

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
April 14, 2009

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 14, 2009 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

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| Ken Jeske, Chair | City of Ontario |
| John Bosler | Cucamonga Valley Water District |
| Mark Kinsey | Monte Vista Water District |
| Robert Tock | Jurupa Community Services District |
| Charles Moorrees | San Antonio Water Company |
| Raul Garibay | City of Pomona |
| Dave Crosley | City of Chino |

NON-AGRICULTURAL POOL MEMBERS PRESENT

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| Kevin Sage | Vulcan Materials Company (Calmat Division) |
| Mohamad El Amamy | City of Ontario |

Watermaster Board Members Present

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| Michael Camacho | Inland Empire Utilities Agency |
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Watermaster Staff Present

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| Kenneth R. Manning | Chief Executive Officer |
| Sheri Rojo | CFO/Asst. General Manager |
| Ben Pak | Senior Project Engineer |
| Danielle Maurizio | Senior Engineer |
| Sherri Lynne Molino | Recording Secretary |

Watermaster Consultants Present

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| Michael Fife | Brownstein, Hyatt, Farber & Schreck |
| Mark Wildermuth | Wildermuth Environmental Inc. |
| Andy Malone | Wildermuth Environmental Inc. |

Others Present

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| Jennifer Novak | State of California Dept. of Justice |
| Marv Shaw | Inland Empire Utilities Agency |
| Sandra Rose | Monte Vista Water District |
| Eunice Ulloa | Chino Basin Water Conservation District |

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:03 a.m.

AGENDA - ADDITIONS/REORDER

Chair Jeske asked that the closed session take place first prior to any items on the agenda.

Chair Jeske closed the regular open meeting at 10:04 a.m. to hold the confidential session.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

1. Meeting with Agricultural Pool Regarding Special Projects
2. Personnel Committee Matters

No action was reported on.

Chair Jeske dismissed the confidential session at 10:36 a.m. to continue with the open meeting.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held March 12, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2009
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through February 28, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through February 28 2009
5. Budget vs. Actual July 2008 through February 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 1,000.000 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 22.000 acre-feet – a permanent transfer of its share of safe yield. Date of Application: March 9, 2009

*Motion by Tock, second by Garibay, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar A through C, as presented*

II. BUSINESS ITEM**A. BUDGET TRANSFER T-09-04-02**

Chair Jeske offered comment on the Budget Transfer and noted the transfer is in the amount of \$30,000.00 for Agricultural Pool legal and technical services related to recent legal activity.

*Motion by Crosley, second by Garibay, and by unanimous vote – Non-Ag concurred
Moved to approve Budget Transfer Request T-09-04-2 for Agricultural Pool Legal & Technical services in the amount of \$30,000.00, as presented*

B. STATUS REPORT 2008-2

Mr. Manning stated this is a report that has been created and supplied to the court for several years; these were quarterly reports filed with the court. The reporting was changed by the court to every six months by Judge Gunn and those have been filed accordingly. When the changes were made from Judge Gunn to the new judge it was noted no more Status Reports were to be filed until further notice. At the February Watermaster hearing, Judge Wade asked that the reports continue and staff has put together the report which is in the meeting packet; however,

some minor editing changes have been made since the packet was sent out and a revised Status Report is available on the back table. Mr. Manning noted this report will be made available on the Watermaster website. Staff is seeking approval to file this with the court. A brief discussion regarding cost ensued.

*Motion by Tock, second by Crosley, and by unanimous vote – Non-Ag concurred
Moved to approve Status Report 2008-2 for filing with the court, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. April 27, 2009 Hearing

Counsel Fife stated the next hearing is scheduled for Monday, April 27, 2009 at 9:30 a.m. on OBMP Program Elements 1 through 3. The last hearing was pretty formal and staff and counsel feel this hearing will be much more relaxed and will require less preparation. Andy Malone will present Program Element #1, Mark Wildermuth will present Program Element #2, Ken Jeske will present Program Element #3, and Ken Manning will speak on reporting. Counsel has done some initial preparation with those parties and once materials are available they will be distributed. Counsel Fife stated the court has required a declaration be filed from legal counsel in advance of the hearing regarding reporting and that declaration will be distributed once it has been finalized. A discussion regarding the hearing and legal fees ensued.

