

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL
June 12, 2003

The Agricultural Pool meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Ave., Suite 109, Rancho Cucamonga, CA, on June 12, 2003 at 1:00 p.m.

AGRICULTURAL POOL MEMBERS PRESENT

Nathan deBoom, Vice-Chair	Dairy - Milk Producers Council
Glen Durrington	Crops
Bob Feenstra	Dairy - Milk Producers Council
Jack Hagerman	State of California Institution for Men
John Huitsing	Dairy - Milk Producers Council
Gene Koopman	Dairy - Milk Producers Council
Jeff Pierson	Crops - Unitex Corporation
Craig Stewart	Geomatrix
Peter Von Haam	State Attorney General's Office

Watermaster Board Members Present

Paul Hofer	Agricultural Pool
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Watermaster Staff Present

John Rossi	Chief Executive Officer
Mary Staula	Recording Secretary
Devonya Williams	

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Steven Lee	Special Counsel, Reid & Hellyer
Mark Wildermuth	Wildermuth Environmental Inc.

Vice-Chair deBoom called the meeting to order at 1:12 p.m.

Mr. Feenstra announced that Bob DeBerard passed away last evening at the age of 83. He was a friend, a colleague, a man that cared about people, a man that loved water issues, and a man that loved being a part of Watermaster activities. He became a member of the Watermaster Agricultural Pool when it was first organized on February 14, 1978. He was elected to serve as the Pool's Vice-Chairman on February 16, 1984 and elected to serve as Pool Chairman in 1986. He continued to serve as Chairman of the Agricultural Pool until today. Mr. Feenstra asked that this meeting of the Agricultural Pool be held in honor of Mr. DeBerard.

Motion by Feenstra, second by Pierson, and by unanimous vote

Moved, that this meeting be held in honor of Mr. DeBerard, the Chair of the Agricultural Pool.

Mr. Feenstra requested Watermaster staff assist him in locating a picture of Mr. DeBerard to hang on the wall at Milk Producers Council as a reminder of how Mr. DeBerard felt about agriculture and how he lived it. Watermaster will send out a notice when arrangements have been made for his service.

AGENDA - ADDITIONS/REORDER

Mr. Rossi requested the minutes under Item A of the Consent Calendar be pulled for correction.

He also called attention to the "Revised Agenda" adding Item F. under Business Items.

1. CONSENT CALENDAR

A. MINUTES

Draft Minutes of the meeting held April 10, 2003 were pulled for correction.

B. FINANCIAL REPORTS

1. Cash Disbursement Report – May 2003
2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through April 30, 2003
3. Treasurer's Report of Financial Affairs For April 1 through April 30, 2003
4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

C. WATER TRANSACTIONS

1. Sale or Transfer of 1,000 acre-feet of Monte Vista Irrigation Company's Fiscal Year 2002-2003 Annual Production Right to the Monte Vista Water District. (*Notice Mailed May 21, 2003*)
2. Sale or Transfer of Right to Produce Water from Storage from Cucamonga County Water District to Fontana Water Company in the amount of 10,000 acre-feet. (*Notice Mailed May 22, 2003*)

D. WATERMASTER STATUS REPORT NO. 7

Consider authorization to staff and legal counsel to file Status Report No. 7 with the court.

E. CONSIDER CONTRACT WITH USGS FOR STREAMFLOW MEASUREMENTS

Consider approval of a contract with USGS for \$32,500 to perform necessary measurements.

Motion by Koopman, second by Pierson, and by unanimous vote

Moved, to approve Consent Calendar Items B through E, as presented.

II. BUSINESS ITEMS

A. FISCAL 2003-2004 WATERMASTER BUDGET

Mr. Rossi provided the Proposed FY 03-04 Watermaster Budget in May for review and comment. The FY 03-04 Watermaster Budget was presented today for recommended adoption. He pointed out that the FY 03-04 budget is holding the line on costs. Staff anticipates assessments will be at or below current levels. The \$150,000 for digester funding previously discussed by the Agricultural Pool has been included.

Motion by Koopman, second by Pierson, and by unanimous vote

Moved, to recommend approval of FY 03-04 Watermaster Budget, as proposed.

B. CONSIDER REQUEST FROM MONTE VISTA WATER DISTRICT FOR REVIEW OF COST APPORTIONMENT RELATED TO OBMP SALT CREDITS

Mr. Rossi referred to the Maximum Benefit Proposal requesting the Regional Board to raise objectives related to recharge of groundwater, specifically TDS and Nitrates, in the Basin Plan Amendment. Staff has been working for some time on the Maximum Benefit Proposal using California Water Code section 13241 and other criteria to establish TDS and TIN objectives in the Chino Basin.

In May, the General Manager of Monte Vista Water District (MVWD) expressed concern that the Basin Plan Amendment as proposed could alter the apportionment of future salt credits. The members of the Appropriative Pool scheduled a special meeting on May 21 to continue discussing MVWD's concern. No action was taken on May 21. Instead, staff was directed to schedule the item for further discussion at the June Appropriative Pool meeting. The enclosed letter from MVWD requesting a review of this matter was

presented to the Watermaster Board on May 29. The Watermaster Board directed staff and Legal Counsel to gather information and prepare a white paper on the issue.

