

Minutes
CHINO BASIN WATERMASTER
AGRICULTURAL POOL MEETING
September 21, 2004

The Agricultural Pool Meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on September 21 2004 at 9:00 a.m.

Agricultural Pool Members Present

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

Watermaster Board Member Present

Paul Hofer	Crops
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Steve Lee	Space Center Mira Loma
Josephine Johnson	Monte Vista Water District

Chair deBoom called the Agricultural Pool meeting to order at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

Chair deBoom gave a brief introduction for Mr. Ken Manning, Watermaster's new Chief Executive Officer. Chair deBoom noted he had the pleasure of meeting Mr. Manning through the hiring process and welcomed him to the Agricultural Pool meeting. Mr. Feenstra gave Mr. Manning a special welcome and thanked him for recently attending the Ken Calvert reception to meet various key people. Mr. Feenstra gave Ms. Rojo a special thank you for stepping up in the interim as in as Chief of Watermaster and noted she had done an excellent job. Mr. Manning expressed his appreciation for the welcome and stated his desire to get to know each of the committee members. Each committee member introduced themselves and noted who they were representing.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Agricultural Pool Meeting held on August 17, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of August 2004

- 2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through July 31, 2004
- 3. Treasurer’s Report of Financial Affairs for the Period July 1 through July 31, 2004
- 4. Profit & Loss Budget vs. Actual July 2004

C. WATER TRANSACTION

- 1. Consider Approval for Transaction of Notice of Sale or Transfer from West Valley Water District to Monte Vista Water District in the amount of 650 acre-feet; Date of Application: July 26, 2004
- 2. Consider Approval for Transaction of Notice of Sale or Transfer – The Transfer of Monte Vista Irrigation Company’s FY 2004-05 Annual Production Rights to the Monte Vista Water District. The Total Quantity of Water to be Transferred is Estimated at 1,100 acre-feet; Date of Application: July 26, 2004

D. NOTICE OF CONRAD & ASSOCIATES, LLP TO PERFORM FISCAL YEAR 2003-04 FINANCIAL STATEMENTS AUDIT

*Motion by Koopman, second by Feenstra, and by unanimous vote
Moved to approve Consent Calendar Items A through D, as presented*

II. BUSINESS ITEMS

A. CONSIDER FIRST AMENDMENT TO PEACE AGREEMENT AND WATERMASTER RESOLUTION 2004-__

Counsel Fife noted that Watermaster was seeking two motions today concerning the First Amendment to the Peach Agreement. This is an amendment to the Peace Agreement and the Peace Agreement had a number of signatories to it, one of which was the Agricultural Pool. Watermaster itself did not sign the Peace Agreement instead it adopted a Resolution that committed Watermaster to proceed in accordance with the Peace Agreement. In amending the Peace Agreement two actions are needed from each of the pools; the first is for the Pool itself to consent to the Amendment, that will authorize the Chair to actually sign the Amendment, the second will be recommend to Watermaster that it adopt a Resolution committing Watermaster to proceed with the Peace Agreement as amended. Counsel Fife explained what the amendment is; this is an outcome of the salt credit issue. This has come up because of the Basin Plan Amendment which is in the process of being adopted by the State Board presently. Previous to the Basin Plan Amendment the whole process for salt removal in the Basin through the Regional Board was that we would perform some activities primarily constructed Desalters which would remove salt from the southern end of the basin. In exchange we would be permitted to do salt loading activities, primarily recycled water recharge which adds salt to the basin. The way the Regional Board was going to work out this transaction was through salt credits, when the Desalters would take out an increment of salt, we would get a credit and we could use that to put recycled water into the basin. With the new Basin Plan Amendment we do not need that process. Then the whole concept of salt credits goes off the table; however, there is a whole section in the Peace Agreement concerning salt credits and certain parties felt they bargained away certain items of value to themselves in exchange for the value they anticipated to get out of salt credits. Primarily they felt that they gave up their portion of the storm water yield which we are getting through our recharge improvement project. Counsel Fife stated this problem was solved with the First Amendment which is a very simple amendment; it eliminates the whole section of salt credits from the Peace Agreement and then in return it gives all the parties back their portion of the storm water yield from the recharge improvement projects. Counsel Fife noted that instead of devoting that yield to Desalter replenishment we are simply allocating it back to the parties. The question regarding losses from the 25,000 acre-foot of Kaiser water was presented. Counsel Fife commented we are not charging losses against water in storage right now, but will begin in 2005. Mr. Koopman inquired about Recitals D and its referring to safe yield. Counsel Fife gave a detail explanation regarding safe yield as set in the Judgment. Counsel Fife commented that we are not changing

