

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING
April 24, 2003

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 8632 Archibald Avenue, Suite 109, Rancho Cucamonga, CA, on March 27, 2003 at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Dennis Yates, Chair	City of Chino
Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Dan Rodriguez, Secretary	Appropriative Pool, City of Pomona
Vic Barrion	Non-Agricultural Pool, Reliant Energy, Etiwanda LLC
Paul Hofer	Agricultural Pool, Crops
Bob Kuhn	Three Valleys Municipal Water District
Donald Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Michael Whitehead	Appropriative Pool, Nicholson Trust

WATERMASTER BOARD MEMBERS ABSENT

None

Agricultural Pool Members Present

DeBoom, Nathan	Dairy
DeBerard	Crops

Non-Agricultural Pool Members Present

Vic Barrion	Reliant Energy, Etiwanda
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Appropriative Pool Members Present

Jim Bryson	Fontana Water Company
Dave Crosley	City of Chino
Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Mike Maestas	City of Chino Hills
Henry Pepper	City of Pomona

Watermaster Staff Present

John Rossi	Chief Executive Officer
Sheri Rojo	Finance Manager
Mary Staula	Recording Secretary
Devonya Williams	

Watermaster Consultants Present

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

Others Present

Barbara Gilbert	Western Municipal Water District
Rick Hansen	Three Valleys Municipal Water District
Josephine Johnson	Monte Vista Water District
Diane Sanchez	State Department of Water Resources

The meeting was called to order by Chair Yates at 1:08 p.m., followed by the flag salute.

PUBLIC COMMENTS

None

AGENDA - ADDITIONS/REORDER

None

I. CONSENT CALENDAR

Action was taken on Consent Calendar Item A separately.

A. MINUTES

- 1. Draft Minutes - Meeting of the Watermaster Board held March 27, 2003

Motion by Kuhn, second by Whitehead, and by majority vote

Abstentions: Barrion, Vanden Heuvel

Moved, to approve the minutes of the meeting held March 27, 2003, as presented.

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).

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

Moved, to approve Consent Calendar items B and C, as presented.

II. BUSINESS ITEMS

A. FORMATION OF WATER QUALITY COMMITTEE

Mr. Rossi reported the Water Quality Committee is being formed pursuant to OBMP Program Element 6. The Appropriative Pool recommended the committee consist of interested appropriators, two members from the Agricultural Pool, one member from the Non-Agricultural Pool, a representative from IEUA, and a representative from the RWQCB. Anticipating approval, he scheduled the committee’s kick-off meeting for Wednesday, April 30, 3:00 p.m.

Motion by Kuhn, second by Whitehead, 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 BOTTLING COMPANY INTERVENTION

Niagara has agreed to intervene into the Appropriative Pool with zero rights, requiring full replenishment of water produced and payment of \$41,115 for the water they used prior to intervention. Mr. Kuhn requested an accounting of the expenses Watermaster incurred to resolve this issue, including attorney fees. Counsel Slater will report the costs next month.

Motion by Vanden Heuvel, second by Kuhn, and by unanimous vote

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

C. CONSIDER LETTER TO MWD

The Advisory Committee recommended minor modifications to the draft letter to MWD regarding additional use of Proposition 50 monies for the QSA deal. Mr. Rossi handed out copies of the modified letter. There were no questions or comments or questions.

Motion by Vanden Heuvel, second by Rodriguez, and by unanimous vote

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

D. MZ1 MANAGEMENT PLAN - EXTENSOMETER INSTALLATION & TESTING

As part of the activity to move forward on the Interim Plan for the management of subsidence, Mr. Rossi requested authorization of funding \$302,761 and execution of contract documents to Layne Christensen Company, the low bidder of four received for installing and testing the extensometer at Ayala Park. To complete this project by June 30 without further delay, the contractor was allowed to move a rig onto the site last Monday.

Mr. Whitehead pointed out that Layne Christensen Company has been the subject of civil and criminal charges in San Bernardino County and parts of Arizona for the improper discharge of drilling waste. He asked that legal counsel review the contract documents to ensure Watermaster is protected and has suitable indemnities in-place for violations, fines and attorney fees in the event of any problems and that compliance with clean-water standards and discharge requirements be made unequivocally clear in the contract.

