

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
May 12, 2005

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on May 12, 2005 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Dave Crosley, Chair	City of Chino
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Gerald J. Black	Fontana Union Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Mike McGraw	Fontana Water Company
Bill Stafford	Marygold Mutual Water Company
Rich Atwater	Inland Empire Utilities Agency
Mike Maestas	City of Chino Hills

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
Lorraine Aoy Edwards	Metropolitan Water District
Patricia Bonaparte	Metropolitan Water District
Chuck Schroeder	Metropolitan Water District
Justin Brokaw	Marygold Mutual Water Company
Allison Burns	CDA Asst. General Counsel
Craig Parker	Inland Empire Utilities Agency
Sylvie Lee	Inland Empire Utilities Agency
Paul Deutsch	GE/Geomatrix Consultants
Tom Harder	Geoscience
Mohamad El-Amamy	City of Ontario

Chair Crosley called the meeting to order at 9:06 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held April 14, 2005

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through March 31, 2005
3. Treasurer's Report of Financial Affairs for the Period March 1, 2005 through March 31, 2005
4. Profit & Loss Budget vs. Actual July 2004 through March 2005

C. WATER TRANSACTION

1. Consider Approval for Transaction of Notice of Sale or Transfer – Santa Ana River Water Company Leases and Assigned Jurupa Community Services District the Quality of 1,600 acre-feet of Corresponding Safe Yield; Date of Application: January 18, 2005

Motion by DeLoach, second by Black, and by unanimous vote – Non-Ag concurred

Moved to approve Consent Calendar Items A through C with the notation that the amount of water for the water transaction in item C is 1,600 acre-feet, as presented in the staff report and documents versus the 16,000 acre-feet as was listed on the agenda

II. BUSINESS ITEMS**A. AKB05020 MEMORANDUM OF AGREEMENT – CHINO BASIN DATA EXCHANGE SYSTEM DEVELOPMENT**

Mr. Manning reminded the committee members that Ms. Maurizio had given a presentation on this program in March. Mr. Manning informed the committee members that Ms. Maurizio had her baby – a boy a few weeks ago. It was also noted that this committee was going by several different names and the committee has come up with "Chino Basin Data Exchange System Development, "or for short" DataX" as their permanent committee name. This agreement is a mutual understanding between Inland Empire Utilities Agency (IEUA) and Chino Basin Watermaster (CBWM) on the cost sharing agreement between the two agencies on items related to the DataX program. Both IEUA and CBWM has great expectations that this program will help all of us manage data between the agencies more efficiently and save us money over a long period of time. Wildermuth Environmental is performing the work on the software development; Phase I was just completed and is in the process of being tested. This agreement was approved by the IEUA board and is now before the Watermaster process. Staff is recommending approval of this agreement and the cost share to this agreement for Phase I is approximately \$120,000 and Phase II will be in the same dollar range. Mr. DeLoach asked a question regarding where the IEUA's portion of the cost is coming from. Mr. Atwater stated the funds come from the operating revenues for the regional sewage program.

Motion by DeLoach, second by Rodriguez, and by unanimous vote – Non-Ag concurred

Moved to approve AKB05020 Memorandum of Agreement for the Chino Basin Data Exchange System Development between Chino Basin Watermaster and Inland Empire Utilities Agency, as presented

B. 2005/2006 WATERMASTER BUDGET

Mr. Manning stated that during his presentation of goals, one of the goals was to coordinate the budget and assessment process and try to make those processes as transparent as possible. A workshop was held on this presented budget and members of the appropriate pool attended to hear the presentation and offer comment. The comments that were received at that workshop were constructive and gave us a chance to talk in detail on aspects of the budget. There are a number of items which are being cost shared by IEUA based upon the Annual Monitoring Agreement and other cost sharing agreements, some are a 50/50 split and some are a 25/75 split. One of the other items mentioned at the workshop was the issue with funding the Regional Board where these costs are included in the budget. Mr. Manning thanked Ms. Rojo for putting together this presentation and all the work she has done on the computer programs to create this year's budget. Ms. Rojo thanked those members who attended the workshop and noted that assessments are ultimately budget driven and the time to speak about numbers would be now at the budget level versus during the assessment process. The variables as to determining the ultimate assessment rates will be how much cash on hand there is to return at the end of year and then what the actual production comes in at the end of the year; that will determine what the ultimate assessments will come in at. Ms. Rojo reviewed the prior year's budget vs. the current year noting administration costs are down, Optimum Basin Management Program (OBMP) is up slightly, and implementation projects have increased substantially. The administrative, OBMP, and implementation projects were reviewed in detail as to why they are increased or decreased in cost for this year's budget. Ms. Rojo stated that IEUA is coming up with some money from DWR for additional modifications to the basins. The question of what caused the damage to the Piezometers was presented. Mr. Wildermuth noted there were some construction related problems with the deep Piezometer and described in detail some of the damage and fixes. The question if the numbers have changed from the budget that was presented at the workshop. Ms. Rojo and Mr. Manning stated that the numbers remain the same but there might have been some wording changes. Mr. DeLoach gave statements regarding the cost share formula with IEUA, the cost being presented is \$520,000 of IEUA's money in this year's budget, and that agencies that don't belong to the IEUA service area do not pay into that formula will benefit from that. It was noted that there is no contribution from other member agencies like Western Municipal Water District or Three Valleys Municipal Water District into this budget and at some point that issue is going to have to be addressed. Mr. Manning stated that Mr. DeLoach's statement was correct. A discussion ensued with regard to the budget and the statements made. Staff is recommending that the form and content of the presented 2005/2006 budget be approved to go onto the Advisory Committee and the Watermaster Board.