the safe yield right now so it is being called new yield. The Peace Agreement then separately commits that we will not revisit the safe yield in the Basin any earlier than the 2010/2011 fiscal year; after that we could go through a process and that would involve all of Watermaster including the Ag Pool for re-determining the safe yield. Counsel Fife affirmed what Recitals D says even if after 2010/2011 if we add in that component into the safe yield we are not then going to turn around and independently use that component of safe yield for the Desalters. Counsel Fife referred to Recitals E for further comment to Mr. Koopman's inquiry. A lengthy discussion ensued regarding salt credits, safe yield, and the First Amendment. Mr. Koopman inquired from Ag Pool Counsel if it was his thought that this First Amendment was appropriate. Counsel Lee stated it was a good First Amendment and Resolution. A discussion ensued regarding new yield. Ms. Rojo stated this new yield only applies to the appropriators and that the additional acre-feet from the storm water recapture from the Recharge Improvement Project is going just to the appropriators who were paying for the project versus the Desalter Replenishment which will be hit by everybody including the non-agricultural users. The question regarding an approval of the amendment time frame was presented. Counsel Fife stated it needs to go to the Advisory Committee and the Watermaster Board on September 30, the individual entities that are signatories to the Peace Agreement are all taking this to their Boards, once we have all signatures together we will submit those to the court, schedule a hearing sometime in November for final approval. Mr. Koopman presented staff with the question with regards to non-agricultural and new water. Counsel Fife gave a brief description on new yield and an explanation on safe yield in regards to Mr. Koopman's inquiry.

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

Moved for approval for the authorized chairman to sign the First Amendment to the Peace Agreement and to authorize Watermaster to adopt as a Resolution, as presented

Separate and noted approval by the State's representative Pete Hall

Moved for approval for the authorized chairman to sign the First Amendment to the Peace Agreement and to authorize Watermaster to adopt as a Resolution, as presented

Ms. Rojo addressed Chair deBoom with a suggestion to move up the presentation being given by Andy Malone under item B, no. 5 regarding an update on the Subsidence Monitoring Program and then a brief update on item B, no. 2 the clean up and abatement orders noting that Mr. Malone needs to leave shortly for another appointment. Chair deBoom recognized this request and asked that Mr. Malone's presentation and update be moved up for the next item.

2. Update on the Cleanup and Abatement Orders

Mr. Malone stated Watermaster approved for Wildermuth Environmental to help the Regional Board develop draft cleanup and abatement orders against Potential Responsible Parties in the area of the Ontario International Airport. Five draft orders were prepared and have circulated back and forth between the Regional Board; three of those five have reached a final stage and the remaining two are still under consideration by the Board staff. Mr. Malone is anticipating all five to be finalized and issued sometime in the October time frame.

5. Update on Subsidence Monitoring Program

Ms. Rojo commented there are some real interesting things happening with pump tests that are going to be taking place shortly and some extensometer results. Mr. Malone stated that they have been measuring subsidence and observing ground fissuring that occurred in the early 1990's and what we are doing is an investigation to figure out the

mechanisms behind that subsidence and fissuring; while trying to figure out a long term operating plan concurrently. Mr. Malone stated there will be a workshop with the special referee that we are scheduling sometime in January 2005. Choosing this later date will allow for the completion of the post pumping test, analysis of that data, time to plan for the next year, and one more MZ1 meeting prior to that workshop. Mr. Malone noted that Mr. Wildermuth has been making some presentations on the work that has been taking place, one was to the Inland Geological Society a few weeks ago, and the next will take place at the upcoming Groundwater Resources Association at the end of September, and the last one for this year is scheduled for the American Water Resources Association (AWRA) Annual Conference at the beginning of November. Chair deBoom inquired about the Technical Committee; do transfers in and out of the MZ1 ever go in front of the Technical Committee. Mr. Malone commented yes that does happen, and stated the Technical Committee in general is concerned with maintaining water levels in the MZ1 area so transfers that would allow more pumping without recharge into the MZ1 is something the Technical Committee would look at skeptically. Mr. Feenstra added comment regarding losing about 60 pumpers in this basin mainly in agricultural areas and inquired if there would be a change in the water levels due to this. Mr. Malone stated we would not see that occur. Mr. Malone gave a brief description on the subsurface barrier which would support his statement. The question regarding subsidence in the 90's was presented. Mr. Malone gave a detailed explanation of what occurred in the late 80's/early 90's regarding deep wells being drilled and the compaction that took place at that time that will not take place again.

B. DISCUSS ISSUES CONCERNING AGRICULTURAL POOL CREDIT AND TRANSFERS

Counsel Lee commented on what had taken place at the last Attorney/Manager meeting with regard to this request and at that meeting it appeared there was a decision that there was no reason to have Pool, Advisory Committee, or Watermaster Board approval for this credit and transfer fee. It was noted at that meeting that the Agricultural Pool needed to contact the appropriators directly. Counsel Lee felt the Agricultural Pool can arrange a meeting with each city that has an interest and jointly work out the details. Mr. Koopman presented the question of whether Ag Pool transfers would then come through the Ag Pool like the other transfers we see on the consent calendar. Counsel Lee confirmed that a work group with IEUA, Ken Jeske, and Dave Crosley would be beneficial to decide on processes. Mr. Koopman brought up the Cal Trans water transfer, which was to have gone through Watermaster and due to no historical production, was turned down, for discussion. Counsel Fife returned comment and noted Mr. Koopman's statements needed some looking into. A discussion ensued regarding historical production. It was noted that if a party is an Ag member we can not say some can do this transfer and some can not. Counsel Fife commented that separate issues were being brought forth and might need to be addressed at a separate time. The question regarding Cal Trans was presented again and Counsel Fife noted he has not seen this transfer. Ms. Rojo stated she spoke with Traci and did not get a clear answer, nevertheless will look into this question further. A lengthy discussion ensued regarding credits and pumping.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. September 2, 2004 Hearing

