

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

February 24, 2011

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 24, 2011 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair
Steve Elie
Bob Bowcock
Bob Kuhn
Paula Lantz
Tom Haughey
Charles Field
Geoffrey Vanden Heuvel
Paul Hofer

West End Consolidated Water Company
Inland Empire Utilities Agency
Vulcan Materials Company (Calmat Division)
Three Valleys Municipal Water District
City of Pomona
City of Chino
Western Municipal Water District
Agricultural Pool
Agricultural Pool

Watermaster Staff Present

Kenneth R. Manning
Joe Joswiak
Danielle Maurizio
Ben Pak
Sherri 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

Robert DeLoach
Kathy Tieg
Jolynne Russo-Pereyra
Jack Safely
Mohamed El Amamy
Tim Mim Mack
Dave Crosley
Ron Craig
John Mura
Raul Garibay
Curtis Paxton
Steven G. Lee
Bob Feenstra
Jeff Pierson
Mark Kinsey
Ken Jeske
Brian Geye
Ryan Shaw
Terry Catlin
Eunice Ulloa

DeLoach & Associates
Cucamonga Valley Water District
Cucamonga Valley Water District
Western Municipal Water District
City of Ontario
City of Ontario
City of Chino
City of Chino Hills
City of Chino Hills
City of Pomona
Chino Desalter Authority
Reid & Hellyer for the Agricultural Pool
Agricultural Pool
Agricultural Pool
Monte Vista Water District
California Steel Industries
Auto Club Speedway
Inland Empire Utilities Agency
Inland Empire Utilities Agency
Chino Basin Water Conservation District

David DeJesus
Robert Young
Sheri Rojo

Three Valleys Municipal Water District
Fontana Water Company
Consultant for Fontana Water Company

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

RECOGNITION OF KEN MANNING

Chair Willis presented Mr. Manning with a Commendation and offered his gratitude on his six and-a-half years of dedicated work on so many projects and offered his best wishes on his new position at the San Gabriel Basin Water Quality Authority on behalf of the entire Chino Basin Watermaster Board.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Annual Watermaster Board Meeting held January 27, 2011

B. FINANCIAL REPORTS

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

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

Moved to approve Consent Calendar items A and B, as presented

II. BUSINESS ITEMS

A. TURNER BASIN EXCAVATION COST SHARING AGREEMENT

Mr. Manning stated the agreement that is in the meeting package has been altered slightly and the revised agreement is on the back table. The alterations are from conversations that took place with Inland Empire Utilities Agency (IEUA) to incorporate into the agreement a 15% contingency clause so this item does not have to come back for revisions later. Mr. Manning stated staff has consented to the change and those changes are included in the handout agreement. Mr. Manning stated staff will be working with IEUA on the development of the environmental work and the grading plan for the parcel. Mr. Manning stated the ability to get the parcel included within the Milliken Project will be a tremendous savings for both IEUA and Watermaster in the development of another recharge basin. Mr. Manning stated by having the environmental work and the grading plan completed this will get the project started. A discussion regarding the revised dollar amount and the possible traffic study ensued. Mr. Manning stated that the money for this project is not budgeted and that discussion will take place under the CFO item on the agenda. Mr. Manning noted this will be a line item transfer that will be done later in the fiscal year. A discussion regarding the location of this property and the priority of this basin being completed ensued. A question regarding the contract being for O&M work to an existing basin or for capital to develop additional recharge was presented. Mr. Manning stated the money that is being put into this agreement is for the environmental and grading plan; there is no money for any work to be done on the basin or any O&M and that will be included in the O&M budget that is done yearly after the project is completed. Mr. Manning stated a line item transfer will have to be done and staff will have to create an item for this project, and explained this item in detail as a Cost Sharing Agreement. Mr. Manning stated this item has been through the Pools and Advisory Committee and comes to the Board with unanimous support. Ms. Rojo offered

comment on unexpended funds and basin projects. Mr. Manning stated Fontana Water Company does not have a problem with the project; only consistent accounting practices. Mr. Manning stated at a recent meeting Ms. Rojo committed to putting those concerns in writing. A discussion regarding this matter ensued.