*Motion by DeLoach, second by Rodriguez, and by unanimous vote – Non-Ag concurred
**Moved to approve the 2005/2006 Watermaster budget and the issue of equity be
addressed in a timely manner, as presented***

C. CHINO I AND CHINO II DESALTER PROJECTS GROUND WATER DRAFT MONITORING AND MITIGATION PLAN DATED APRIL 25, 2005

Mr. Manning stated that Watermaster received a revised copy of the Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005 and along with that came a request from the Chino Desalter Authority (CDA) to have the Watermaster approve the plan. In discussions with Watermaster's legal staff, staff and counsel has concurred that this actual plan does not need to be approved and that the CDA is within their right to go ahead with their program without Watermaster's approval. As part of their plan the CDA is going to use the results of monitoring that Watermaster will be conducting as part of HCMP Program. In reviewing the monitoring needs of both parties it appears they match up closely and this will be looked at further to determine if additional monitoring beyond our HCMP or different programs are needed. At some point in time there may be the possibility of bringing back to the Board and through the Pools an approval for an agreement that would be a cost sharing agreement on any increased monitoring. The mitigation part of this plan does need to go to the Agricultural Pool. Mr. Manning stated that he had asked the CDA staff to present their plan at

today's meeting. Mr. Atwater stated that the CDA was formed a little over a few years ago and took over the Chino Desalter and then right after that published the EIR. And as a part of the EIR for expanding the facilities we wanted to make sure there were no adverse effects in the wells in that area. This is a lot less of an issue than it was four years ago. IEUA and Watermaster are jointly constructing with grant funds 9 monitoring wells which we call the Hydraulic Control Monitoring Program that is a part of the Maximum Benefit Plan to ensure that we comply with the basin plan as we implement the OBMP. The CDA, under the construction program are installing 3 monitoring wells which will be integrated with the constructing the 9 HCMP monitoring wells, which are almost done. This is a 50/50 coordinated funding relationship with IEUA and discussions will take place if additional wells are needed. Chino I expansion starts up in the next month or so and the Chino II Desalter is expected to start up in the late fall of this year. Next Tuesday, IEUA's staff and the CDA's staff will be presenting this plan to the Agricultural Pool and receiving comment. CDA's staff is here, however, since the plan does not need approval from this pool, the presentation will be delayed until next Tuesday at the Agricultural Pool meeting. A question regarding the staff report which was prepared for this meeting and that there seems to be concern that is raised with regard to the goals of the Watermaster vs. the goals of the CDA and also the cost sharing opportunity for water quality monitoring, was presented. Mr. Manning stated that based upon the conversation that occurred with the Ag Pool representatives years ago, it was staffs anticipation that there was going to be a need for additional dialog and that discussion will occur on Tuesday at the Agricultural Pool meeting in terms of early warning kinds of mitigation measures. We have had discussions with the CDA and we have resolved most of the issues in terms of communications since the staff report were sent out last week. Watermaster is comfortable in thinking that this can move forward and start up can occur without our approval and we do not see any liability problems at this point.

