

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING
April 24, 2003

The Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on April 24, 2003 at 10:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Nathan DeBoom, Chair	Dairy, Milk Producers Council
<u>Agricultural Pool</u>	
Robert DeBerard	Crops
Pete Hall	State of California Institute for Men
Marilyn Levin	State of California Attorney General's Office
<u>Non-Agricultural Pool</u>	
Vic Barrion	Reliant Energy, Etiwanda
<u>Appropriative Pool</u>	
Gerald Black	Fontana Union Water Company
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Rita Kurth	Cucamonga County Water District
Mike Maestas	City of Chino Hills
Michael McGraw	Fontana Water Company
Carol McGreevy	Jurupa Community Services District
Henry Pepper	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company
Ray Wellington	San Antonio Water Company
 <u>Watermaster Board Members Present</u>	
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
 <u>Watermaster Pool Members Present</u>	
Rich Atwater	Inland Empire Utilities Agency
Bill Stafford	Appropriative Pool, Marygold Mutual Water Company
 <u>Watermaster Staff Present</u>	
John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Mary Staula	Recording Secretary
Devonya Williams	
 <u>Watermaster Consultants Present</u>	
Michael Fife	Hatch & Parent
Scott Slater	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.
 <u>Other Presents</u>	
Sondra Elrod	Inland Empire Utilities Agency
Rick Hansen	Three Valleys Municipal Water District
Dave Hill	Inland Empire Utilities Agency
Raul Garibay	City of Pomona

Josephine Johnson
Dan McKinney
Diane Sanchez

Monte Vista Water District
Special Counsel to the Agricultural Pool
State Department of Water Resources

The Advisory Committee meeting was called to order by Chair deBoom at 10:05 a.m.

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

A. MINUTES

- 1. Draft Minutes - Meeting of the Advisory Committee held March 27, 2003.

B. FINANCIAL REPORTS

- 1. Cash Disbursement Report – March 2003
- 2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through February 28, 2003
- 3. Treasurer’s Report of Financial Affairs For February 1 through February 28, 2003
- 4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

C. WATER TRANSACTION

Notice of Sale or Transfer of Right to Produce Water in Storage from the City of Chino to the City of Ontario in the amount of 6,000 acre-feet of water (Noticed distributed January 28, 2003 and Pool Committees unanimously approved on March 13, 2003).

There were no questions or comments regarding Consent Calendar items.

Motion by Kinsey, second by Barrion, and by unanimous vote

Moved, to approve the Consent Calendar items, as presented.

II. BUSINESS ITEMS

A. FORMATION OF WATER QUALITY COMMITTEE

Pursuant to OBMP Program Element 6, the Pool Committees took action on April 10 to form a Water Quality Committee. It was recommended the Committee be composed of all interested Appropriators, two members of the Agricultural Pool, one member of the Non-Agricultural Pool, a representative from the Santa Ana Regional Water Quality Control Board and a representative from Inland Empire Utilities Agency. At their first meeting, tentatively scheduled for April 30, 3:00 p.m. at Watermaster, the Water Quality Committee will be asked to select a Chair, review water quality conditions and develop cooperative strategy and plans to improve water quality within the Basin, along with funding strategies, and bring back the Committee’s goals and objectives for review through the Watermaster process.

There were no questions or comments regarding the recommendation.

Motion by Wellington, second by Kinsey, and by unanimous vote

Moved, to approve the formation of the Water Quality Committee and appoint Kuhn and Whitehead to serve as Board representatives on the committee.

B. NIAGARA WATER COMPANY INTERVENTION

Agreement was reached with Niagara Bottling Company. They have agreed to intervene into the Appropriative Pool with zero rights and pay full replenishment costs. They will also pay replenishment costs for water they utilized in the past, in the amount of \$41,115.

Motion by Kinsey, second by DeBerard, and by unanimous vote

Moved, to approve Niagara Bottling Company request to intervene into the Judgement.

