

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
April 13, 2006

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 April 13, 2006 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Robert DeLoach, Chair	Cucamonga Valley Water District
Jim Taylor	City of Pomona
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Charles Moorrees	San Antonio Water Company
Rosemary Hoerning	City of Upland
James T. Bryson	Fontana Water Company
Mark Kinsey	Monte Vista Water District
Gerald J. Black	Fontana Union Water Company
Mike Maestas	City of Chino Hills
Cheryl Russell	Jurupa Community Services District

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	CFO/Asst. General Manager
Danielle Maurizio	Senior Engineer
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Andy Malone	Wildermuth Environmental Inc.
Dave Argo	Black & Veatch

Others Present

Kristi Kuhlmann	Black & Veatch
John Rossi	Western Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Marty Zvirbulis	Cucamonga Valley Water District
Jack Safely	Western Municipal Water District
Craig Stewart	Geomatrix
Frank Brommenschinkel	Ag Pool Representative
Ashok K. Dhingra	City of Pomona

Chair DeLoach called the meeting to order at 10:00 a.m.

AGENDA - ADDITIONS/REORDER

It was noted the "Draft Desalter III Alternative Study Update" under CEO/UPDATES which is being presented by Dave Argo of Black & Veatch be presented first after the Consent Calendar.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held March 9, 2006

B. FINANCIAL REPORTS

5. Cash Disbursements for the month of March 2006
6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through February 28, 2006
7. Treasurer's Report of Financial Affairs for the Period February 1, 2006 through February 28, 2006
8. Profit & Loss Budget vs. Actual July through February 2006

*Motion by Kinsey, second by Taylor, and by unanimous vote – non-Ag concurred
Moved to approve Consent Calendar Items A through B, as presented*

C. CEO/STAFF REPORT**7. Draft Desalter III Alternative Study Update**

Mr. Manning stated that as of part of the Peace II process staff has been discussing a relationship with Western Municipal Water District (WMWD) for the construction of a desalter program that provided for 10 mgd of product water. There have been several questions regarding what the new desalter program might possibly look like. Mr. Dave Argo from Black & Veatch has been tasked by WMWD to look at some desalter alternatives and Mr. Argo is here to present five draft concept ideas. Mr. Argo presented the "Chino Basin Optimum Basin Management Program – Potential Deliveries of 10,000 AFY to WMWD / Development of New Chino III Desalter) presentation. The presentation was developed by Black & Veatch in association with RBF Consulting and Wildermuth Environmental, Inc. It was noted Watermaster is exploring options for a third Chino desalter and a plan is needed to fulfill the objectives of the originally proposed Chino III Desalter which will maintain hydraulic control, meet Peace II objectives, and meet the goals of the Optimum Basin Management Program (OBMP). Mr. Argo stated a plan is needed to maintain hydraulic control in the basin and reviewed the goal to maintain historic agricultural pumping in the south basin to achieve required production of 40,000 afy.

Mr. Argo stated five concepts were developed to meet the objectives of Chino III Desalter and reviewed in detail each of the possible concepts. It was noted in the evaluation that Concept #1 explores 10 mgd expansion of Chino II Desalter, Concept #2 explores new 10 mgd Chino II Desalter, Concept #3 explores 10 mgd expansion of Chino I Desalter, Concept #4 explores 4 mgd expansion of Chino I Desalter and 6 mgd expansion of Chino II Desalter, and Concept #5 explores 4.7 mgd expansion of Chino I, 3.5 mgd expansion of Chino II and new 1.8 mgd Chino III Desalter. Mr. Argo stated all concepts assume use of the existing Arlington Desalter pipeline for deliveries to Western. Facility and cost assumptions were based on existing Chino Desalter Authority facilities and construction costs. A facility model was developed to estimate the costs for each of the five concepts. Mr. Argo reviewed several maps of wells in correlation to the five concepts in detail and discussed the next steps that will be taken with Watermaster and stakeholder approval. The hydraulic control summary chart was examined and discussed and Mr. Argo solicited questions and comments from committee members. A question regarding the numbers presented on the concepts which lead to a discussion. Mr. Argo stated the five concepts which were presented will most likely not be one of the options to choose from later on once more work has been done and recommendations received to make changes. Mr. Wildermuth noted this endeavor will need to be a partnership of costs. A discussion ensued with regard to costs, concepts, and water demands from Metropolitan Water District.