Motion by Vanden Heuvel, second by Haughey, and by majority vote – Elie abstained

Moved to approve the Turner Basin Excavation Cost Sharing Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. RFP FOR OUTSIDE AUDIT FIRM

Mr. Manning stated Chino Basin Watermaster has been using Mayer Hoffman McCann as our outside audit firm for the last five years. As part of the discussions that have come based on recommendations made by the State Controller's Office and parallel positions that other agencies are going through, it is Watermaster's opinion this should go out for an RFP. Mr. Joswiak has been tasked with putting together the basis for an RFP and then to move it through the Watermaster process; staff does not want to hold up its yearly outside audit which will begin in a few months. Mr. Joswiak referred to page 65 and page 66 of the meeting package which is Watermaster's staff letter regarding this item and Mr. Joswiak noted staff does recommend a request for this RFP. Mr. Joswiak offered background and comment on this item.

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

Moved to authorize Chino Basin Watermaster to go out for RFP for an outside audit firm, as presented

C. WELL LOCATION OF WELLS I-19, I-20, AND I-21

Mr. Manning stated Mr. Malone is here today to answer any questions regarding the well locations I-19, I-20, and I-21. Mr. Manning stated staff has been in discussion with the Chino Desalter Authority (CDA) and, as these types of items move forward, Watermaster has taken on the role as a close partner with the CDA to make sure there is no lapse in time for moving forward. Mr. Manning stated Watermaster is in this partnership that has been developed with the CDA, and has been working with them to make sure that as they make decisions that those decisions are, in fact, aligned with the Hydraulic Control mission that Watermaster is concerned about. Mr. Manning commented on the previous wells that were approved. Mr. Manning stated we are now in the position to evaluate the locations of the final three wells. Mr. Manning stated Wildermuth Environmental has gone through an evaluation, and included in this item is the recommendation to approve the well locations for I-19-, I-20, and I-21. Mr. Malone gave his presentation and reviewed a map which shows the existing wells and the proposed new well locations and discussed the item in detail. Mr. Manning stated this approval did go through the Pool process and to the Advisory Committee, and those committees did support this action 100%; however, there was a contingency to pump within the shallow zone. Mr. Manning stated this is the same contingency that was discussed during previous meetings and this is not a problem with the CDA or the designs. A lengthy discussion regarding this matter ensued.

Motion by Vanden Heuvel, second by Bowcock, and by unanimous vote

Moved to approve well locations of wells I-19, I-20, and I-21, as recommended by Watermaster staff with no deep zone pumping, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Desalter Resolution

Counsel Slater stated the Desalter Resolution requires no further action from this Board; however, there were conditions subsequent that needed to be satisfied prior to this item being moved onto the court. Counsel Slater stated the sole contingency for this item is the Metropolitan Water District's (MWD) review and approval of the LRP Funding; that evaluation has been preceding through MWD and has been through the managers committee and has received approval. This is expected to be scheduled before MWD in

April and all are expecting a favorable outcome. With the approval, this will move from the approval stage to the implementation stage. Counsel Slater stated this is important because the parties and Watermaster's expectation is that a predicate to the economic cap X expenditures is dependent on having further court authorization. Counsel Slater stated with being so close to completion, counsel will request the court extend the court date 30-90 days for the ultimate approval of the Resolution, and request direction from the court forthwith. Mr. Vanden Heuvel inquired about the intersection between the Chino Airport Plume and this project. Counsel Slater stated as far as the Resolution is concerned, there is no further contingency that needs to be satisfied before we would move to court. There is an ongoing parallel dialog that is occurring between Watermaster, CDA and the County with regard to how the economic exposure is going to be satisfied. Counsel Slater stated this might be better discussed during closed session. Counsel Slater stated this is an important issue; they are following a parallel path and one is not the prerequisite of the other.

2. Paragraph 31 Appeal

Counsel Slater stated the efforts to achieve settlement through the Court of Appeals supervised mediation were unsuccessful. Several of the Watermaster Board members participated in that mediation effort and consequently the court has ordered the parties to proceed with the appellate process with the opening brief from the appellant's due March 8, 2011. This will then trigger responding requirements from Watermaster and this process will be gone through this spring, with the expectation of having a hearing set sometime in 2011.

