

Minutes
CHINO BASIN WATERMASTER
Watermaster Board Meeting
May 29, 2003

The Watermaster Board meeting was held at the City of Ontario Council Chambers, 303 East "B" Street, Ontario, CA, on May 29, 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

Agricultural Pool Member Present

Bob Feenstra	Milk Producers Council
Gene Koopman	Milk Producers Council

Appropriative Pool Members Present

Ken Jeske, Chair	City of Ontario
Robert DeLoach, Vice-Chair	Cucamonga County Water District
Mike Maestas	City of Chino Hills
Mike McGraw	Fontana Water Company
Carole McGreevy	Jurupa Community Services District
Henry Pepper	City of Pomona

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Scott Slater	Hatch & Parent

Others Present

Jan Debay	Orange County Water District
David DeJesus	Three Valleys Municipal Water District/MWD
Peter Fox	City of Rialto
Barbara Gilbert	Western Municipal Water District
Oscar Gonzalez	IWR
Rick Hansen	Three Valleys Municipal Water District
Dave Hill	Inland Empire Utilities Agency
Melody Johnson	Western Municipal Water District
Josephine Johnson	Monte Vista Water District
Maynard Lenhart	Monte Vista Water District
Robert Neufeld	Cucamonga County Water District
Diane Sanchez	State Department of Water Resources
Stan Sprague	Municipal Water District Orange County
Bob Tieubi	San Bernardino Valley Municipal Water District

Wyatt Won

Central Basin Municipal Water District/WBMWD

Chairman Yates called the meeting to order at 2:10 p.m. upon salute of the United States flag.

PRESENTATION OF STATE OF CALIFORNIA'S PERSPECTIVE ON THE QUANTIFICATION SETTLEMENT AGREEMENT

Mr. Richard Katz, Mr. Tom Hannigan, and Ms. Mary Nichols were invited to share their views on the QSA Agreement. Members of the public participated in the discussion and shared their view on this presentation that began at 1:10 p.m.

PUBLIC COMMENTS

Art Kidman from the law offices of McCormick, Kidman & Behrens, LLP spoke in reference to the Monte Vista Water District's request to review cost apportionment. Art Kidman asked Watermaster to re-evaluate the salt credit issues and other benefits relating to the OBMP and the proposed Basin Plan Amendment in conjunction with the Judgment and the Peace Agreement to ensure that program benefits are allocated among parties equally. Monte Vista is in the process of preparing a cost and benefit analysis to be considered by Watermaster in support of this request. Mr. Yates asked Mr. Rossi to prepare a white paper on this issue. Mr. Rossi added that a Special Storage & Recovery Meeting took place on May 21st to begin discussions on this issue.

RESOLUTION NO. 03-03

The Watermaster Board presented A Resolution to Monte Vista Water District in celebration of their 75th Anniversary. Mr. Rossi announces that the celebration event will be scheduled for Friday, June 6, 2003 at 10:00 a.m.

Motion by Catlin, second by Whitehead, and by unanimous vote
Moved, to approve Resolution No 03-03 in celebration of Monte Vista Water District's 75th Anniversary.

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. FINANCIAL REPORTS

- 1. Cash Disbursement Report – April 2003
- 2. Combining Schedule Of Revenue, Expenses And Changes In Working Capital For The Period July 1, 2002 through March 31, 2003
- 3. Treasurer's Report of Financial Affairs For March 1 through March 31, 2003
- 4. 2002-03 Actual YTD Revenues And Expenses Compared With Adopted 2002-03 Budget

Motion by Whitehead, second by Catlin, and by unanimous vote
Moved, to approve the Consent Calendar as presented.

II. BUSINESS ITEMS - POSSIBLE ACTION

A. AMENDMENT NO. 7, CYCLIC STORAGE AGREEMENT

Mr. Rossi reported that Amendment No. 7 Cyclic Storage Agreement has filtered through all three pools and the Advisory Committee with unanimous recommendation. Mr. Rossi recommends approval from the Watermaster Board, which will provide Watermaster the

opportunity to utilize approximately 32,000 acre-feet of water in the Cyclic Storage Account for replenishment activities.

Mr. Whitehead supports the extension of the Cyclic Storage Agreement; however, he is concerned that since the Agreement has been negotiated to store up to 100,000 acre-feet of water through December 31, 2007, why has a provision been included that no additional water will be added to this account unless there is a written consent from Watermaster. Mr. Rossi stated that this provision has been applied to the agreement to allow Watermaster to exercise the flexibility of water going in and out of the Cyclic Storage Account due to Metropolitan Water District maintaining the flexibility of the Dry Year Yield Account and that this would be beneficial for both parties.

My version from the tape...