*Motion by El-Amamy, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to receive and file only the Chino I and Chino II Desalter Projects Ground Water Draft Monitoring and Mitigation Plan dated April 25, 2005, as presented*

D. STIPULATION WITH CUCAMONGA VALLEY WATER DISTRICT FOR WITHDRAWAL OF PROTEST AGAINST APPLICATION

Mr. Manning commented that in terms of background that Cucamonga Valley Water District did file a protest against our Santa Ana River application; they were protecting their interests on water that was coming into the basin which was prior and paramount to the pre-1914 water rights. Counsel Fife stated this is part of the process of our cleaning up our application 31369 in front of the State Board. We had four protests that were filed, we have already resolved two of those and with this is one it will now make if three that are resolved. Cucamonga's interest in filing their protest was to make sure their pre-1914 rights were not infringed upon Watermaster's application. There was no intention in filing the application to infringe their rights and this stipulation states exactly that. This is a fairly short stipulation and this will resolve Cucamonga's protest leaving us with one protest, that being from the Department of Fish and Game. Staff is seeking a motion to approve the presented stipulation.

*Motion by Black, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve the stipulation with Cucamonga Valley Water District for withdrawal of their protest against the Watermaster application, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife noted that there is an attorney-manager meeting scheduled for today at noon. There were distributions of materials last Friday and Monday and there are copies available for any party who still needs to review them prior to the meeting.

2. Santa Ana River Application Process

Counsel Fife stated that this item was dealt with under business items in length. With the motion to file the stipulation from Cucamonga this leaves only the protest from the Department of Fish and Game. Counsel Fife commented that once counsel is able to sit down with them and explain our project and remind them that they have already permitted our project; we should be able to get resolution of that one as well.

3. North Gualala Litigation

Counsel Fife reminded the committee members that at last months meeting it was mentioned that parties need to start thinking of whether or not Watermaster wants to file an amicus brief. This case received a lot of discussion at the ACWA Legal Affairs Committee Meeting last week. There were a number of people on the legal affairs committee who urged North Gualala not to appeal the case. It was felt that after the outcome of the SAX report process a few years ago everyone is fairly satisfied with status quo and there is great concern that in taking this case up the appellate court ladder there is significant risk that an appellate or a supreme court decision that will change the status quo. ACWA has decided to file an amicus brief; Tom Bunn has been decided to write that for ACWA and also led the charge against the previous Palma Pala decisions which is what resulted in the SAX report. In reviewing the papers it is felt that Watermaster could benefit from filing an amicus brief. It could benefit Watermaster if we could get a good appellate decision which states that ground water pumping, even ground water that has an impact on a surface, is not jurisdictional as long as there are no bed and banks. Counsel would like to bring to the courts attention the report, the fact that the report found that an impacts test is not the test and especially the parts of the report that turn toward adjudicated basins and Watermasters as the most successful examples of ground water management in California. There will be a more substantive decision to make in the June/July time frame.

B. CEO/STAFF REPORT

1. ACWA Update

Mr. Manning stated that many of the members present were at the ACWA conference and had a chance to partake in the number of discussions that took place. The one item that needs to be highlighted from the conference was the fact that the California Water Blueprint was actually delivered to the State of California to the governor's office and it is an opportunity for the water industry in California to talk about the many issues, by region, and by issue with state policy makers and law makers. One particular item that is of interest to Watermaster is item #5 which makes a number of recommendations and staff will be getting copies distributed. Item #5 was to develop additional ground water and surface water storage including proposed surface water projects under study if they are determined to be feasible. There seems to be an additional emphasis on ground water which is very good for us and the State of California. Mr. Manning is attempting to schedule an appointment with Steve O'Sullivan, the managing editor of the Inland Valley Dailey Bulletin, to try and speak to him about the Blue Print and how it affects the Chino Basin and then hopefully followed up by an editorial about the water industry within the Chino Basin. The chairman of the Watermaster Board, Mr. Neufeld, was a member of the Blueprint task force and has been asked to make comments at the pools about the comments and about the Blueprint. Mr. DeLoach gave comment on the history of ACWA and the Blueprint and noted the Blueprint has come a long way in the past six months. Mr. Manning noted that he felt it was a constructive document and it does include the basic information that people need in order to picture what California needs in the terms of future infra-structure and future of water needs.

