

Draft Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
May 20, 2004

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Ave, Chino Hills, CA, on May 20, 2004 at 9:00 a.m.

Agricultural Pool Members Present

Nathan deBoom, Chair	Milk Producers Council
Glen Durrington	Crops
Jeff Pierson	Crops
Robert Feenstra	Dairy
John Huitsing	Dairy
Gene Koopman	Dairy
Peter Hettinga	Dairy
Pete Hall	State of California, California Institute for Men
Craig Steward	State of California, California Institute for Men

Watermaster Board Member Present

Paul Hofer	Crops
Bob Kuhn	Three Valleys Municipal Water District

Watermaster Staff Present

John Rossi	Chief Executive Officer
Gordon Treweek	Project Engineer
Sheri Rojo	Finance Manager
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental, Inc.

Others Present

Steve Lee	Space Center Mira Loma
Rich Atwater	Inland Empire Utilities Agency
Tom O'Neil	Jurupa Community Services District

Chair deBoom called the Agricultural Pool meeting to order at 9:09 a.m.

AGENDA - ADDITIONS/REORDER

Tom O'Neil from Jurupa Community Services District requested that Item III B no. 3 be discussed directly after the consent calendar. Chair deBoom acknowledged this agenda change.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool meeting held April 20, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of April 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through March 31, 2004
3. Treasurer's Report of Financial Affairs for the Period March 1 through March 31, 2004

4. Profit & Loss Budget vs. Actual July 2003 through March 2004

C. STATUS REPORT #10

Authorize Staff and Counsel to File Report with Court for December 2003 to February 2004 Period

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

Moved to approve Consent Calendar Items A through C, as presented

Note: This item was taken out of the original agenda order.

B. CEO/STAFF REPORT

3. Staff to Present the Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan

Mr. Rossi explained this item is a draft report coming back from the Chino Desalter (CDA) Authority which was provided and prepared by consultants from RBF. Mr. Rossi stated while this plan is still in draft form, it is being provided to try and answer some of the Committee member's questions in terms of impacts that could be felt at private or other wells in the area adjacent to the desalters. Mr. Rossi stated we are not looking for any action regarding this item today, however, wanted to encourage the members to read the Plan and get back to Watermaster with any questions or concerns, noting a formal presentation will be brought back to the Pools next month. Chair deBoom asked Tom O'Neil from Jurupa Community Services Department if he could give a brief overview of the plan. Mr. O'Neil stated that when he sent the Draft Plan to the Watermaster to be included in the packet, the attachments which were to accompany the Plan were not yet available, although, had them ready at present for review. Mr. Rossi stated these attachments would be added to the package next month when this item came back for recommendation for approval. Mr. O'Neil stated this plan was created to address any local impact issues to wells or groundwater levels within the lower part of the Chino Basin. This Plan examines history and background, location of the project area, purpose and scope, Chino I monitoring wells, Chino II monitoring wells, changes to the monitoring well network, monitoring frequency, reporting procedures, response, impact assessment, mitigation plan, technical review team, representation, responsibilities, recommendations to the CDA, and references. Mr. O'Neil noted that the Chino Basin Watermaster is currently monitoring groundwater levels. Chair deBoom inquired if there was any planned outreach for the well owners to be contacted in advance of the activities. Mr. O'Neil stated that the well owners have been notified in advance. Discussion ensued with regard to pumping closer to the East, where wells had been shut down. Mr. Rossi commented on the two Agricultural studies which are currently taking place that will review history, wells that are being shut down, and groundwater levels. A question regarding Desalter II having no reclaimed water which would supplement water to well owners if the water levels dropped was presented. Mr. O'Neil stated that no plan regarding this was presently in place, however, that issue will be investigated. Mr. Feenstra added comment 38,000 cows were relocated from within the Chino Basin last year and felt approximately another 30,000 or so would be relocated this year which means that those wells that are no longer operating should create a change in the water table. A brief discussion ensued regarding tenants and wells. An update on wells and other issues addressed today will be brought back to the June meeting Mr. Rossi stated.

II. BUSINESS ITEMS

A. 2004/2005 WATERMASTER BUDGET

Mr. Rossi presented the 2004/2005 Watermaster Budget to the Committee members stating there were no changes from the previously submitted budget. Mr. Rossi informed the Committee the Appropriative and Non-Agricultural Pool approved the budget at the last Pool meeting. A discussion ensued with regard to different accounting areas and where budgeted items were shown within the budgeted categories, along with the rate of interest accumulating for the Agricultural Pool's reserve account monies. Mr. Rossi commented Watermaster

presently has the reserve account placed into the Local Agency Investment Fund (LAIF) which is currently paying an interest rate of 1.47%. A discussion continued and it was suggested our Finance Manager work with the financial consultant for the Agricultural Pool in possible investment opportunities. Mr. Rossi reminded the Committee that we have a limited staff and must maintain certain financial separation of duties and those other water agencies have a full time financial consultant/brokers working for them for these types of endeavors. It was noted that Sheri Rojo, Nathan deBoom, and John Huitsing would brainstorm on some possible ideas for investments; now being referred to as the Agricultural Pool Investment Committee.