B. ENGINEERING REPORT

1. Basin Land Subsidence Committee Meeting Update

Mr. Malone stated he has reported to this pool in previous meetings regarding the purpose and the need for this committee meeting. This is now a basin wide committee and will hold a series of meetings leading up to a recommendation to Watermaster for a scope of work for next year. Mr. Malone stated some of these proposals that are being discussed in these meetings are for a variety of important projects. The first meeting was held last month and was a well attended meeting by parties that are directly impacted by land subsidence, and other parties to the north and to the east that are not impacted by subsidence; however, are impacted financially. A second meeting was held at the Wildermuth offices and this meeting was much more technical in nature. The next meeting is going to be prior to the Watermaster Board meeting on February 24, 2011, at 9:00 a.m. and then should fall back into its intended time slot of directly after the Advisory Committee meetings every month. A discussion regarding Mr. Malone's presentation ensued.

2. MZ3 Recharge Opportunities Effort

Mr. Malone stated the Recharge Master Plan was updated last year in 2010 and there were a number of recommendations in that effort and report. The Riverside County Flood Control and Water Conservation District has come to Watermaster and expressed some interest in being a financial partner in implementing some recharge projects that would benefit Riverside County, specifically Jurupa Community Services District and the Santa Ana River Water Company. Mr. Malone stated these would be the recharge projects that were recommended in Management Zone 3 area. Mr. Malone stated Watermaster staff, Wildermuth Environmental staff, Chino Basin Water Conservation District staff and consultants came back and refined some recommendations out of the Recharge Master Plan Update in this MZ3 area. Mr. Malone stated this group came up with approximately 5,500 acre-feet of additional recharge, mainly storm water recharge, which could be captured and recharged in that area, and came up with some cost estimates also. Mr. Malone stated those estimates would be cost competitive with the Metropolitan Tier II rate. Those recommendations and cost estimates are now going to be shared with the Riverside County Flood Control and Water Conservation District. Mr. Malone stated he and Watermaster staff will keep the parties apprised on these efforts. Mr. Manning stated that, based on those recommendations and cost estimates that were done by the Conservation

District and Wildermuth Environmental, a letter was composed and sent to the City of Riverside. This letter asked them to give consideration to partnering with Watermaster and in the development of MZ3 recharge opportunities; the information from the sub-committee was also provided to them. Mr. Manning stated Watermaster has not yet heard back from them; however, they have made it known that they are very interested. Mr. Manning noted Mr. Pak attended their first budget meeting and at that meeting made comments to them to the same affect that this would be a welcome participation. A discussion regarding land subsidence ensued. Mr. Manning stated the highest priority area is the Chino Creek Well Field development because those, along with the current commitments in the management zone, are the highest priority areas for subsidence in the basin. The next meeting is going to be further refining those costs in those areas. There was also some discussion of possibly some benchmarks installed up in the Pomona area, and costs will be reviewed on those as well. As staff, consultants, and the agencies throughout the basin look at those, they will be further refined before the budget recommendations are made. Mr. Vanden Heuvel offered comment on capital costs and spending.

3. Chino Creek Well Field Well I-18 Design

Mr. Malone stated this is an information item which shows the Chino Creek Well Field well design for well I-18. Mr. Malone presented several slides and reviewed them in detail. Mr. Malone showed a slide that demonstrated the areas that were screened which were in the shallow aquifer system and then showed the screens that go down into the deeper aquifer system; this is not alright with Watermaster at this point in time. They have only been asked to pump from the shallow aquifer system and this was an interesting request from them. Mr. Malone offered a detailed report on how they are proposing to construct the well and the reason why. Mr. Vanden Heuvel stated he believes this might be a unique case here and directed the committee members to page 64 of the meeting packet. Mr. Vanden Heuvel offered comment on well I-18 regarding contaminates. Mr. Manning stated Mr. Vanden Heuvel has hit on at least one of the advantages of this particular well's design. Mr. Manning stated they will, in fact, be able to pull from the upper zone and deal with this issue of making sure subsidence does not occur; however, once the entire pumping régime has been established from the wells there, there is a desire amongst the CDA to explore the potential of going deeper with their pumping without causing subsidence. This is one of the reasons this is a priority for Watermaster in its MZ1 and subsidence issues. It is to include that area as a priority for this year. The expenditure for this year will be on the base data and allow them the option later by digging this deeper and having the well casing designed to take water from the deep so those options are available. A lengthy discussion regarding this issue ensued.