C. CONSIDER LETTER TO MWD

A draft letter was presented with a recommendation that the Watermaster Board Chair forward a letter to MWD regarding additional use of Proposition 50 monies for the QSA deal and authorize staff to act on items this nature and provide a copy under report items in the future.

Mr. Atwater was asked to provide an update on the QSA. Mr. Atwater reported that he attended a workshop at MWD on Tuesday where the San Diego County Water Authority and MWD staff made a presentation in this regard. Based upon discussions, the majority of the Met Board has similar issues about earmarking Proposition 50 money. Everyone would like to resolve the issues surrounding the QSA. He has not received the 52 legal documents representing the QSA and requested a summary of the deal points be provided. It is important that a level of understanding and comfort be reached. There will be a follow-up meeting tomorrow morning and a workshop to discuss this on May 12.

Mr. Vanden Heuvel said that he shares concern with the way the QSA came about, but he also has concerns with the proposed letter. He does not believe that the Watermaster Board has evaluated the QSA deal sufficiently enough to make the kind of comments that are in the letter.

Minor modifications to the draft letter were suggested. Mr. Vanden Heuvel explained that he would have no problem telling MWD that this does not necessarily look like the greatest deal. However, this letter makes strong statements that we don't know enough about. He said there is a plausible argument made by the Governor and by Andy Horne at a Southern California Water Committee Meeting that it is in California's best long-term water interest to settle this long-term dispute on the Colorado River. So it is worth that \$250 million to achieve peace and understanding about how that water will move. If the QSA does not happen, something else will need to be negotiated.

Mr. Atwater responded that neither Watermaster nor IEUA, when talking about the Chino Basin interest, should be articulating whether or not this should be voted up or down; these are issues we want to see resolved. He applauded the Governor for trying to use whatever money he has available for the Salton Sea. Unfortunately, Proposition 50 includes funds that we thought would be available to use. He asked how you would explain to the voters that the money was used for things it wasn't intended for.

A suggestion was made to modify the letter to express concern for breach of public trust. Discussion ensued regarding the credibility issue as well as precedence.

Motion by Kinsey, second by Wellington, and by unanimous vote

Moved, to approve that the draft letter regarding additional use of Proposition 50 monies for the QSA deal go forward to MWD, as modified.

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING

Mr. Rossi requested authorization of funding and execution of contract documents to Layne Christensen Company, the low bidder of four bids received for Extensometer Installation and Testing at Ayala Park. There was a window of opportunity to authorize the contractor to begin work, so staff took advantage of that and requested that action be authorized.

Mr. Wildermuth provided a status of the construction that is underway.

Ms. Levin inquired as to whether part or all of the installation was taking place on State property and what the status was of the Amended Right of Entry Agreement with the State. Legal Counsel and staff reported that the agreement had been signed. Ms. Levin asked if the amended Right of Entry Agreement was needed before this contract could go forward.

Mr. Rossi said it was not and explained that Watermaster staff and the contractor worked it out with everyone on-site. They have moved forward with the fence and began other work.

After confirming that the State has been fair in terms of working with Watermaster, Ms. Levin stated for the record that the State would probably send a letter to the Court responding to the transmittal of Status Report No. 6. For whatever reason in the transmittal, a negative comment was made about the State: "The State of California at CIM has yet to approve an access agreement, and as a result, water level and production monitoring have not begun at CIM wells. Monitoring piezometric levels and production at CIM wells is important to this program as CIM wells are within the area of subsidence and ground fissuring, and may be contributing to subsidence. The type of equipment to be installed at CIM is identical to that installed at wells owned by the cities of Chino and Chino Hills." She has proposed that CIM write a response to the Court outlining the State's cooperation with Watermaster and would like for Watermaster to formally correct this statement in the Report. Additionally, some sort of reference that conclusions about whether the State is or is not contributing to subsidence are improper in a Court document like this and should be corrected with the Court. The State was concerned as to why they were not contacted prior to inclusion of this comment and concluded it was improper to call out the State since they have been working with Watermaster for so long to get these facilities on their property. There is another comment in the Report: "Some producers have drilled wells into the deeper aquifers to obtain better quality water...etc." Ms. Levin doubts that the State is one of those producers and found it disingenuous for something like this to be filed with the Court. They would appreciate it if in the future the State is going to be called out, that they at least be called first.

