen as people walked in to the meeting room were of photos taken at the recent ACWA Conference in Sacramento. The protest demonstration was the very first for ACWA and was held right in front of the Governor's office. Mr. Manning offered comment on the demonstration efforts. Mr. Manning stated IEUA puts together a very detailed report on legislative issues and those sheets start of page 285 in the meeting packet for your review. Mr. Manning stated the first issue out of four of the National Geographic magazine on water is now available, it is a very informative magazine, and you can even get your logo printed on the back of it.

2. Recharge Update

Mr. Manning stated the most recent recharge update is available on the back table for review.

3. Foothill Water Coalition

Mr. Manning stated the parties will see an agreement regarding the Foothill Water Coalition in the next 30-60 days. Mr. Manning gave an overview of what the Foothill Water Coalition is and does. One of the projects that this coalition is working on has tremendous benefit to the Chino Basin is the connection between the two pipelines that will connect the Agua De Lejos and WFA facility; this will also allow for a turnout for the Chino Basin to pull water off of that when there are times that other water districts water is not available to us. The estimated cost to join is \$10,000 which gets Watermaster involved in the project and at the table; this is a onetime payment. More information will be provided future meetings.

4. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning noted this agreement will be brought back next month.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

No confidential session was called to order.

VIII. FUTURE MEETINGS

May 28, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
May 28, 2009	9:00 a.m.	Advisory Committee Meeting
May 28, 2009	11:00 a.m.	Watermaster Board Meeting
June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 25, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

Minutes Watermaster Board Meeting

May 28, 2009

The Watermaster Board meeting was dismissed by Chair Willis at 11:53 a.m.

Secretary: _____

Minutes Approve: June 25, 2009