

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
April 22, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on April 22, at 1:00 p.m.

WATERMASTER BOARD MEMBERS PRESENT

Terry Catlin, Vice-Chair	Inland Empire Utilities Agency
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Paul Hofer	Agricultural Pool, Crops
Bob Bowcock (via telephone conference call)	Vulcan Materials Company (Calmat Division)
Bill Kruger	City of Chino Hills
Donald Schroeder	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Steven L. Hoch	Hatch & Parent

Others Present

Mark Kinsey	Monte Vista Water District
Josephine Johnson	Monte Vista Water District
Dave Crosley	City of Chino
Henry Pepper	City of Pomona

The Watermaster Board Meeting was called to order by Vice-Chair Catlin at 1:05 p.m.

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board meeting held March 25, 2004

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2004
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2003 through February 29, 2004
3. Treasurer's Report of Financial Affairs for the Period January 1 through February 29, 2004
4. Profit & Loss Budget vs. Actual July 2003 through February 2004

Motion by Vanden Heuvel, second by Schroeder, and by majority vote with one abstention by Kruger and one abstention by Catlin

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

II. BUSINESS ITEMS**A. 2004/2005 WATERMASTER BUDGET**

Mr. Rossi gave the Watermaster 2004/2005 budget presentation and highlighted the main areas on which Watermaster will be focusing. These areas include, but are not limited to, Monitoring Activities, Implementation of Recharge Improvement and Dry Year Yield Projects, Management of Subsidence and related issues, Optimization of Watermaster and Inland Empire Utilities Agency Ground & Surface Water Informational Databases, Hydraulic Control Monitoring Program, Inactive Well Protection Program, and the Water Quality Committee. Mr. Rossi noted that while the budget was up slightly there was a continuing decrease in administrative and legal counsel costs. He briefly described the new "key well" program which would allow monitoring for key wells instead of all wells, allowing for more availability for sampling. Also, mentioning the need to install hardware for injection testing to offer an enhanced understanding of levels. Mr. Rossi informed the Board he was anticipating the budget to be finalized and brought back for consideration next month.

Mr. Rossi was questioned regarding the budget for the upcoming year in taking advantage of the estimate of new yield from the recharge construction project. Mr. Rossi anticipated the 12,000 acre feet which was approved by Watermaster's new yield would go into the assessment package this fall, noting it was not in the current budget this year. Mr. Rossi commented it was off our balance sheet; in other words, the cash flow that comes in from the parties to pay Watermaster bills, from replenishment to administrative, to project implementation, which is not affected by that calculation because it is merely adding 12,000 acre feet to their available rights. It increases their rights and/or water into storage but does not change the way Watermaster bills or collects cash for our budget. It was mentioned that a pictorial or a type of report would be beneficial for the Board to see the reasonableness of the estimation that we are going to get 12,000 acre feet was noted. It was thought there was a provision in the Board action were it was adopted to go the level and it would not be started if the projects were not completed. A comment was made that the Watermaster staff needs to honestly evaluate if we have met that criteria before putting it into the budget was noted. Mr. Rossi agreed to review the language along with other resources noting his recollection of the language being that facilities would be operational and we would actually be diverting some water.

With regard to storage accounts, on the report for dry year yield existing water in storage, what is that status of the storage accounts was presented to staff. Mr. Rossi will bring back next month graphics showing storage for the appropriative pool and the non-agricultural pool, noting they are growing slightly. We have not applied any losses until 2005 according to the Peace Agreement, noting this item is being addressed at the attorney/managers meetings. Mr. Rossi stated the Peace Agreement discussed that Watermaster would apply losses starting in 2005, noting Watermaster staff will bring this topic back for discussion and approval with the engineering concepts behind it, policy issues, and ultimately how those losses should be applied. Carry over storage and supplemental storage accounts continue to grow slightly overall.

B. CONSIDER AGREEMENT WITH CITY OF UPLAND AND IEUA FOR RECHARGE PROJECT

Mr. Rossi reviewed the agreement between Chino Basin Watermaster, Inland Empire Utilities Agency and the City of Upland regarding funding and improvements for the Upland Basin along with highlighting the benefits this agreement would provide. Stating the amount of money dedicated to this project was previously budgeted to be a part of the work accomplished under the Recharge Master Plan. Mr. Rossi is forwarding this project with unanimous recommendation by the Pools and Advisory Committee to request action to move forward on the funding opportunity and authorize staff and counsel to make minor edits to the Agreement as needed. Commenting this Agreement provides up to \$750,000 dollars for facility improvements Watermaster would otherwise be doing as part of our larger project but in working with the City

of Upland recognized there would be some economy of scale if we combined our projects together. The City of Upland is now writing contracts to move forward with the large construction improvement project primarily for the purpose of having storm water detention facilities for development in that area. Again it will allow Watermaster to recharge into the basin and most importantly are two facts; 1) any water that is captured as new yield from storm water would accrue to the benefit of the Watermaster parties as does any other new yield in the basin, and 2) any water or available capacity within the basin during the non-storm months will be available for the Watermaster for recharge.

A question regarding the \$750,000 dollar amount was directed to Mr. Rossi. Mr. Rossi explained the Watermaster previously was to build, as part of our program, improvements from the College Heights Basin which is the basin immediately up stream from the Upland Basin. Basically this would be a pipeline and energy diffusion system that would allow water to come down into the Upland Basin. While the City of Upland was writing the contracts to perform improvements in the basin already, as a combined effort, we decided it would be prudent to add that work into the City of Upland's contracts and Watermaster would reimburse them for that work instead of writing a separate contract.