Motion by Rodriguez, second by Wellington, and by unanimous vote

Moved, to authorize the funding and execution of contract documents to Layne Christensen Company, the low bidder for the installation and testing of the extensometer at Ayala Park.

E. NEW YIELD FROM ADDITIONAL STORMWATER RECHARGE

Last month, staff and Wildermuth Environmental Inc. made a presentation outlining some of the opportunities and possible calculations for recording new yield. This new yield is in reference to stormwater associated with the new facilities that are part of the \$40 million recharge project. The Pools took action on April 10 to estimate the annual average of new stormwater recharge beginning in FY 2003-2004 and direct staff to perform reconciliation between actual amounts received and estimates recorded over a five-year period, then adjust amounts previously allocated. In the meantime, if staff finds that assumptions have changed dramatically, there

would be an opportunity to bring back information that might warrant changes in that. Otherwise, staff will begin crediting the 12,000 acre-feet per year of stormwater based on estimates Mr. Wildermuth made from the model.

Mr. Vanden Heuvel asked how they arrived at 12,000 acre-feet per year and how it would affect the 5600 acre-feet of baseline yield. Mr. Wildermuth explained the modeling process and the averaging method used. Mr. Vanden Heuvel expressed his concern about banking the 12,000 acre-feet before the project is built. He asked when the total project would become fully operational. Mr. Rossi replied that it is a phased project with six bid packages and the total package is anticipated to be complete by June 2004. After confirming that 12,000 acre-feet of additional yield was going to be taken in a budget year that the project is not slated to be finished, Mr. Vanden Heuvel said that his two basic concerns are 1) taking credit (banking) for the full affect of the project before it is completed, and 2) with modeling and the best engineering, when you get into a project, there will be surprises. He referenced several problems encountered by the Conservation District at various basins. There is no solid technical foundation to support taking 12,000 acre-feet new yield under the current circumstances. Mr. Vanden Heuvel pointed out that losses in storage have never been dealt with and now they are contemplating increasing the safe yield 12,000 acre-feet per year and if that number is not right, reducing it five years from now. However, there is no enforcement language saying that will happen.

Discussion ensued with regard to water dedicated to replenish the desalter, the mechanism to correct an incorrect estimate, the potential for correcting the estimate every year rather than on a five-year basis, and the mechanism for the potential impact to the Basin. Mr. Jeske reminded everyone that an enforcement tool does exist; it's called the OBMP. The OBMP calls for review of new yield and if Watermaster fails to comply with that, the failure has to be reported to the Court and the Court will direct Watermaster appropriately. The schedule for reviewing safe yield is called out in the Peace Agreement. This matter, however, deals with how operating yield is parceled out on an annual basis. Replenishment for the desalters has always been calculated annually. He added that part of their responsibility is to determine what risks are involved. They realize things can go right or go wrong. Mr. Jeske said that after reviewing the technical data, the appropriators came to the conclusion that they are acting conservatively, that the risk five years later is low, that instead of encumbering debts, loans, etc. for future generations they are attempting to create yield for future generations, and they are mitigating water quality issues that have been created by past and current generations. In the future, the bulk of the new yield will go into replenishing the desalters and the purpose of the desalters is primarily to clean up the groundwater legacy. Discussion continued with regard to costs and water rates.

Special Counsel for the Agricultural Pool, Dan McKinney, said that most of the Agricultural Pool members agreed with the recommended approach, with the understanding there will be accountability.

