

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

July 22, 2010

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 22, 2010 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair
Michael Camacho
John Rossi
Bob Kuhn
Michael Whitehead
Kevin Sage
Tom Haughey
Bob Feenstra
Jeff Pierson

West End Consolidated Water Company
Inland Empire Utilities Agency
Western Municipal Water District
Three Valleys Municipal Water District
Fontana Water Company
Vulcan Materials Company
City of Chino
Agricultural Pool
Agricultural Pool

WATERMASTER BOARD MEMBERS ABSENT

Charles Field
Geoffrey Vanden Heuvel
Paul Hofer
Bob Bowcock

Western Municipal Water District
Agricultural Pool
Agricultural Pool
Vulcan Materials Company

Watermaster Staff Present

Kenneth R. Manning
Joe Joswiak
Danielle Maurizio
Ben Pak
Sherri Lynne Molino

Chief Executive Officer
Chief Financial Officer
Senior Engineer
Senior Project Engineer
Recording Secretary

Watermaster Consultants Present

Scott Slater
Michael Fife
Mark Wildermuth
Andy Malone

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

Others Present Who Signed In

Jack Safely
Mark Kinsey
Dave Crosley
Mike Maestas
Ryan Shaw
Robert DeLoach
David DeJesus
Rick Hansen
Steve Kennedy
Josh Swift
Steven G. Lee
Jennifer Novak
Jeff Pierson
Bob Feenstra

Western Municipal Water District
Monte Vista Water District
City of Chino
City of Chino Hills
Inland Empire Utilities Agency
Cucamonga Valley Water District
Three Valleys Municipal Water District
Three Valleys Municipal Water District
Three Valleys Municipal Water District
Fontana Water Company
Reid & Hellyer for the Agricultural Pool
State of California, Dept. of Justice, CIM
Ag Pool – Crops
Ag Pool – Dairy

Pete Hall
Mohamed El-Amamy
Brian Geye
Tom Harder
Gary Meyerhofer

State of California- CIM
City of Ontario
Auto Club Speedway
Jurupa Community Services District
Carollo

Chair Willis called the Watermaster Board meeting to order at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Mr. Manning stated there is a correction to the proposed minutes for Item D for the motion and the second; when the minutes are approved it will be with the changed names for the motion. Mr. Manning stated there will be a discussion regarding the county negotiations and it was anticipated there would be a tentative agreement for the parties to review today; however, it is not yet completed so there is no need to call a closed session.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held June 24, 2010

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

Moved to approve Consent Calendar item A, as presented

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2010
2. Watermaster Visa Check Detail for the month of May 2010
3. Combining Schedule for the Period July 1, 2009 through May 31, 2010
4. Treasurer's Report of Financial Affairs for the Period May 1, 2010 through May 31, 2010
5. Budget vs. Actual July 2009 through May 2010

Item B was pulled for a separate discussion and motion. A lengthy discussion regarding the financial report items and why they were pulled ensued. Mr. Manning noted he is working with Watermaster's CFO to have the financials presented to the Pools, Advisory Committee, and Watermaster Board in a different format which will provide more detailed information than in the past which should alleviate some or all questions; this new format will show up on the August agenda packages. Mr. Kuhn offered comment on allowing the other parties, who are not in the process of suing Watermaster, to see the bills in question. Counsel Slater stated the issue is not the inspection of the bills, and what staff intends to do is present a policy whereby the bills can be inspected. The issue currently is the distribution of the bills to the parties in which some are receiving the bills in full and others are receiving them redacted. A policy is being created so that all parties can inspect the bills at the Chino Basin Watermaster office. A discussion regarding this matter ensued.

Motion by Kuhn, second by Camacho, and by majority vote – Non-Agricultural Pool voted no and the Agricultural Pool voted no

Moved to approve Consent Calendar item B, as presented

II. BUSINESS ITEMS

A. SUMMARIZED MINUTES

Mr. Manning stated this item was added at the request of Director Vanden Heuvel last month. The minutes being presented the last few months have been motions only and the cost for verbatim minutes was presented during the budget process. Director Vanden Heuvel commented at the last meeting more than motions need to be in the records and wanted to present having the minutes done in summarization format as has been done for the past several years. Other parties have changed their minutes to summarization format and the Non-

Agricultural Pool continues to only want motions presented in their minutes. Mr. Manning stated staff will write summarized minutes without reflection of opinions and the tapes will remain available to all parties.