2. MWD System Overview Study Update

Mr. Manning noted that this item will be broken up in to two parts. This month a presentation will be given by Loraine Aoy Edwards from the Metropolitan Water District. Ms. Edwards thanked staff and the committee members for inviting her to this meeting to give this presentation. Ms. Edwards stated that over the past couple years there have been major shutdowns on the Rialto Pipeline and unfortunately in the next couple years there will be a few more shutdowns. There was a hand out distributed titled, "Long-Term Planning Shutdown Requests" and is in its preliminary state. Next year there will be a Rialto Pipeline shutdown to repair some joints upstream of the Etiwanda turnout and then also downstream of the Etiwanda turnout. During the last shutdown one of the valves was broken and they will repair that at the same time. The other item that will be focused on with this shutdown plan is to see if there are outages planned at the retail agencies are so that they can either piggyback Metropolitan outages or to tell Metropolitan not have an outage at that time. Ms. Edwards introduced the staff that she had brought with her, Patricia Bonaparte, Supervisor of Service Connections, and Chuck Schroeder, Interim Team Manager at the Eagle Rock operations control center. In 2006/2007 time frame there are no scheduled outages that are going to affect the Chino Basin. Mr. DeLoach made comment regarding the rollout flanges not happening for another year. Mr. Atwater stated that when discussions were taking place with Metropolitan, staff was hopeful that engineering could get the design finished and have a planned shutdown, however, it does not look like that schedule is going to be met. Mr. Atwater acknowledged that possibly in 18 months or in early 2007, the isolation valves will be installed; we need to have more reliability and redundancy so when we do have to have an emergency shutdown and we can keep them scheduled with plenty of notice being sent out. Ms. Edwards stated that Metropolitan will look at how critical the planned shutdown is that is being planned for the next year. The final schedule will be completed in September and distributed to the member agency managers.

3. Assessment Package Update

Mr. Manning noted this item is a heads up on the fact that the budget has now been discussed and the assessment itself is tied to the budget and the computer programming that staff has been doing. The next step for this year is to review the new format. What Watermaster staff is doing is using Dave Crosley as a test case to look at the new format with his data included to make sure everything is being formulated properly and that to take a look at it in detail to see if there are any changes that need to be made. If any other party wants to participate in that test staff would be glad to include you. Ms. Rojo stated that staff would like to hold an assessment workshop using last year's assessment numbers. The production software has been updated and now this production database is going to flow directly into the assessment package database. It was being discussed as a two step process in getting parties to say yes this is my water activity for the year and then translating that into dollars once we get all the water tied down instead of putting out several drafts. If there are a couple more volunteers to look at formatting and some of the issues, a workshop could be held in June to get us all ready for the next assessment package. Chair Crosley stated that the parties should give this some thought for this process and to call Ms. Rojo to volunteer.

4. Legislative Update

Mr. Manning stated that he was planning to put together a list of some of the legislative bills that were important to the State of California and to the Chino Basin and at ACWA there was a copy of their latest update which included the bills that Watermaster were looking at along with additional bills. Mr. Manning made mention that the IEUA board is watching at least four of the bills on this list and has taken a position on them. Mr. Atwater spoke on the Cal Fed funding for the Chino Desalter and other bills that will clear the house this summer.

5. Recharge Basin Repair Update

Mr. Treweek noted that his discussion will be broken down into two areas; the first one will be Basin Availability and the second will be Basin Capacity. This last year during the storm season we had about 50–60% of the 20 odd basins available at any one time to accept storm water. We need obviously to increase that level of availability, we were very fortunate this year when we had a near record rainfall that enabled us to meet our goal in capturing storm water. But we know in future years we have to do a better job in having basins available. The second item that we are working on this summer is to rehab some of the basins which had damage as a result of the storm events. The damage occurred in two principle areas 1) silt & clay which washed in, especially in the heavier storms which seemed to bring in the silt from the fire burn area and 2) what are called internal berms within the basins and some of those, in heavy storms, washed out. Staff also has developed a list of enhancements, the original design was good and it got us started, but staff realized as we went through the storm season that almost all the basins needed something in the way of improvement so that they would operate more efficiently. Staff is working diligently this summer in connecting recycled water. As a result to this, IEUA has developed a spreadsheet and it has a good \$10 million dollars worth of improvements and enhancements that are needed for the basins. They include such things as the SCADA system for some basins such as Grove and San Sevaine where it wasn't included in the original design, it included internal Berm repair and repair to the sluice gates and spillways. Staff wants to add an MWD turnout so that we can bring in MWD water into the West Cucamonga Channel and that would first impact the 7th and 8th street basins; which are very good basins but we don't have the means of getting imported water to them. In addition, along the recycled water line IEUA is installing ground water monitoring wells, lysimeters, and recycled water turnouts. This summer they are doing that work at the Turner Basins, Banana and Hickory basins. At the time these improvements are going on, we are importing water and currently we have four basins that are accepting imported water, they are Montclair, Brooks, Lower Day (will start shortly), and San Sevaine. San Sevaine 1 was heavily silted and the Flood Control District came in and cleaned out about 8 feet of silt from the bottom of that basin and restored it to a good percolation capacity. In addition, we are currently working on the Turner Basins 1 through 4 and Banana & Hickory Basins to remove the silt layer which has also built up. The Etiwanda Spreading Grounds are being totally rehabilitated by the Flood Control District. They are making that a major debris basin up there so that will enhance our ability to capture storm water there. Recycled water connections are being made at Banana & Hickory and Turner 1 through 4.