Motion by Vanden Heuvel, second by Catlin, and by majority vote

Abstentions: Whitehead

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

As part of the \$40 million Recharge Improvement Project any additional stormwater generated, captured and recharged into the ground above the baseline would be considered additional yield available for future pumping. The Peace Agreement includes a commitment that any replenishment obligation necessary for the desalters would come from this source first. If the time comes when the desalters do not require additional replenishment, the question is how to account for and distribute the new yield going to the appropriators per the Peace Agreement. It has been recommended that the accrual of basically 12,000 acre-feet per year of new yield be credited to the appropriators based on their percentage of ownership of safe yield. The recommended procedure to clarify how this calculation would work was handed out. The Advisory Committee inserted an item between 7 & 8 that a credit would not be added to the year 2003-2004 if certain facilities for the project were not yet in-place.

Mr. Vanden Heuvel reported that he participated in the discussion of this item at the Advisory Committee meeting. With the recharge program currently out to bid for construction, he was concerned that the decisions being made today contemplate banking or taking credit for 12,000 acre-feet of water per year as if those facilities were already constructed and operating. Additionally, he was concerned about the enforcement language because there are no assurances, disciplines or requirements for coming up short of the 12,000 acre-feet/year or 60,000 acre-feet after five years.

Mr. Jeske pointed out that everyone around the table shares the stewardship of the basin as well as the concerns. Prior to putting this recommendation together, the appropriators went through a lot of technical information. They began with a much higher number and brought it down to build in a conservative value to reduce the risk of being off in the future. Before making this recommendation, the appropriators looked at the long-term numbers and at what

they thought could be done. Many agencies are looking beyond current projects at finances needed for future projects and with this program they have an opportunity to mitigate some costs.

At the request of Mr. Catlin, Mr. Wildermuth summarized the capabilities of being able to measure new yield based on 50 years of modeling and Mr. Rossi provided assurance that this program will be administrated and accounted for properly. **A full description of the proposed procedure for calculating new yield from recharge facilities improvements is hereby incorporated into the minutes by attachment.**

When asked about options available to the Watermaster Board, Counsel Slater explained that all of the pools, the Advisory Committee and the Watermaster Board adopted and agreed to act pursuant to the Peace Agreement. The Peace Agreement was then transmitted to the Court and the Court ordered that Watermaster proceed in accordance with it. One of the elements in the Peace Agreement is to account for new yield and that is exactly what is being proposed. The precise question is not about whether to account for new yield but the methodology under which they are going to take new yield into account.

Mr. Vanden Heuvel praised the work accomplished through the Peace Agreement but remained concerned about the lack of commitment that if the estimated new yield proved inaccurate after five years, it would be trued up. He suggested removing the word "characteristics" from (6) on the attached procedure for calculating new yield to make the recommendation acceptable. The question, he added, is should the estimate be based on the actual performance of the basins over the next five years or the actual performance characteristics of the basins.

Counsel Slater referred to Mr. Wildermuth to provide a diagnosis of whether the elimination of the word "characteristics" would materially change the intent of the recommendation. To be as precise as possible, the generation of new yield on a prospective basis is going to include more than just historical experience. Discussion ensued. Mr. Wildermuth assured the Board members that the RWQCB has accepted performance characteristics from the model for the average stormwater and recycled water recharge in the Santa Ana River. Following the discussion, Counsel Slater reported that the Board could either 1) include comments and expectations as a basis for their ratification, or 2) approve the recommendation and send it back to the Advisory Committee with a request that the words be further amended.

Mr. Whitehead spoke of managing groundwater basins and implementing physical solutions under other Judgments that require long-term accounting and he was sufficiently impressed with the professionalism and the amount of work that has gone into the determinations before them. Because he has seen justification for greater than 12,000 acre-feet of annual new yield, he was impressed by the restraint and the conservative, prudent approach in recommending only 12,000 acre-feet which is, of course, subject to the payback credits/debits down the line. That left him with a sense of comfort that Watermaster will have five years to level out the inevitable spikes and valleys that can happen. Everyone that worked on this entered into it with a good faith effort to fulfill their responsibilities under the Peace Agreement and under the Judgement to effectively manage this basin. He continued that all points raised have been very valid, including the concerns, but he felt the additional condition that no yield will be accounted for in the absence of these projects being completed, up and running provided enough justification for approval.

Chair Yates recommended a roll call vote and entertained a motion for the original recommendation that came forward from the Advisory Committee.

Motion by Whitehead, second by Catlin, and by roll call vote

Ayes: Kuhn, Schroeder, Rodriguez, Catlin, Vanden Heuvel, Hofer, Barrion, Whitehead, and Chair Yates

Noes: None
Abstentions: None

Moved, to ratify action taken by the Advisory Committee for review and allocation of new yield.

F. REVISED EMPLOYEE MANUAL

Mr. Rossi reported that the Personnel Committee recommends adoption of the Employee Manual. He introduced attorney Michael Fauver with Hatch & Parent, who helped with the manual. The manual that came forward with the Watermaster employees as they transitioned from the Chino Basin Municipal Water District in 1996 had not been revised since that time. A brief summary was provided of changes to benefits, employment status, etc.