2. Hanson Aggregates Update

Counsel Fife stated the case has been settled and the Watermaster Board approved the proposed settlement agreement last month and there is a copy of the signed settlement agreement on the back table. Under the settlement agreement, Hanson Aggregates is going to pay a total of \$450,000.00 in four payments. The first payment has already been received in the amount of \$117,000.00 which covers all the hard costs to clean up the basin. In addition Hanson is going to pay \$333,000 in lost opportunity costs and \$111,000 will be due on July 1, 2009. The balance of the payments will be received July 1, 2010 and July 1, 2011. A discussion regarding this matter ensued. Chair Jeske asked staff to put together a sheet on how/where the settlement will be parceled back out.

3. Notice Application for Storage Account by Inland Empire Utilities Agency, Three Valleys Municipal Water District, and Western Municipal Water District on behalf of Metropolitan Water District of Southern California for an additional 74,000 acre-feet in addition to the 100,000.000 acre-feet existing DYY Storage Account

Counsel Fife stated this is the Dry Year Yield Expansion Application. Staff has put it under report items this month to give a heads up that this will be on the May agenda for approval. This document has now been distributed and staff wants to make sure you all have an opportunity to review and comment prior to it coming back on the May agenda. A lengthy discussion regarding this item ensued. Counsel Fife stated this is a good start for dialog on this item and further discussions/comments will be taken at the May meeting. Chair Jeske stated this is a months' notice to get our thoughts together to determine if the parties want to look at this from a regional view point or a parochial view point.

4. Development and Use of the City of Upland's Storm Drains Agreement

Counsel Fife stated this item was placed under reports for this month for information and it will be on the agenda for approval in May. There is a draft agreement on the back table for your review which has been provided in red-line version for discussion. This is an agreement being proposed between the City of Upland, Inland Empire Utilities Agency (IEUA), and Watermaster to modify some of Uplands' facilities in order to assist in the use of those facilities to get water to the recharge basin. There are various terms stated in the agreement stating that Watermaster will be contributing \$50,000.00 to the project and IEUA would also be contributing \$50,000.00 to the project and doing the actual construction. This

will come back next month for approval. A lengthy discussion regarding this item, the construction that is going to be performed, and who owns the water ensued.

B. ENGINEERING REPORT

1. Recharge Master Plan Update and Schedule

Mr. Wildermuth stated as the Recharge Master Plan is progressing there are a lot of parallel activities going on behind the scenes. The production optimization work continues and as a practical matter the Peace II CEQA is occurring concurrently and both items will wrap up around the same time at the end of the month. The storm water recharge component is being done by Wagner and Bonsignore and the Conservation District; however, there are some data collection issues with some of the cities and the county. A workshop regarding groundwater production projections and what our estimate of supplemental water recharge capacity is was held recently. Please submit any comments on the projections and capacity as soon as you can. A discussion regarding Mr. Wildermuth's comments ensued.

Added Comment:

Mr. Wildermuth stated the Inland Empire Utilities Agency is proposing to amend the recharge permit that they are co-permittees with Watermaster to go to a 10 year dilution period from a 5 year period. IEUA is working with the Regional Board on this and the Regional Board responded to them stating they need to do a nitrogen TDS projection and that is underway. The City of Pomona has expressed concern and would like some more explanation and time to consider it before the amended permit goes through. Mr. Garibay noted this needs to be agendaized for next month for what the analysis yields along with the possible impacts. A discussion regarding this matter ensued.