Mr. Rossi reported that Amendment No. 7 to the Cyclic Storage Agreement with Metropolitan Water District (MWD) is an integral piece of the Dry Year Yield Program with MWD, Inland Empire Utilities Water District (IEUA) and Three Valleys Municipal Water District (TVMWD). The amount of water currently available for replenishment purposes from the cyclic account is between 31,000 and 32,000 acre-feet. Amendment No. 7 extends the Cyclic Storage Agreement from 1999 to 2007 and specifies that no additional water will be placed into the account except upon further agreement with Watermaster. This clause was added to the agreement to help clarify that MWD's storage rights in Chino Basin are defined by the new Dry Year Yield Agreement rather than past agreements.

A brief discussion followed regarding the original Cyclic Storage Agreement negotiated to store up to 100,000 acre-feet of water. There was concern whether Watermaster might be missing an opportunity since the State Water Project is full and overflowing. Mr. Rossi said that Watermaster could put more water into the cyclic account; however, the first desire is to put MWD water into the Dry Year Yield account because in-lieu water will come in at a deferred cost. There have been indications that replenishment water might be a limited resource in the future, especially if the QSA does not happen. In the beginning, MWD wanted to cancel the cyclic account. However, Watermaster wanted the flexibility of adding water to the cyclic account at its discretion while MWD can add water to the Dry Year Yield Storage account at their discretion.

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

Moved, to approve Amendment No. 7 to the MWD Cyclic Storage Agreement.

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

Mr. Rossi gave a brief summary on Mr. Wildermuth's presentation outlining the criteria of how the simulation process for the new models in the Dry Year Yield Program during a 5 year period will determine if it is necessary to utilize other proactive management methods to ensure balance stability in the management zones. Mr. Rossi stated that results of this work would be presented at the June meetings.

Mr. Vanden Heuvel stated that pertaining to Kidman's requests, evaluation for impact on transfers of quality should be included in this analysis. Mr. Rossi stated that this information has been included in the performance evaluation.

Mr. Vandel Heuvel asked if safe yield would be included in this analysis. Mr. Rossi replied no, this is specifically a storage analysis and the calculation for safe yield will be processed in 2011 according to the Peace Agreement. In addition, Mr. Slater replied that in estimating operational safe yield, there are separate responsibilities within the Judgment and the Peace Agreement.

Mr. Whitehead stated that it would be beneficial to staff to have a more detailed discussion on the storage analysis. Mr. Slater replied that an Environmental Report sponsored by IEUA was re-examined and amended to change the original evaluation of 0-

3 acre-feet to 500,000 acre-feet to be congruent with the Peace Agreement, but agrees that more detailed information is needed.

Mr. Vanden Heuval stated that an analysis on the impact of transfers that have been performed for the past 4 years for a specific portion of the basin and should be continued beyond 5 years.

Mr. Rossi stated that this is an informational item and would be brought back for discussion in June.

No Action Taken

C. PROPOSED FY 2003-04 WATERMASTER BUDGET

Mr. Rossi highlighted the new programs elements and will be active next year. These elements consist of "Hydraulic Control Program" is an effort on the low end of the basin to monitor the effects of water in that surrounding area of the Santa Ana River. This is part of Watermaster's MOU with IEUA and Orange County Water District. As we get more into storage, it is important for us to add supplemental water to our storage accounts to ensure our commitments are met with the Regional Board and to eliminate negative impact with our downstream partners. This line item in our budget is approximately \$700,000. The "Inactive Well Protection Program", a program developed to alleviate water leakage into the groundwater basin from wells within the basin that are no longer being used or have not properly been destroyed. This is line item of approximately \$25,000. The "Water Quality Committee" and "Comp Recharge – Basin Program O&M" are other additional elements that have been added to the FY 2003-2004 budget under the OBMP. The "Comp Recharge – Basin Program O&M" will be added the first year for incremental maintenance and operation costs on the recharge program. Mr. Rossi estimates that only ½ the budgeted amount will be used because there will be no significant recharge activities until the capital project is completed. These elements will be implemented upon approval of the FY2003-2004 budget.

Mr. Rossi referred to the draft budget to specify that with continuous, additional and other program elements for the future, Watermaster is holding the line on total costs overall. Due to projects ending and going into construction, funding is no longer the sole responsibility of Watermaster, but funded through the joint funding program of IEUA.

Mr. Rossi stated that our permitting process is going smoothly with support of the Regional Board.

Mr. Rossi stated that this is an information item and will be brought back for discussion in June.

No Action Taken

D. RESOLUTION NO. 03-04

Mr. Rossi stated that we must file an application with DWR for a grant opportunity to take advantage of the conjunctive-use program. In working with Black & Veatch, the Pools and other resources on the application process, we would like to move forward with submitting the appropriate paperwork on this program to DWR. Filing this documentation will reflect Watermaster's support and joint working relationship with IEUA.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Chino Land & Water SBSC Case No. RCV 06484

Counsel Slater reported that there has been no information on the appeal pertaining to Chino Land & Water Case.