Motion by Pierson, second by Haughey, and by unanimous vote

Moved to approve minute format back to summary format, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. CDA Facilitation

Counsel Slater stated staff and counsel have been working with members of the CDA and the expansion groups in an effort to try to bring closure to the agreements that were required for the Phase II Expansion of the Chino Basin Desalters. Several meetings have taken place with all of the parties involved including their lawyers and consultants. Counsel Slater stated it appears the parties seem poised to reach an agreement on all of the substantive terms among the parties; the issues of deal structure, timing, payment, and all key material terms among the parties appear to be done. There is a drafting exercise which needs to catch up with the dialog that has taken place within the group. Counsel Slater stated it is anticipated parties will see the first draft of the underlying agreements in the August Board agenda package. Counsel Slater reminded the Watermaster members that they are not a signatory to the agreement; however, parties want to be ensured progress is being made. Counsel Slater reviewed some of the further external obligations that need to be addressed; this should all be ultimately worked out. Counsel Slater offered comment on the concerns of possible subsidence and on water quality issues. Counsel Slater offered comment on issues regarding the Recharge Master Plan and noted he is confident there will be resolve to all the issues. Counsel Slater also noted that in August there will be completion on documentation.

2. Non-Agricultural Pool Volume Vote Changes

Counsel Slater stated there is ongoing dialog presently between the Non-Agricultural Pool and staff. The report from the Advisory Committee is the Non-Agricultural Pool would like to seek an amendment in their Pooling Plan and specifically the way in which the volume vote is calculated. The change would parallel and/or mirror the Appropriate Pool's volume vote. The Non-Agricultural Pool would like to accomplish this change as quickly as possible and have it put through the Watermaster process, and for Watermaster to make the request on their behalf to amend the Judgment so that their Pooling Plan would be conformed in a way to address this change in their internal voting. Counsel Slater stated this is an item that this Board would need to refer into the Watermaster process and comes to you from the Non-Agricultural Pool as their request. Staff and counsel feel it is completely appropriate to refer it into the Watermaster process. Counsel Slater stated if Watermaster is making the request, the Board will have to authorize counsel to file a pleading to amend the Judgment which is an amendment to the Pooling Plan. If the Board was not to do this, then the Non-Agricultural Pool would have to file its own request to amend the Judgment. After this item has gone through the Watermaster process and it comes back to this Board with unanimous support, it makes the Board's job much easier than having a split house in having the decision if the Pooling Plan should be amended. Counsel Slater stated an action or motion is needed to refer this subject back through the Watermaster process.

Motion by Sage, second by Pierson, and by unanimous vote

Moved to approve to put the new Non-Agricultural Pool volume vote changes and authorize to put through the Watermaster process for recommendation, as presented

B. ENGINEERING REPORT**1. Presentation on the Achievement of Hydraulic Control and the Potential for Land Subsidence**

Mr. Manning introduced Mr. Malone's presentation and noted this is a report that was requested by the Agricultural Pool. This same report was given at the recent Agricultural Pool meeting this month. Staff felt it important to bring it to the Advisory Committee and Watermaster Board since it was requested in part by Director Vanden Heuvel. Mr. Malone gave the Achievement of Hydraulic Control and the Potential for Land Subsidence presentation which included several detailed graphs, maps, and charts. Mr. Malone stated his objective today is to educate and answer any questions. Mr. Malone discussed what the Regional Board is looking for to achieve Hydraulic Control. A discussion regarding some of the wells in the dairy areas that are going to be eventually developed over ensued. Mr. Wildermuth offered comment on the City of Chino and the City of Ontario who provided Wildermuth a projection of their future pumping needs. Mr. Wildermuth noted a tremendous amount of work and time has been put into trying to figure out how they could best pump to minimize interference. A discussion regarding Mr. Wildermuth's comments ensued. Mr. Manning stated some of the slides clearly show that the problem areas, both from the Regional Board's perspective and from Watermaster's perspective, is in the shallow zone and the need to pump from the shallow zone is where Watermaster has its concern. The deep zone is good for water quality purposes; however, Watermaster's interest is in the upper zone. Mr. Manning commented on the two areas of subsidence that are of concern. Mr. Manning noted one of the most important matters to take away from this presentation is that as Watermaster staff presents future budgets, it will include costs for additional monitoring as we move through this process of the development of the six wells. Watermaster will be part of the monitoring program and will be bringing back information through the Watermaster process including proposals over a series of years to increase our monitoring capabilities in the Chino Creek area.