For the record, Mr. Vanden Heuvel asked what they would be comparing the 60,000 acre-feet against after five years when the accounting is done, what actually went into the ground, what was recorded as having been recharged in excess of the baseline recharge in the OBMP? If based on what actually went into the ground in those five years, will it be adjusted so the next five years will be based on what actually went into the ground versus the 60,000 plus the 5600 baseline every year?

Mr. Rossi referred to the handout "Description of Calculation of New Yield from Recharge Facilities Improvements". Items 1 through 8 describe the procedure that will be followed. Item 6 states "At the end of five years, a new long-term average estimate of new recharge will be

computed based on the actual performance characteristics of the facilities.” Based on his experience with the Conservation District, Mr. Vanden Heuvel referenced institutional issues. He felt it would be unrealistic to expect that during the next rainy season Watermaster would be able to optimize the use of these facilities, so to bank 12,000 acre-feet up front is to start off already in the hole. He asked if it would be really prudent for Watermaster to knowingly adopt something that they know would not work, at least in the first year. Mr. Jeske responded that that is why the recommendation before them is an average amount so they are not spiking one way or another over the years and the use of assumptions that did not consider facilities that will be built in year one. As an appropriator, they do not change their rates to customers every month based on the amount of rain or no rain. They try to look at it annually and in order to do so they must have information for several years out. Again, the appropriators are the ones taking the risk and they felt the recommendation was conservative.

Mr. Vanden Heuvel said it's a self-imposed risk. They are hard-wiring language in that allows for quite a bit of discretion. Characteristics are subject to interpretation. However, they have decided to quantify the benefit at 12,000 acre-feet. Mr. Jeske said that performance was projected and the averaging process works well. If the concern is that this is somehow going to change water levels, 12,000 acre-feet added to the storage in the basin is insignificant. What affects water levels is pumping. Mr. Wellington said what is before them today is a procedure which is very consistent with the points discussed in the OBMP and the Peace Agreement. This is why the monitoring and reporting program is such a strong element of the OBMP. Nobody wants to put any party or all parties collectively at risk and the check and balance points in the procedure make a lot of sense. The objective is to be whole at the end. Mr. Wildermuth clarified that the model calibrates extremely well. It does not have a bias to over-estimate or under-estimate. Despite the long-term variability, the model will seek an average and want to demonstrate that. Also, the storage in the basin is being under-estimated in the low 6 million acre-feet. If the true recharge estimate long-term is 9,000 instead of 12,000 acre-feet and over time that was figured out and debited, it will never be so far off that in the worse case it will not amount to anything volumetrically in the basin.

The handout “Description of Calculation of New Yield from Recharge Facilities Improvements” as revised to alleviate the word “characteristics” in point 6 of the proposed procedure, will be incorporated into the minutes by attachment thereto. Mr. Jeske clarified that the wording of the proposed procedure with eight points was intended to be the wording of his motion at the Appropriative Pool and brought forward for approval. After additional discussion, Mr. Jeske agreed to amend his motion to add point 9 as stated below. Mr. Vanden Heuvel reiterated his concern about all of the recharge basins being managed properly. Mr. Atwater assured Mr. Vanden Heuvel that after the recharge improvements are complete there will be a strong focus on making sure there is a coordinated effort on operations and maintenance. Currently, IEUA staff is working with the Flood Control District, the Conservation District and Watermaster on an O&M budget for next year. Watermaster is making calculations in a very consistent manner with other basins and water districts. Estimates are always trued up based on long-term averages of rainfall.

Motion by Jeske, second by Pepper, and by unanimous vote

Moved, to ratify action taken by the Appropriative Pool for review and allocation of new yield, as amended to add point 9 that if the diversion structure or gates are not built within the fiscal year, the Appropriators will not accept any credits.

Item III.C. INLAND EMPIRE UTILITIES AGENCY (IEUA) REPORT was moved up at this time to help Mr. Atwater meet other commitments.