The second area is regarding the Basin Capacity. In the ten storm events we had this year, about half of them the rain fall was less than 2 ½ inches and usually it was spread out over 2 or 3 days. In Those cases it seemed like our basins were able to capture most of the water which came into the channels. The other five events that occurred were greater than 2 ½ inches and in those cases we lost a lot of water down the channel that we couldn't capture. Staff has been thinking of what can be done to capture more of the water from the major storm events. Mr. Treweek drew a picture on the board with a sluice gate and described it in detail. Once a storm filled a basin it is controlled by the Department of Safety of Dams and by the Flood Control District and the DSOD has required with respect to the height of the water that you can maintain in the basin. There are two requirements from the DSOD that we have to work with. In addition the sluice gate is owned and operated by the Flood Control District and they operate under the principal if a storm comes in and fills the basin, they want to be able to come in and draw down the water level so that the basin is ready for the next storm event. Their drawdown period ranges from 1 – 7 days. It always becomes a negotiation as to how open the sluice gate is going to be. Flood Control would like to open it and drain the water out so that they can get ready for the next storm. Our position is that we want to keep it closed and retain the water as long as we can. What staff has found over the past year is the weather prediction has become fairly accurate. We get a good idea when a storm is going to hit and what the magnitude of it will be. What staff is trying to do is convince the Flood Control District to leave these flows for a longer period of time and then if necessary raise

them just before the next storm comes in. That is the sort of negotiation we have going on with Flood Control. They will feel much more comfortable with it once we get our Operational Procedures Manual done and once we get our SCADA system done which should all be finished by July 1st. That is what we are anticipating. We will be in a much better negotiating position once those items are complete. A comment was made that there is no mandate for them to coordinate their activities with us, it is just the relationship we have built with them to accomplish our objectives. Mr. Treweek noted that over the course of time they will develop more confidence in us and right now we think the two biggest things that we have to give to them are an operational SCADA system and an Operation Procedures Manual that they are comfortable with. Mr. Manning stated that people are actually looking in Sacramento at crafting legislation that would mandate the coordination of both Flood Control with Conservation efforts. Mr. Manning stated the Operations Manual that has been produced and that the Flood Control has reviewed and given preliminary approval to include the concept that will allow us to retain more water. Giving approval of the Operations Plan is one thing, getting them to actually do it is totally different. Staff is now in the process of getting the Flood Control District to start to integrate that into their daily activities and thought process, and that is probably more difficult to do than to get them to approve the Operations Plan. Over the course of this last year we have built up a great deal of goodwill and a good relationship with Flood Control. Staff has made a good start in coordinating our activities with them. Mr. Manning stated that Daniel Cozad over at SAWPA at the behest of Rich and myself and others within the Santa Ana Flood plane are looking at coordinated effort with the county Flood Control to coordinate conservation measures even beyond our borders so that we can actually deal with this on an even more macro level rather than just a Chino Basin issue; they are now thinking about it on a more region wide. A discussion ensued with regard to the basins.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

May 12, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
May 12, 2005	12:00 p.m.	Attorney-Manager Meeting @ CVWD
May 17, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 18, 2005	9:00 a.m.	MZ1-Meeting
May 24, 2005	9:00 a.m.	Water Quality Meeting
May 25, 2005	10:30 a.m.	MZ1 Special Referee Workshop
May 26, 2005	9:00 a.m.	Advisory Committee Meeting
May 26, 2005	11:00 a.m.	Watermaster Board Meeting

Counsel Fife informed the committee members that the May 18, 2005 MZ1 meeting was going to be a trial run for the May 25, 2005 MZ1 meeting with the special referee and asked that any party that was going to attend the May 25 meeting to also attend the May 18 meeting to be fully informed prior to the special referee's attendance and asked that all questions be addressed at the May 18 meeting in order for the MZ1 workshop to go quickly and smoothly. Counsel Fife reminded the committee members that attorneys are invited to the May 18 meeting. Mr. Manning noted that both meetings

would be held in the main board room for convenience and that the May 25 meeting would be recorded for the record.

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 10:15 a.m.

Secretary: _____

Minutes Approved: June 9, 2005