II. BUSINESS ITEMS**A. MZ1 SUMMARY REPORT**

Mr. Manning stated this item was brought forth to this pool in March for recommendation to approve the February 2006 MZ1 Summary Report. It was decided at the March Appropriative & Non-Agricultural pool meeting to table the recommendation for another month to allow further discussions between the City of Chino Hills and Watermaster due to concerns expressed by the City of Chino Hills. Unfortunately, no proposals for revision of the guidance criteria were forthcoming. Mr. Manning noted that in May of 2005 the Special Referee held a workshop and issued a report from that workshop. In that report were three findings in which the Special Referee was asking Watermaster to perform: 1) produce an MZ1 Summary Report that describes the investigation results and conclusions, 2) notify the court of the schedule for completion of the long-term plan, and 3) provide guidance criteria to the MZ1 producers in an effort to minimize potential for future subsidence in fissuring pending completion of the long-term plan. Mr. Manning noted the implementation of the Optimum Basin Management Plan (OBMP) requires this work be done and provide it to the court. The MZ1 Technical Committee has been meeting on a regular basis and has reviewed the MZ1 Summary Report in detail and is now focusing on the long-term plan issues. Staff is recommending this item be moved forward with the approval. Mr. Kinsey inquired to the City of Chino Hills if they were presently ready to support the report as prepared. Mr. Maestas stated to his knowledge the report has not changed from the May meeting and the City of Chino Hills will not be in support of approving the report. Mr. Manning stated the MZ1 Summary Report and the Long-Term plan will not necessarily have to be connected; this report is important to take action on and the long-term issues still need to be addressed with the City of Chino Hills is a separate issue. Staff will continue its attempt to schedule a meeting with the City of Chino Hills and work with all the parties to ensure their full understanding of the document/process.

Motion by Crosley, second by Taylor, and by majority vote – non-Ag concurred

Motion approve the February 2006 MZ1 Summary Report, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT****1. Peace II Process**

Counsel Fife stated this week the Wildermuth Environmental's technical report along with legal counsel responses to the questions that came up during the Peace II workshops was posted on the Chino Basin Watermaster web and ftp site. Mr. Manning stated there are some hard copies of both reports available here for those of you who had trouble downloading the items onto your systems due to its size.

Counsel Fife stated there is a confidential negotiating session scheduled for Tuesday, April 18, 2006 at 1:00 p.m. at the Watermaster office. Counsel and staff are anticipating a proposal from Watermaster to be available to help resolve the impasse that parties have been in over the last few months. Mr. Manning stated the strawman proposal will be made available for distribution this afternoon. Comments and suggestions will be received at the April 18, meeting on the strawman proposal.

2. Santa Ana River Water Rights Application

Counsel Fife stated this item has been a long on-again/off-again process and presently it is on the forefront again. Counsel Fife stated in May of 2005, the other parties that are involved in this process (including Orange County Water District (OCWD), Western Municipal Water District (WMWD), San Bernardino Municipal Water District, and the City of Riverside) decided they were ready to move forward on their applications and bring their applications to hearing by the beginning of 2006. Counsel Fife stated it has been made known to the parties involved that Watermaster is confident in our projects, positive in our validity of our application, and if they are ready to go to the State Board to get confirmation of their rights, we will follow suit. The last time this item was in motion, counsel and staff met with the State Board's staff to discuss the details of our application along with trips

made to Sacramento and after that attempt the issue faded away and has been silent ever since. Counsel Fife stated OCWD has now reissued a programmatic environmental impact report for their water rights application. The notice of availability is on the back table for review. With this news, counsel is anticipating WMWD to follow suit and if this does happen counsel, in concert with WMWD, will approach the State Board. Counsel Fife stated it is Watermaster's position that we have all the rights to all the surface water that passes through the Chino Basin and staff has expressed to the State Board that we do not need to do any further CEQA work and believe Watermaster is solid on our part of our application. Chair DeLoach stated he was pleased to read in the Summary Report that OCWD can move forward with their application and not impact the northern entities. A discussion ensued with regard to water being counted twice and the possibility of an impact study. Counsel Fife offered comment on water rights. Mr. Manning stated parties might want to make comments on this issue.