1. MWD Status Report

Mr. Atwater said there has already been discussion with regard to the QSA and the Dry Year Yield Agreement is moving forward.

2. Conservation Programs

Dave Hill handed out information on IEUA's conservation budget.

3. CALFED Grant Report: Integrated Water Resources Management

Mr. Atwater said this was a \$125,000 grant. They published the report on stormwater capture which is related to a lot of things they do at RP-5 to develop localized activities that will capture more stormwater.

Included in the package is a resolution regarding Water Awareness Month in May.

Dave Hill reported on IEUA's Water Smart Program activities. Attached to their sample resolution is a Draft Water Smart marketing package. He requested any last minute comments be sent to him right away so they can go final with this next week.

***Item Added by Revised Agenda:**

F. RESOLUTION 03-02 (Attachment to Revised Agenda)

The month of May is "Water Awareness Month" which begins in one week. As a result, staff recommends approval of Resolution 03-02, a Resolution of the Chino Basin Watermaster Supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine".

Motion by Wellington, second by DeBerard, and by unanimous vote

Moved, to approve Resolution 03-02 supporting a Community-Wide Water Efficiency Program "Come Rain or Come Shine."

4. Updates

- Recharge Master Plan/MWD Dry Year Storage Program
- State/Federal Legislation

Mr. Atwater said a key part of IEUA's report is the legislative update. In addition to those outlined in the package, he handed out a copy of a bill on behalf of the Water Reuse Association, Water Softeners - Taking Back Our Water Quality in our Watershed. It's a simple bill in the sense that it makes it discretionary and enables the cities and local districts and agencies to adopt ordinances. IEUA considers this a very important bill and when the hearing comes up they would like support to show we are all working together to get this legislation passed.

Mr. Atwater said if anyone has an issue with IEUA's position on any legislation listed, please let them know so efforts can be coordinated on all legislative matters.

- Recycled Water Program

Mr. Rossi said that DWR has a final round of money from Proposition 13 funds available for conjunctive-use activities. Mr. Argo gave a brief presentation on the grant application. He noted that individual agencies might want to apply on their own or Watermaster could combine all projects into one application. He asked that everyone concentrate on projects that might qualify. Mr. Rossi offered to send out the grant information to those interested.

Chair deBoom called a short break for lunch and announced that the meeting would resume after everyone has filled their plate.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. Chino Land & Water SBSC Case No. RCV 06484
Counsel Fife reported that Chino Land & Water filed an appeal, which the Court rejected.
- 2. Watermaster's Santa Ana River Application
Watermaster's application regarding the appropriation of Santa Ana River water received a few protests that also apply to all other applications with the exception of CCWD's protest. CCWD filed a protest to protect its pre-1914 water rights. There will be a response period and it will be many months before a hearing is scheduled.

B. CEO REPORT/UPDATES

Mr. Rossi reported on a majority of the items listed below at the Pool Committee Meetings on April 10 and will report on them again at the Watermaster Board Meeting following this meeting. He asked if there were any questions he could address. There being none, it was agreed that in the interest of time, he would not report on each item at this time.

- 1. Meter Installation Program
- 2. Dry Year Yield Project
- 3. Recharge Improvement Project
- 4. OBMP Status Update
- 5. AB303 Grant Application Update
- 6. AB599 Update
- 7. SB34 Legislation
- 8. AGWA/WEF Water Quality Conference held April 8 & 9
- 9. Groundbreaking Ceremonies at Turner Basin April 11
- 10. Other

C. INLAND EMPIRE UTILITIES AGENCY (IEUA) REPORT

This item was moved forward and heard following Item II.E.

IV. COMMITTEE MEMBER COMMENTS

None

V. OTHER BUSINESS

None

The meeting adjourned at 12:26 p.m.

Secretary

Minutes Approved: June 19, 2003