Mr. Kinsey gave an overhead presentation to explain why MVWD is concerned. With the higher objectives, MVWD believes the appropriators who do not provide sewer service will be required to pay a pro-rata share to subsidize the desalters that will uniquely benefit only the appropriators who do provide sewer service. They recall the parties approving the Peace Agreement and OBMP based on the understanding that costs and benefits of salt mitigation programs would be apportioned fairly. He said the value of the water MVWD alone is contributing to offset the desalter replenishment obligation is upwards of \$300,000 per year. However, MVWD agreed to subsidize the desalter replenishment obligation in exchange for salt credits generated. With the proposed change, any salt credits generated will go to support the Basin Plan Amendment through the Maximum Beneficial Use Analysis. If Basin Plan objectives are raised, restrictions that existed for reclamation will be freed up allowing the use of salt credits for reclamation. MVWD believes this represents a material change in what was negotiated in the Peace Agreement. Any potential offset for the funding subsidy will be eliminated, creating an inequity due to the secondary benefit of reclamation through the use of salt credits.

Mr. Rossi pointed out that some of the appropriators expressed a belief that salt credits have a potential to be marketable if available. At this time, however, salt credits do not exist and during negotiations of the Peace Agreement, they did not know if they would ever exist. It is the intent of staff and Legal Counsel to prepare a white paper as requested by the Board and to continue this dialogue at the July meetings. The Regional Board has scheduled a Basin Plan Amendment workshop on August 22 and a hearing in October.

C. BALANCE OF RECHARGE & DISCHARGE IN ALL AREAS; DETERMINATION OF OPERATING STORAGE & SAFE STORAGE; AND THE CUMULATIVE IMPACT OF TRANSFERS

Mark Wildermuth gave a presentation to the committees last month regarding the criteria to be used to prepare a report to the Court in the three areas listed above. The members were asked if they would like Mr. Wildermuth to review the information previously presented and provide additional details. Because the information would be more Appropriative Pool orientated and the pool members heard the presentation last month, they agreed to move forward to the next agenda item.

D. WATER QUALITY COMMITTEE RECOMMENDATIONS

The Water Quality Committee selected Mr. DeLoach as Committee Chair. The Committee met twice to formulate objectives that are unanimously recommended for adoption. The objectives are listed in staff's recommendation on page 112 and again on page 114 of the meeting package. During upcoming meetings, the Committee members anticipate working with Watermaster staff and Wildermuth Environmental, Inc. on specific water quality concerns such as perchlorate, mitigation objectives, Watermaster's role in effecting clean up and identification of contaminate sources. Their intent is to meet on a quarterly basis and provide the Pools, the Advisory Committee and the Watermaster Board with regular updates and reports.

Frank Brommenschenkel has been attending the meetings on behalf of the Agricultural Pool. A brief discussion ensued with regard to policy issues.

Motion by Pierson, second by Koopman, and by unanimous vote

Moved, to recommend adoption of the objectives formulated by the Water Quality Committee.

E. PRESENT FINDINGS ON MWD GROUNDWATER STORAGE ACCOUNT ANALYSIS

Wildermuth Environmental, Inc. (WE, Inc.) is preparing a report based on an analysis of potential material physical injury resulting from the Dry Year Yield Groundwater Storage Program between Metropolitan Water District, Inland Empire Utilities Agency, Three Valleys Municipal Water District and Chino Basin Watermaster. Regarding water levels, they concluded there would be none. Regarding water quality, WE, Inc. looked at the major plumes in the Basin to determine if a significant change in direction or speed could result from the Dry Year Yield Program as described. They concluded there would be none. Finally, they looked at losses to the River and concluded the losses were minimal.

The WE, Inc. report will include maps, findings and analysis and will be presented at the July meetings in a power point presentation format. The final report of findings will be distributed for review prior to any request by Watermaster staff to consider approval.

Added by Revised Agenda...**F. FUTURE EXPANSION OF CHINO 1 AND CHINO II DESALTERS (Attached to revised agenda)**

- 1) Determination of interest by members of the Appropriative Pool with respect to the future purchase of water from Chino I and Chino II Desalters.
- 2) If direct connections to other Appropriators are not presently cost-effective or not desirable for other reasons, expanding the capacity of the desalters for purposes of enabling in-lieu exchanges rather than by direct deliveries.
- 3) The process for determining whether water produced from the expansion of the desalters will be subject to a replenishment water obligation.

Jurupa Community Services District sent a letter to Watermaster on behalf of the Chino Desalter Authority asking Watermaster to consider various issues and opportunities before constructing new desalter pipelines. Incremental costs for pipeline construction is fairly small in the big picture and it would be advantageous to consider opportunities now rather than later, such as whether to over-size for the benefit of other OBMP programs. Both the raw waterside and the discharge side of the conveyance pipeline should be taken into consideration.