Chair Yates thanked those who participated on the Personnel Committee. Member Schroeder inquired about the costs and employee bargaining tools. Mr. Fauver and Mr. Rossi referred to the increase in the medical cap, which increased the budget approximately \$6300/year. All other costs would be incidental, such as the addition of two holidays. Mr. Fauver said that Watermaster is an "at will" employer and as such, has the ability to change the benefits at any time and there is no need for bargaining with the employees.

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

Moved, to approve the Watermaster Employee Manual as recommended by the Personnel Committee.

***Item Added by Revised Agenda:**

G. 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 Vanden Heuvel, second by Rodriguez, and by unanimous vote

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

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484
Counsel Slater reported that the Chino Land & Water filed an appeal, which was rejected by the court.
2. Watermaster's Santa Ana River Application
The on-going applications for appropriation of Santa Ana River water received a garden variety of protests that also apply to all other applications with the exception of CCWD. CCWD filed a protest to protect its pre-1914 water rights. There will be a period of time to respond to protests and it will be many months before a hearing is scheduled.

Member Vanden Heuvel referred back to Item II.C and requested Counsel Slater share San Diego's point of view on the Quantification Settlement Agreement (QSA). Counsel Slater said for those who are not aware, he has been the lead negotiator for San Diego County with regard to the QSA since 1997. Rather than putting himself in the position of explaining the costs and benefits, he would like to request a representative from the Governor's office to appear and respond to questions about the contents of the QSA, the benefits to California, why they are expecting bi-partisan support for the effort and why Senator Machado has agreed to carry the legislation to make water available under the QSA.

B. CEO REPORT/UPDATES

1. Meter Installation Program
Mr. Rossi reported that Watermaster is continuing to meet its goal of metering all of the agricultural wells by June 30. Member Vanden Heuvel asked if a comparison was available between the metered numbers and the numbers previously attributed to the same wells using the old method. According to Mr. Rossi, this information is not available but will be in the near future.
2. Dry Year Yield Project
A meeting of the project participants was held last week to discuss project configuration, final determinations on the facilities that need to be built. They are moving forward with a request from JCSD and FWC to become part of the project.
3. Recharge Improvement Project
Staff received a permit from the Army Corps of Engineers contingent upon the 401 Permit process from the Regional Board, which they have committed to moving as fast as they can.
4. OBMP Status Update
By July 1, 2003, the parties of Watermaster need to develop information and criteria for evaluating the Basin, balance recharge and discharge within areas and sub-areas, and determine the cumulative impact on transfers, and operating yield and safe storage.
5. AB303 Grant Application Update
Watermaster applied for a \$250,000 grant from DWR and received approval. However, with the State budget crisis, the funds will not be available this year.
6. AB599 Update
The final report should be out within the next 45 days.
7. SB34 Legislation
Mr. Rossi spoke with Mr. King of Senator Soto's office yesterday. Mr. King reported the Senator's position on SB34 is wait and see as long as everything is moving forward with the Water Quality Committee and other efforts.
8. AGWA/WEF Water Quality Conference held April 8 & 9
Some very interesting reports were heard at the two-day Conference. Mr. Thibeault did a great job of discussing the problem and importance of the perchlorate issue.
9. Groundbreaking Ceremonies at Turner Basin April 11
Mr. Rossi thanked all those who attended the Turner Basin groundbreaking ceremony and thanked Chair Yates for leading the activity.
10. Other

C. AGWA REPORT

As Vice-Chair of AGWA, Mr. Rossi has become more active the last few months while the Chairman has been unable to attend. This month they reviewed groundwater legislation. They have been talking with MWD about groundwater issues and have been somewhat involved in their new program for In-lieu Long-Term Storage. The next meeting will be held May 19, 1:30 p.m. at San Gabriel Watermaster

1. Agenda for the meeting held April 21, 2003
2. Minutes for the meeting held March 17, 2003

IV. BOARD MEMBER COMMENTS

Mr. Kuhn reported that Three Valleys Water District recently met with four members of Congress, specifically with regard to the San Gabriel Valley. However, at the end of the meeting it was decided there is a need to get together a group of local congress and representatives, both state and federal, with regard to Proposition 50 funds. Watermaster was asked to get participate in what will probably be a half-day seminar.

V. OTHER BUSINESS

None

VI. CONFIDENTIAL SESSION

None

Chair Yates adjourned the meeting at 3:30 p.m.

Secretary

Minutes Approved: June 19, 2003