B. WATERMASTER ENGINEERING CONSULTANT REPORT

1. Update on Report on Balance of Recharge and Discharge

Mr. Wildermuth stated the report on Balance of Recharge and Discharge is now complete. There are copies available today for handout. Mr. Wildermuth noted there are some slight changes to the numbers but the end result is the same as in previous releases. The suggested reading if you are not into maps and graphs is section "Conclusions" because there are some differences in that section than in previous releases. Mr. Wildermuth stated the engineering staff is having a difficult time showing hydraulic control in the far west side. In conversations with the Regional Board is that they want to see a definitive hydraulic control and see groundwater flowing to desalter wells (definitive containment) which is a new request. Mr. Wildermuth discussed various well sites. Mr. Wildermuth noted a concern has been raised at the MZ1 Technical Committee meetings that there is an area north, the managed area in MZ1, which still is undergoing some subsidence; not a great deal of concern has been expressed over this finding. The City of Chino has been concerned which is why this item has been placed in the Peace II process in the Peace Agreement to deal with the subsidence problem. As staff moves forward with re-operation more understanding is going to be placed on that particular subsidence process to make sure re-operation, does not impact it. With half replenishment this should not be a big problem; a management plan could be drawn up to make that work. With no desalter replenishment it would probably be more difficult and that is what the models suggest. The conclusions and recommendations are written around with doing a re-operation up to 400,000 acre-feet or some kind of policy statement stating it is alright to subside in that particular place because there are no worries concerning that area. Mr. Wildermuth stated subsidence happens in all basins and the ground will sink slightly. The question is do we have an acceptable amount or some kind of other factor involved such as fissuring. Mr. Jeske inquired into the expansion of desalter well locations. A discussion on wells one through four and other possible shallow wells ensued.

C. CEO/STAFF REPORT

1. Consequences of Non-Implementation of Peace II

Mr. Manning stated following discussions with the special referee, it was suggested a brief summary be put together and presented to the parties on this subject matter. Hatch & Parent was tasked to go through all the consequences and provide a memo to be presented at the meetings to bring the parties up to speed on the consequences. Counsel Fife stated this memo is a brief overview of some of the consequences if Peace II is not completed. Counsel Fife noted that other than water quality, all the rest of the items are tied to specific deadlines, all of which will kick in whether we do Peace II or not. The ultimate conclusion of the memo is the choice in dealing with these issues as a unit and in a coordinated way or dealing with them on an individual basis. It was noted that "no action" really constitutes "action" because something will happen eventually if one chooses to do nothing – it will have a consequence.

2. DataX Presentation

Mr. Manning stated this presentation will be given at the Watermaster Board meeting and that the Inland Empire Utilities Agency (IEUA) will also be presenting it at their board meeting; this is a joint effort project with IEUA. Ms. Maurizio noted an update was last given on this project in March 2005. Ms. Maurizio reviewed the background on this project and acknowledged this is a joint CBWM and IEUA effort which started in October 2003. The purpose of the project is to facilitate the collection, management and sharing of water resources data. What DataX can be used for was reviewed in detail. The phased implementation was presented including Phase I - fiscal year 2004/05 and Phase II - fiscal year 2005/06. Ms. Maurizio stated the DataX inter-agency web-based data-entry portal will be a centralized location for CBWM and IEUA to receive and store data that is being collected and submitted by other parties. The objectives and benefits to participating agency/cities were discussed. An inter-agency data entry portal pilot test will take place with the City of Chino and Cucamonga Valley Water District as participants. Future work for Phase III - fiscal year 2006/07 will include implementing direct data input by all Appropriative pool data generators, display recharge basin calculated results from the SCADA data, and interface imported and recycled water system with the IEUA billing system. Ms. Maurizio stated staff at Chino Basin Watermaster is currently using DataX and is very pleased with it. Mr. Manning noted this system should provide a lot of streamlining for agencies for data requests and processing.