Mr. Rossi plans to get Black & Veatch an RBF together to correlate questions and bring a detailed analysis back through the process. They will attempt to match up pipeline and location elements, costs, sizes, etc. No action was required.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana Application Protests
Counsel Fife reported that 30 days has been given to respond to the four protests filed on Watermaster's application to ensure the rights of Watermaster and the Chino Basin parties to appropriate surface water are within the jurisdiction of the SWRCB. Three of the four protests do not represent a problem. The Department of Fish and Game (DFG) protest will require a response. DFG has expressed concerns that the proposed projects may result in direct and cumulative adverse impacts to the resources of the Santa Ana River basin. Watermaster believes that its project is unique compared to the others at issue as extensive environmental analysis has already been conducted for the OBMP and the project will benefit the resources of the watershed.
2. June 5, 2003 Hearing
The June 5 hearing resulted in two orders available as handouts. The Court approved the Funding Agreement, the OBMP Status Report, the Annual Report and Intervention by Niagara.
3. Hearing re Cyclic Storage Agreement Amendment

The Cyclic Storage Agreement was re-executed during the MWD Funding Agreement process. It will be submitted to the Court for approval.

B. CEO REPORT/UPDATES

1. DWR Grant Application

Mr. Rossi reported that Watermaster received the grant application (\$77 million available for conjunctive-use programs) and filed it last week. We should hear something by late fall.

2. SAWPA "Integrated Project of the Year" Award

Mr. Rossi attended an awards banquet held by SAWPA last week. Watermaster and IEUA received the "Integrated Project of the Year" award for its work on the OBMP. The award will be presented again by SAWPA at the Watermaster Board Meeting next week.

3. MWD Long Term In-Lieu Storage Program Filing

Watermaster met MWD's deadline for filing the operating plans for the new Long Term In-Lieu Storage Program. In-Lieu water will be available on July 1. Mr. Rossi and Mr. Atwater are working together to find any opportunities to accept wet water to meet replenishment obligations, to put into the cyclic account or trust storage account, or to roll into the dry year yield account.

4. Storage & Recovery Project Update

A Storage & Recovery Meeting with members of the Appropriative Pool was held June 11. Castaic Lake Water Agency (CLWA) has expressed an interest in storing water in the Chino Basin. Staff is very interested in entering preliminary negotiations with them and bringing a term sheet back for review in July.

Black & Veatch has been asked to move forward with developing a scope of work for a long-term Storage & Recovery Project. Mr. Argo will assimilate master plans of several member agencies into a regional master plan, identify any shortcomings, locate where wellhead treatment might need to go, determine capacities and develop the bookends of this project. This work will take an estimated six months to complete.

Until further notice, Storage & Recovery Workshops will be held monthly at 8:30 a.m. just prior to 10:00 a.m. Appropriative Pool meetings. The next meeting will be on July 10. The workshops will help develop a consensus and help staff and counsel develop an understanding of what can be brought to the table to a third party in terms of a storage and recovery project, what the shift obligations are, what the time frames are, what storage capacities are available, etc. Staff would also like to deliver a report that stipulates boundaries for a Storage and Recovery project, i.e. water quality considerations, hydraulic considerations, future capacity considerations, constraint on shifting from treatment plants on or off to groundwater basins, etc.

Mr. Feenstra reported the he recently attended some dedications to handle floodwater. Between agriculture and the sewer district they went to Washington and obtained about \$18 million in grants and matching funds to complete the Grove Basin on Euclid and Francis and now they have dedicated what's going to happen at the Turner and Vineyard Basins. Agriculture gets no credit for the water that is going to be caught and held; it's going to Orange County at no cost. He asked if there is any law or anyone saying that we have to release that water to Orange County? Legal Counsel Fife said the only limitation on the Basin is that the 1969 Judgement requires 17,000 acre-feet to leave Chino Basin and go into the Santa Ana River down to Orange County. Mr. Feenstra said there are three huge basins that are holding thousands of acre-feet more than we are required to release to Orange County. He asked if there was any creative way Watermaster could do something with that water. Mr. Hofer said that Flood Control controls the gates and it may be good to have Flood Control in the room to discuss these concerns. Orange County is

allocated a certain amount and beyond that, we absolutely need to maintain the water we have in this Basin.

Mr. Rossi said the difficulty right now is the economics. Flood Control is Watermaster's partner in operating the Recharge Basin and Mr. Miller is a good friend. Perhaps Watermaster and Flood Control can find a way to keep and use the remaining water after Orange County receives its allotment.

C. OTHER AGENCY REPORTS

None.

IV. COMMITTEE MEMBER COMMENTS

Mr. Koopman asked if there was discussion at the earlier meeting regarding the public relations committee with Inland Empire Utilities Agency? Mr. Rossi said there was none.

V. OTHER BUSINESS

None

VI. FUTURE MEETINGS AND EVENTS

July 10, 2003	10:00 a.m.	Joint Meeting of the Appropriative & Non-Agricultural Pools
	1:00 p.m.	Agricultural Pool Meeting
July 24, 2003	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board

Vice-Chair deBoom adjourned the meeting at 2:22 p.m.

Secretary

Minutes Approved: July 17, 2003