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

Moved to approve the 2004/2005 Watermaster Budget with the stipulation Watermaster would investigate options for the Agricultural Pools reserve account to possibly receive a higher rate of interest

B. CONSIDER AGREEMENT FOR BASIN MONITORING PROGRAM FOR NITROGEN/TDS IN THE SANTA ANA RIVER WATERSHED

Mr. Rossi referred to page 69 of the packet noting this is an agreement with the members of the TIN/TDS task force and a requirement from the Regional Board pertaining to the Basin Plan Amendment for all discharges along the Santa Ana River which will monitor effluent and water quality being discharged into the river. Mr. Rossi stated, within this basin we want to do extensive monitoring on the river for Maximum Benefit, noting this is a very positive action in which we are acquiring several partners for this monitoring program. Mr. Rossi confirmed Watermaster would get all the data which would allow us to provide data to Wildermuth for their model, commenting that Wildermuth is the consultant on this project. The question of Watermaster's contribution to this task force was presented. Mr. Rossi confirmed the staff is being hired through consultants to do the work; SAWPA administers the rest, we would not contribute any time other than attending meetings. Mr. Rossi mentioned the \$18,500 dollars covers sampling in the river, processing, analyzing the data, recording it, and delivering the findings to the parties. We are moving forward with the implementation of the new program and Watermaster is recommending the approval of this Agreement because we are getting tremendous benefit out of this whole program. Mr. Rossi also commented that the Appropriative and Non-Agricultural Pool approved this item and noted the \$18,500 was already allotted for in the 2004/2005 budget that was just approved. The question of whether or not Orange County was doing any testing or duplicating of our tests was presented. Mr. Rossi noted that sampling efforts will be consolidated. This data is then forwarded into this program and the money we are spending is to analyze that data and execute a "combined" report, stating this is not a repetition act of what Orange County is currently doing or what the Regional Board is currently doing. Mr. Wildermuth added this will not reduce the amount of testing that the Regional Board does.

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

Moved to approve the Agreement for the Basin Monitoring Program for Nitrogen/TDS in the Santa Ana River Watershed

C. CONSIDER AGREEMENT BETWEEN IEUA AND WATERMASTER FOR BASIN MONITORING ACTIVITIES

Mr. Rossi affirmed he was not seeking any action on this item and will be bringing it back for recommendation next month. Mr. Rossi remarked since Watermaster started discussing this program with Wildermuth and IEUA, Watermaster felt it necessary to take a good look at all monitoring programs. Trying to capture the efforts and costs associated in these monitoring efforts between the two agencies would really bring us together on this cost saving venture. Mr. Rossi asked the Committee to turn to page 81 of the packet to examine the tables regarding analytical and labor costs for joint water quality monitoring programs within the Chino Basin. Table 1 describes costs for the Groundwater Quality Monitoring Program, Hydraulic Control Monitoring Program, Recharge Basin Water Quality Monitoring Program, and Title 22 Monitoring Program for Phase 1 Basins. Mr. Rossi reviewed Table 1 costs in depth. Noting that in this proposal, and in working with Rich Atwater, IEUA would contribute in the first three

areas, which are the largest of the four monitoring areas, and then Watermaster would contribute to the Title 22 Monitoring Program. Mr. Rossi pointed out a substantial amount of money will be saved by going this route by reducing our labor costs approximately 60%. Mr. Rossi stated the majority of capital costs are funded by outside funding, grants, AB303, DWR, and some other areas.

D. CONSIDER AGREEMENT BETWEEN OCWD, MWDOC, IEUA, AND WATERMASTER FOR THE JOINT USE OF SERVICE CONNECTION OC-59

Mr. Rossi affirmed there has been a standing agreement between OCWD, MWDOC and IEUA for 20 plus years when OC-59 was first built. It was discussed with IEUA that Watermaster needs to be included in this Agreement. Mr. Rossi reviewed the verbiage of the Agreement with regard to water that is ordered and delivered. Mr. Rossi recommends, at this time, Watermaster refresh this Agreement with this addition of Watermaster's name. Otherwise noting all the financial terms, liability, and indemnities remain the same. Mr. Rossi confirmed the OC-59 connection is located at the San Antonio Creek wash. Staff would recommend approval of this agreement to go to the Advisory and the Watermaster Board which the Appropriative and Non-Agricultural Pool took unanimous action on last week.

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

Moved to approve draft agreement between OCWD, MWDOC, IEUA, and Watermaster for the joint use of service connection OC-59

E. DATA REQUEST FOR ONTARIO AIRPORT

Mr. Rossi commented Watermaster was moving forward on this request.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney/Manager Meeting – May 12, 2004

Counsel Fife commented on the progress of the Attorney/Manager meetings. A technical meeting will be held on Monday May 24, proceeding with the Wednesdays meetings on June 2 and June 9, 2004. Counsel Fife stated the parties at the meetings were considering a variety of issues. Issues of water quality are being addressed at these meetings and Counsel encouraged the Pool members to address Steve Lee with these types of issues because he does attend those meetings and will have an opportunity to bring concerns up.