3. Legislative Update

Mr. Manning stated staff was in Washington DC at the end of March for a two in a half day schedule which included meeting with a number of legislators, aides, and staff as well as members of the sub-committees for both the senate and the house. Some additional meetings were added to the schedules which were very productive and important with both the Bureau of Reclamation and the Agricultural Departments staff. SB2106 which was HR176 and is a title 16 program was held up at the senate level and Mr. Manning discussed the bill in detail. After staff returned from Washington DC it was noted the Bureau of Reclamation surfaced a new proposal twist on their "Water 2025" publication.

Mr. Manning stated that within that last few days a new bill has been introduced by Senator Simitian, SB1612, which will pump new life into the concept of peripheral canal under the title of a clean water project. Mr. Manning encouraged the public agencies to take a look at the bill to see if input is needed by their agency. Mr. Manning offered more details on the bill. Chair DeLoach stated CVWD is going to be filing comments on the bill and offered comments on the issues of the bill.

4. MWD Groundwater Study

Mr. Manning stated in September of 2005 the Metropolitan Water District (MWD) asked groundwater managers in the MWD service area to meet at their office to discuss putting together a very cursory look at groundwater basins in Southern California within and in some cases outside the service area. The purpose would be to answer questions from their board relative to, "Is there any potential for groundwater storage as opposed to surface storage?" MWD staff is collecting data for this report. Last Friday Ms. Grebbien, Mr. Rossi and Mr. Manning met with MWD staff to talk about what MWD is exactly looking for due to the vagueness of their request for data. Mr. Manning stated he expressed a concern to MWD staff that if they were going to be gathering groundwater data that they needed to have a groundwater savvy person on staff or in a consultant capacity that can deal with the data. MWD noted that was one of their concerns and they were going to be addressing that concern. Mr. Manning noted several other bases opted to fill out a questionnaire that was sent by MWD; however, Chino Basin Watermaster opted to send them our State of the Basin Report and some of our underlying governance documents and then schedule meeting directly with them to discuss their needs to fill in the gaps.

5. Workshops Update

Mr. Manning stated there is a Boardmanship workshop scheduled for board members and any other party who wishes to attend on April 27, 2006 after the Board meeting. This meeting has been scheduled by a request from board member Sandra Rose who wanted a better knowledge on her role as a board member for the Chino Basin Watermaster. Hatch & Parent will be conducting this workshop.

A budget workshop has been scheduled for Ms. Rojo to present the proposed 2006/2007 budget on Tuesday, May 2, 2006 starting at 9:00 a.m.

6. Storm Water/Recharge Update

Mr. Treweek stated there is an updated Storm Water/Recharge Update available on the back table. It was noted 34,000 acre-feet of fiscal year has been recharged after nine months, there are four more months left in the storm season and we have been receiving above 5,000 acre-feet per month of recharge. This should bring us up to the 50,000 acre-foot goal for this year. February and March have had very good results of recharge due to recent storms. Mr. Treweek reviewed the handout in detail.

7. Draft Desalter III Alternative Study Update

This item was taken out of order and was presented after the Consent Calendar by Mr. Argo from Black & Veatch.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Chair DeLoach asked that a time change for the Appropriative Pool and Non-Agricultural pools meeting be put on the agenda for May to discuss a 10:00 a.m. start time instead of a 9:00 a.m. start time.

VI. OTHER BUSINESS

Mr. Manning congratulated Counsel Fife for making partner at Hatch & Parent.

VII. FUTURE MEETINGS

April 11, 2006	9:00 a.m.	GRCC Committee Meeting
April 13, 2006	8:00 a.m.	MZ1 Technical Committee Meeting
April 13, 2006	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 18, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 18, 2006	1:00 p.m.	Confidential Negotiation Session
April 20, 2006	9:30 a.m.	DHS & RWQCB Public Hearing
April 20, 2006	1:00 p.m.	Water Quality Committee Meeting
April 25, 2006	9:00 a.m.	GRCC Committee Meeting
April 27, 2006	9:00 a.m.	Advisory Committee Meeting
April 27, 2006	11:00 a.m.	Watermaster Board Meeting
April 27, 2006	1:00 p.m.	Boardmanship Workshop
May 2, 2006	9:00 a.m.	Budget Workshop

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 11:25 a.m.

Secretary: _____

Minutes Approved: _____