2. Watermaster's Santa Ana River Application

Counsel Slater reported on the notice of protests pertaining to the Watermaster application that was filed. Counsel Fife expressed acknowledgment of the 30-day deadline to respond to these protests and is working on formulating responses to be circulated through the group upon filing with the court. Forest Service has agreed to withdraw their protest.

Added:

3. Markot Case

Counsel Slater stated that this case was originally against IEUA and San Bernardino County Flood Control regarding property rights and later intervened by Watermaster. An appeal was filed with the court prior to Hatch & Parent joining Watermaster in assisting with legal services. In lieu of this appeal, the Watermaster Board offered a settlement of \$100,000 and it was never claimed after three years. A decision was made to dismiss the case with no settlement.

Mr. Vanden Heuval inquired about the property that Watermaster was going to purchase from Cucamonga County water District upon settlement of this case. Counsel Fife replied that according to the Judgment, Watermaster couldn't take ownership of real property and has spoken to other agencies to take title of the available property. However the property can continue to be used as it has historically by doctrine law, but we have a binding settlement and parties would have to bear their own cost for continuance of legal action on this case.

4. June 5th Hearing

Counsel Slater reported that there is a hearing scheduled for Thursday, June 5, 2003 to consider a variety of matters including approval of the MWD Agreement, the Watermaster Annual Report, Status Report 5 and 6 and Niagara's Intervention. No oppositions are expected to be filed, although the Court would like Watermaster to provide supplemental information to file with the Court.

5. Niagara costs per Kuhn's request:

Counsel Slater reported that a memo has been provided to the Watermaster Board summarizing the cost of the Niagara Settlement. In January and February 2003 a cost of \$18,429.67 was incurred for litigation preparation upon the Board's direction to file suit against Niagara. In March 2003, a cost of \$8,376.55 was incurred as a result of Niagara's request for intervention.

B. CEO REPORT/UPDATES

1. Storage & Recovery Project Meeting Update

Mr. Rossi stated that the Appropriative and Non –Agricultural Pools met on May 21, 2003 to discuss upcoming projects for the increment of Storage & Recovery. Mr. Rossi reported that Black & Veatch will bring back a scope of information as to what are the facility needs for Watermaster to advance to reliability and shifting capabilities of the basin in any event we find potential basin investors, a plan will be in effect. We will continue progress on this project.

2. Water Quality Committee Update

Mr. Rossi reported that the Water Quality Committee met on May 20th to finalize a plan from the objectives of the level of activity for which the committee will be involved; and will forward this plan through the pool meetings next month for approval. The next meeting is scheduled for June 25, 2003.

3. Recharge Improvement Project Update

Mr. Rossi reported that staff has been working to get the permits for the Recharge Improvement Projects and the Regional Board has been very helpful in assisting Watermaster with this process. The contractors have been notified that staff plans to get this project back on line on or before the winter season.

4. Reschedule June 26 Advisory & Board Meetings to June 19

Mr. Rossi asked to reschedule the Advisory Committee and Watermaster Board meeting from June 26th to June 19th due to an invitation from WESTCAS to speak on the OBMP and the Chino Basin Maximum Benefit Proposal.

5. Other

Mr. Rossi reported that SAWPA acknowledged that the Watermaster would receive an integrated project of the year award for the OBMP at an award ceremony held on Thursday, June 4, 2003. Mr. Rossi asked Mr. Yates to accept this award on behalf of Watermaster.

Mr. Rossi reported on the Storage & Recovery Special meeting on the Maximum Benefit Basin Plan Amendment language. Specifically Monte Vista had some issues regarding the language and how it may impact issues pertaining to recharge of recycled water. Monte Vista was also concerned that the language may have a bearing on the salt credits concept included in the Peace Agreement. Upon discussion of this meeting, staff was directed to bring additional information for discussion at the next pool meetings scheduled June 12, 2003.

C. AGWA REPORT

Mr. Rossi stated that he is preparing a presentation that highlights the conjunctive-use and storage program, groundwater management issues and how they relate to Metropolitan Water District.

IV. BOARD MEMBER COMMENTS

Mr. Vanden Heuval thanked Mr. Slater for arranging Mr. Richard Katz, Mr. Tom Hannigan, and Ms. Mary Nichols to speak on the QSA issues. Mr. Vanden Heuval also thanked to Chairman Yates in leading the discussion and assisting with final comments to give a better understanding to the public on this issue.

V. OTHER BUSINESS

VI. FUTURE MEETINGS

June 12, 2003	10:00 a.m.	Joint Meeting of the Appropriative & Non-Agricultural Pools
	1:00 p.m.	Agricultural Pool Meeting
June 19, 2003	10:00 a.m.	Advisory Committee
	1:00 p.m.	Watermaster Board

Chair Yates adjourned the meeting at 3:00 p.m.

Secretary

Minutes Approved: July 24, 2003