2. Patent Issue

Counsel Fife commented on the recently awarded patent for recharge basins and informed the Committee this item was added to the Legal Affairs Committee Agenda at the ACWA conference in Monterey last week. Counsel Fife stated he was involved in a very interesting discussion regarding this topic. Counsel Fife confirmed that several other water agencies had heard from the gentleman who obtained the patent and noted one of them had actually paid him for his services. There is a tremendous amount of interest in pursuing this issue and noted it will not only be the Chino Basin but several other parties will be watching this matter. If there are any legal ramifications from this patent, we will be facing it as part of a larger assembly.

3. Wilson v. Watermaster

Counsel Fife noted this is the personal injury case which has been brought to the Committee meetings before and noted the insurance company and the plaintiff are battling over this case. Counsel reported that he has been informed by the insurance company attorneys that the case has been settled and will be dismissed. Counsel Fife noted he will keep the Committee apprised of any further actions regarding this case.

4. Hearing Date For Approval Of DYY Storage Agreement

Counsel Fife acknowledged the filing of the Dry Year Yield Storage Agreement pleading with the court on May 12, 2004 and stated the hearing is set for June 24, 2004. Noting IEUA and Three Valleys have now approved the Agreement and once the court approves it Watermaster will also sign it. Counsel Fife anticipates all to go well in regards to the court approving this agreement.

Added:

5. Chino Land and Water Case

Counsel Fife informed the Committee that the Chino Land & Water case which was submitted to the Supreme Court was denied acceptance to be heard by the Supreme Court.

B. CEO/STAFF REPORT

1. Staff to Present Draft Recharge Operating Plan

Mr. Rossi presented the draft operating plan for recharge and asked the Committee to turn to page 97 of the packet for review. Mr. Rossi noted this has been a challenging year due to the 23,600 acre feet of requirement to recharge water, 6,500 acre feet of that for the MZ1 Peace Agreement requirement, the other 16,600 is over pumping from the prior year. One of the challenges was a direct result from the fires and then the Christmas day storm bringing a lot of silt and ash down into the basins, taking Montclair off line which is where we usually do the majority of recharge. Mr. Rossi reviewed the table discussing the conjunctive use plan for the new Dry Year Yield (DYY) Metropolitan Water District (MET) program and the replenishment deliveries in detail. Mr. Rossi noted he was anticipating taking an 8,000 or 9,000 out of the cyclic account at year end. Mr. Rossi noted that Mr. Kinsey recommended us possibly not taking all the water out of the cyclic account to try and wait and deliver it wet over the next year. Mr. Rossi agrees Watermaster should obtain as much wet water as we can because of the benefits to the basin. The question of whether or not while under the judgment we could mine, for a period of time, in drought years the basin was presented. Mr. Rossi stated the short answer would be yes, although, if there would be any material physical injury to the basin this issue would be something we would want to have approved by the court prior to any action. Mr. Rossi commented that Mark Wildermuth has done extensive modeling in this area and because of that we have a much better understanding regarding this inquiry. Discussion ensued regarding the cyclic account as well as safe yield issues. Mr. Rossi recommends a staff report be submitted next month in this regard and noted this item will be on the agenda next month.

2. Discuss Change of Meeting Times for the Advisory and Watermaster Board Meetings

Mr. Rossi informed the Committee members of the time changes for the Advisory and Watermaster Board meetings starting on Thursday, May 27, 2004.

3. Staff to Present the Chino I and Chino II Desalter Projects Groundwater Monitoring and Mitigation Plan

This item was moved to the first item after the consent calendar items by Chair deBoom.

IV. POOL MEMBER COMMENTS

Mr. Feenstra referred to Mr. Rossi as a "keeper" and expressed his appreciation for the dedication he portrayed as the CEO for Chino Basin Watermaster over the past three years. He thanked him for his accomplishments and wished him the very best at his new position. Mr. Feenstra noted that while Mr. Rossi accepted another position at another company he would still be part of the water industry and possibly be attending some of the meetings the Watermaster holds in the future. Chair deBoom agreed with Mr. Feenstra and thanked Mr. Rossi for a job well done.

Mr. Rossi returned the thanks to the Agricultural Pool Committee members and stated that it was a pleasure working with each and every one of them, and he also anticipated seeing them again and working with them in the future.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. FUTURE MEETINGS

May 12, 2004	12:00 p.m.	Attorney/Manager Meeting @ BBK
May 13, 2004	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
May 19, 2004	12:00 p.m.	Attorney/Manager Meeting @ BBK
May 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 27, 2004	9:00 a.m.	Advisory Committee Meeting
	11:00 a.m.	Watermaster Board Meeting

The Agricultural Pool Meeting Adjourned at 10:40 a.m.

Secretary: _____

Minutes Approved: _____