Counsel Fife stated there was a hearing recently on Monte Vista's motion and the outcome of that hearing was that we did continue the motion until October 14, 2004. We have notified the court that hearing will most likely take the form of a Status Report to the court since all parties may not have signed the First Amendment. The Watermaster Board will not be able to act on that until its meeting on the 30th; at best we will have the signatures and prepared the transmittal pleading, we may have filed it but will not be ready for an actual hearing for the court to approve it at that time. Counsel Fife noted we would have liked to have met with the court at the end of October on this issue; however, the

court will be on vacation for a few weeks right after October 14, 2004. The hearing for this item should be in mid to late November.

2. Castaic Lake Water Agency Meetings

Counsel Fife stated this Pool directed counsel to contact Castaic Lake in response to their letter offering to buy a portion of water in storage; they were contacted and discussions have started by way of meetings. Counsel Fife noted that the Non-Agricultural Pool has expressed interest in transferring their stored water to somebody and Castaic looks like a likely buyer for that water; meaning they would buy water already in storage. We are looking at getting some kind of initial deal by the end of the year.

3. Attorney/Manager Meetings

Counsel Fife stated the Attorney/Manager process is still continuing. A meeting was held on September 13, and we are waiting for some technical work concerning the hydraulic control concept; once we get that technical data we will be having another series of meetings.

B. STAFF REPORT

1. Update on Pilot Project at IEUA for Composting and Other Related Studies

Ms. Rojo noted Rich Atwater was to give comment on this item and Chair deBoom stated that Mr. Feenstra would be able to offer an update regarding this item. Mr. Feenstra commented that he has entered into a series of meetings for projects to do composting waste within this basin in conjunction with Inland Empire Utilities Agency (IEUA), Los Angeles County, Orange County, Eastern, Western, and others that will come to the table as well as the regulators at the Regional Water Quality Control Board, South Coast Air Quality Management District and so on. The purpose of this pilot project is to protect air, to test the scientific responses to using different technologies to put these different wastes into a composting process using technologies like the "Ag Bag" that is being used extensively in Dixon California by the city of San Francisco. The other methods would be containers that you see going on ships where there would be in container type composting going on and other technologies that we are going to utilize in this whole two to three year process. The pilot project will utilize these wastes for farming, to save water, and to conserve water. This is very exciting, however, we need to get as many players to the table as possible and IEUA was thanked for being the first to do so. Mr. Feenstra noted parties are asking for scientific studies that will be done at various college facilities over the three year period. Mr. Feenstra noted water districts and agencies will also be asked to take part financially. Mr. Feenstra offered more details on this new pilot project. During a presentation yesterday we started by asking each party present, "how many bags do you want to buy" in trying to get money coming in for this project right away. Mr. Feenstra made a personal plea to the Committee members to participate financially to this endeavor and Chair deBoom asked Mr. Feenstra how much money was he looking at receiving from the Agricultural Pool and Mr. Feenstra answered they are requesting \$10,000 at this time. Mr. Koopman inquired as to who had contributed thus far and who the other parties were that would be involved in this endeavor. A lengthy discussion ensued with this regard. It was requested of Mr. Feenstra to put together a plan/proposal and to get together with Mr. Manning and others who are interested in this new program and discuss its possibilities and financial needs.

2. Update on the Cleanup and Abatement Orders

This item was taken out of order by Chair deBoom.

3. Recycled Water Usage Update

No comment was made regarding this item.

- 4. Agricultural Pool is Requesting Feedback/Comments on "How to Support the Recycled Water Plan"
No comment was made regarding this item.
- 5. Update on Subsidence Monitoring Program
This item was taken out of order by Chair deBoom.
- 6. "Think Environment Week" Flyer"
Mr. Manning noted that Mr. Kuhn brought forth this opportunity at the last Watermaster Board meeting to increase water awareness through the Daily Bulletin; a special insert is done for the newspaper and a lot of the individual agencies were participating. Mr. Kuhn felt it would be a good idea for Watermaster to try and put something together, however, the deadline was too short for this particular issue date. A brief discussion ensued and it was noted Watermaster will look into this next year in enough time to pursue this item.

IV. INFORMATION

- 1. August 2004 Shutdown Workgroup
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was received.

VI. OTHER BUSINESS

No comment was received.

VII. FUTURE MEETINGS

September 9, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 13, 2004	9:00 a.m.	Attorney/Manager Meeting @ BB&K
September 21, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* September 30, 2004	9:00 a.m.	Advisory Committee Meeting
* September 30, 2004	11:00 a.m.	Watermaster Board Meeting

* Meeting date changed

The Agricultural Pool Meeting Adjourned at 11:05 a.m.

Secretary: _____

Minutes Approved: October 19, 2004