Added Comment:

Mr. Manning stated Watermaster is finishing up its fourth quarter production numbers and noted staff is still missing approximately five producer's information. This information is needed in order to get the Water Activity Reports out.

C. CEO/STAFF REPORT**1. Legislative Update**

Mr. Manning stated there is an article handout on the back table that discusses the bond issues and the delay of the bond. Mr. Manning offered comment on the current activities regarding the bond matter. Chair Willis stated there are many organizations that want to have the bond on the ballot this year because they want to see it defeated, and they are not interested in delays. Mr. Manning briefly discussed a few legislative bills currently being looked at. The California Groundwater Coalition (CGC) has been watching 2304 of which the CGC is one of the co-sponsors along with the Groundwater Resources Association (GRA). That bill has made it through the assembly to the senate committees and is now scheduled to go to the senate floor soon. If this bill passes the senate, it will go onto the governor's office for signature.

2. Recharge Update

Mr. Manning stated the year end recharge data information spreadsheet is provided in your packets. Mr. Manning stated overall this year is characterized as a very good year for recharge despite the problems with obtaining imported water through the Metropolitan Water District. Mr. Manning stated the recharge basins were able to take in over 5,000 acre-feet of imported water; the rate is still not known. The Cumulative Unmet Replenishment Obligations (CURO) was assisted by taking in that imported water. Mr. Manning reviewed the storm and recycled water year end numbers in detail.

Mr. Manning thanked Inland Empire Utilities Agency, Chino Basin Water Conservation District, and the Flood control for their efforts and support this past year.

3. Policy Manual / Database Management

Mr. Manning stated the Policy Manual/Database Management process is going to be starting back through the process. Mr. Manning noted Watermaster staff was directed to bring it back through the process in pieces for review starting in September. Some of the items that will be brought forward came out of the Paragraph 31 Motion discussions. Mr. Manning offered comment on what staff and counsel are going to be working on for a newly revised Database Management plan. Mr. Manning noted for the Appropriative Pool members this should be a fairly easy task, the Non-Agricultural Pool is also not going to be a huge undertaking; however, the Agricultural Pool is going to be the lions share of the work for this project. Mr. Manning noted he has discussed this at the Agricultural Pool meetings and that effort will need to be a joint effort with them, possibly in a sub-committee, due to so many of the Agricultural producers moving, selling wells, etc. In many cases this might include intervening people/parties to the Judgment, as well as purging people/parties from the Judgment.

4. Local Storage Agreement from the City of Fontana

Mr. Manning stated Watermaster is holding a workshop today at 1:00 p.m. on local storage. This issue was raised during, and following, the Peace II process. Mr. Manning stated with the application submitted by the City of Fontana for storage that opened the door for discussions on a number of issues relative to storage, storage agreement, and losses.

5. October 4th & 5th for Strategic Planning Conference

a) October 3rd – CBWM 6th Annual Golf Tournament

Mr. Manning stated Watermaster will be holding its 6th Annual Strategic Planning Conference on October 4th and 5th locally at the Frontier Project. The Sunday prior will Watermaster will be hosting a small golf tournament and kick off reception at the Sierra Lakes Golf Course. Mr. Manning stated the main topic discussed at the conference will be the implementation of the Recharge Master Plan. Mr. Manning stated discussions will include policy issues, scheduling issues, funding issues, and how we start to move through those subjects.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Rossi offered comments on the recent activities of the Santa Ana Sucker. Mr. Manning noted there is a current handout on the Santa Ana Sucker available on the back table. A discussion regarding this matter ensued.

Chair Willis offered closing comments regarding this past year's legal issues, personnel issues, auction issues, and overall happenings at the Chino Basin Watermaster. Chair Willis noted Mr. Manning had gone through his CEO evaluation and it was a very good evaluation and he was given tasks to begin and complete. Chair Willis stated Watermaster has a budget for legal expenses which was approved by the parties; however, it appears the budget for legal exceeds the budget amount and asked staff and counsel to compile a legal budget and/or budget analysis for review.

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.

- 1) Settlement with the Chino Airport

No confidential session was called.

VIII. FUTURE MEETINGS

Thursday, July 22, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, July 22, 2010	1:00 p.m.	Workshop on Local Storage @ CBWM
Tuesday, July 27, 2010	9:00 a.m.	GRCC Technical Committee Meeting @ CBWM
Thursday, August 5, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, August 5, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, August 12, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, August 19, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, August 19, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, August 26, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Watermaster Board meeting was dismissed by Chair Willis at 12:07 p.m.

Secretary: _____

Minutes Approved: August 26, 2010