C. FINANCIAL REPORT

1. Expected Cost of Completion Mid-Year

Mr. Manning introduced this item with regard to the past six months of the Watermaster's budget. Mr. Joswiak noted this item is presented in the meeting package on pages 73 through 96. Mr. Joswiak noted this is the second quarter financial review. Mr. Joswiak gave the Expected Cost of Completion Mid-Year presentation and discussed each category item in detail. A discussion regarding the Chino Airport Plume and legal services ensued. Mr. Manning stated when we look at the positives and negatives through the budget half way through the year, even when you include the \$62,000 fine from the Regional Board there will not be any special assessment of the Appropriative Pool in order to be able to make up for all of those funds. A discussion regarding Mr. Manning's retirement ensued.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated he attended a California Groundwater Coalition meeting yesterday and at that meeting an updated legislative report was issued; a copy is available on the back table. Mr. Manning reviewed the state legislative report in detail. Mr. Manning gave a report on the federal legislative events in detail.

2. Recharge Update

Mr. Manning stated the most recent recharge spreadsheets are available on the back table. Mr. Manning stated January was a good month for recharge and it looks like February will be as good as December. Mr. Manning thanked Inland Empire Utilities Agency for their efforts in capturing storm water.

Added Presentation for Mr. Ken Manning's Resignation by Cucamonga Valley Water District:

Ms. Kathy Tiegs gave a clever candy presentation and a proclamation to Mr. Manning for his outstanding CEO job during his past six in a half years at Chino Basin Watermaster.

3. CEO Resignation

Mr. Manning stated it seemed just like yesterday when he first stepped into this room and the Board signed his first contract when Mr. Bob Neufeld was chairman of the Board. Mr. Manning summarized his last six-plus years and graciously thanked all the members, parties, and staff.

Other committee members and parties offered thanks and good-byes to Mr. Manning.

IV. INFORMATION

1. Cash Disbursements for January 2011
No comment was made regarding this item.
2. Semi Annual Report July through December 2010
No comment was made regarding this item.
3. Newspaper Articles
No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Bowcock commented on the recent passing of Les Richter and noted he was recently inducted into the Hall of Fame. Mr. Bowcock asked that today's meeting be adjourned in memory of him.

VI. OTHER BUSINESS

No comment was made regarding this item.

The regular open Watermaster Board meeting was convened to hold its confidential session at 12:10 p.m.

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.

The confidential session concluded at 1:09 p.m.

Reported Actions from Confidential Session:

1. **South Archibald Plume:**
 - a) Board authorized a sub-committee of Geoffrey Vanden Heuvel, Bob Bowcock, and Paula Lantz
 - b) Board appointed Scott Slater as the facilitator for the South Archibald Plume
2. **CEO Search:**
 - a) Board authorized a special meeting for March 17, 2011 at 1:00 p.m. for CEO interviews.
 - b) Board authorized Danni Maurizio on an interim basis the Chino Basin Watermaster Interim CEO.

VIII. FUTURE MEETINGS

Thursday, February 24, 2011	9:00 a.m.	Land Subsidence Committee Mtg. @ CBWM
Thursday, February 24, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, March 3, 2011	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, March 3, 2011	2:30 p.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, March 10, 2011	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, March 17, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, March 17, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, March 17, 2011	10:30 a.m.	Land Subsidence Committee Mtg. @ CBWM
Tuesday, March 22, 2011	9:00 a.m.	GRCC Meeting @ CBWM
Thursday, March 24, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, April 22, 2011	10:00 a.m.	Chino Basin Watermaster Court Hearing

The Watermaster Board meeting was dismissed by Chair Willis at 1:11 p.m. in memory of Les Richter who passed away June 12, 2010.

Secretary: _____

Minutes Approved: March 24, 2011