2. Summary of Findings from Max Benefit/Hydraulic Control Monitoring Report

Mr. Malone stated this year Watermaster is getting ready to publish a number of reports on the monitoring programs that it is conducting. Mr. Malone noted he is going to discuss Hydraulic Control and some of the subsidence monitoring that has been taking place basin wide. Mr. Malone stated Hydraulic Control is Watermaster and IEUA's attempt to hydraulically isolate the Chino Basin from impacts to downstream beneficial uses, specifically Orange County Water District. Mr. Malone reviewed several maps in detail. The Regional Board is requiring IEUA and Watermaster to demonstrate through pumping at the desalter well fields that we are modifying our groundwater flow directions and lowering groundwater levels to minimize the impact of rising groundwater on the water quality of the Santa Ana River. Groundwater levels are monitored specifically at all the noted wells and then an annual groundwater contour map is made from all the collected data. Mr. Malone reviewed the data received which is shown on the maps being presented. Mr. Malone stated it does not appear there is hydraulic control on the west side where the desalter wells that exist are perforated in the deep part of the aquifer system and there is not much shallow groundwater production in that region. Mr. Wildermuth stated Orange County Water District staff came to him two years ago and asked what was going on in the Santa Ana River because there was a clear reduction in discharge/base flow and when you review the desalters shown on the map including the Corona desalters it can be explained. When all the wastewater is factored out, the Santa Ana River is recharging more; the physical evidence is starting to show not just in the groundwater contours but the river flow is actually going down. A discussion regarding Mr. Wildermuth's comments ensued.

3. Results of InSAR Work

Mr. Malone reviewed a map of subsidence which is pre-OBMP conditions and discussed the map in detail. When the Peace Agreement was constructed there were two major elements that were associated with subsidence to develop, eliminate, or minimize subsidence or ground fissuring could occur in the future. InSAR gives us a cost effective way to give us a snapshot of what subsidence is doing across the entire basin. Mr. Malone showed some more recent maps and discussed them in detail. Mr. Malone noted in

Agricultural areas there is little to no data from the radar satellites. Mr. Malone reviewed the Management Zones and their subsidence occurrences which are displayed in more recent InSAR capture. A discussion regarding Mr. Malone's presentation ensued. Mr. Manning noted the InSAR costs are going to be absorbed by Watermaster and be just a part of the MZ1 budget because staff feels this technology is going to tell us a lot across the basin, not just in the MZ1 area and this will be discussed at the upcoming budget workshop.

C. FINANCIAL REPORT

1. Budget Workshop and Related Items

Ms. Rojo stated the budget workshop is scheduled for Tuesday, April 21, 2009 at 2:00 p.m.

D. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

No comment was made regarding this item.

3. Zone 1 Repair to San Sevaine Channel Agreement

Mr. Manning stated this item is for information this month; however, it will be on the agenda next month for approval. This will memorialize an agreement with the County of San Bernardino to do the repairs which were actually caused by the Christmas Day storm that took place five years ago. The damage from that storm tore up the channel and there have been much back and forth discussions with the county on who should pay for the damages. It has been agreed that Watermaster will pick up 25% of the cost, IEUA will pick up 25% of the cost, and the county will pick up the other 50% of the cost for those damages that were occurred in that storm. The county is proposing additional repairs beyond what was from the damage and Watermaster has told them that we will not pick up those costs. The final agreement will come back next month for approval.

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. CONFIDENTIAL SESSION - POSSIBLE ACTION

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1. Meeting with Agricultural Pool Regarding Special Projects
2. Personnel Committee Matters

This item was taken out of order prior to the Consent Calendar and there was no reported action recorded.

VIII. FUTURE MEETINGS

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| April 14, 2009 | 10:00 a.m. | Appropriative & Non-Agricultural Pool Meeting |
| April 21, 2009 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| April 21, 2009 | 2:00 p.m. | Budget Workshop |
| April 23, 2009 | 8:00 a.m. | IEUA Dry Year Yield Meeting @ CBWM |
| April 23, 2009 | 9:00 a.m. | Advisory Committee Meeting |

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| April 23, 2009 | 11:00 a.m. | Watermaster Board Meeting |
| April 23, 2009 | 1:00 p.m. | WE Workshop #2 Task 6.1 |
| April 27, 2009 | 9:30 a.m. | Chino Basin Watermaster Hearing, San Bernardino Court |
| April 28, 2009 | 9:00 a.m. | GRCC Meeting |

The Appropriative Pool meeting was dismissed by Chair Jeske at 11:45 a.m.

Secretary: _____

Minutes Approved: April 14, 2009