*Motion by Vanden Heuvel, second by Kruger, and by unanimous vote
Moved to approve Agreement with the City of Upland for the recharge project and to allow staff and counsel to make minor edits as necessary*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

Counsel Fife commented there were several items to report on at this Board meeting and by way in introduction for item 4 regarding the Main San Gabriel Basin Watermaster Water Quality Litigation. Mr. Steve Hoch, an attorney from Hatch and Parent, who is actually involved in this litigation case is present and will be providing a presentation on the status of this case.

1. Attorney/Manager Meeting

Counsel Fife commented that the first meeting went well with the outcome of several formed sub-committees to tackle various issues. Counsel Fife noted the Monte Vista Water District has postponed their scheduled hearing for 60 days, confirming June 24, 2004 at 1:30 was the new date and time. This postponement transpired primarily because of the scheduled attorney/managers meetings being set in place to possibly resolve issues prior to meeting in a court setting. The signed order postponing the hearing is available on the back table for all interested parties.

2. Recharge Basin Patent

Counsel Fife commented on the recently awarded patent for furrows adjacent to ridges within recharge basins. It was noted that only the first few pages of the patent was included in the packet but at the back table the patent in its entirety was available. Counsel briefly described the patent and noted this item will be added to the ACWA Legal Affairs Committee agenda for discussion. Also commenting this will have state wide interest for all parties who recharge water.

Counsel was asked how we were approached on this situation, whether it was by a formal letter, a notice, or a phone call. Mr. Rossi commented this gentleman has been in contact with Watermaster previously in an informal manner through telephone and email inquiring whether we would be interested in his services and so forth. Counsel Fife noted when Watermaster first heard about this, some basic investigation into the patent process was done by informally contacting patent attorneys. We did clarify the patent application process is kept confidential by the patent office, not enabling any party to come in and protest their consideration of a patent application. Only once the patent is approved and issued allows access for evaluation of content.

Counsel Fife stated the Chino Basin Watermaster does not want to go into legal expenses until collaborations with patent lawyers have been accomplished. The Board will be kept apprised of any further dealings and information obtained regarding this situation.

3. Draft Pleading – Dry Year Yield Project

Counsel Fife informed the Board that the Dry Year Yield Storage Agreement between Watermaster, Three Valleys Municipal Water District, and Inland Empire Utilities Agency was approved by the Board and counsel was directed to file the Agreement with the Court for approval so that Watermaster could execute the Agreement. A draft copy of the pleading was included in the agenda package for review. Parties were asked to note comments to counsel Fife as soon as possible.

Added Legal Counsel Comments:

Counsel Fife commented that the Chino Land & Water Co. submitted their case to the Supreme Court. A copy of the petition was available on the back table for all interested parties.

4. San Gabriel Watermaster Water Quality Litigation

Counsel Fife introduced Mr. Steven Hoch from Hatch & Parent who will be giving a presentation on the South El Monte Operable Unit (SEMOU) Litigation. Counsel Hoch reviewed the history of the SEMOU litigation and provided a summary of the “Third Party Claims” which were filed on April 12, 2004. The purpose of these claims was to add Metropolitan, the water producers, and the San Gabriel Watermaster as PRPs.

Comment was noted regarding the necessity to work together to resolve the problems and to minimize the costs. A discussion ensued in relation to potential responsible parties (PRP) and water distributors. Mr. Hoch gave comments to the views of the court against water agencies being responsible. It was noted that we need to find the most efficient way to clean up these plumes and not focus on who did what. Clean up should be the main focal point. A discussion on PRPs and responsibilities on various parties took place.

The question, “Do we take any Colorado River water in the Chino Basin?” was presented to staff, for the record. Mr. Rossi answered, “At this time, we do not receive any Colorado River water and according to our records we have not for several decades”. To clarify this statement, for the record, the Chino Basin has not accepted any imported Colorado River water into this Basin for many decades.

B. CEO/STAFF REPORT

1. Presentation Regarding OBMP Progress through December 31, 2003 – Water Quality Issues

No presentation was given on this item.

2. Update Regarding MZ1 Technical Group Meeting April 7, 2004

Mr. Rossi reported the budget elements of the recommendations coming from the technical group in support of the development of the long term plan which required the agreement by all the parties in dealing with the subsidence issues in Chino and Chino Hills developed a study period of 3 years. Mr. Rossi explained the details of the study. The MZ1 group is focused on what ultimately will be recommendations to Watermaster and to the parties. Noting, this group does meet on a regular basis and has received quality comments from Joe Scalmanini about the technical level of the work and how the work is progressing. Mr. Scalmanini is interested in the data we provided.

IV. INFORMATION

1. Barbara Boxer, United States Senator Letter Regarding \$300,000 Conjunctive Use Appropriation
Mr. Rossi referred to page 109 of the packet which references the Barbara Boxer, United States Senator Letter dated March 22, 2004. This letter thanks Chino Basin Watermaster for contacting her office to express our views on the Chino Basin Conjunctive Use Project. Noting Senator Boxer is in support of the project and has contributed \$300,000 in the fiscal year 2004 for the Energy and Water Appropriations bill.

2. DWR Letter - \$15 Million Conjunctive Use Grant
Mr. Rossi recapped the April 2, 2004 letter written to Inland Empire Utilities Agency (IEUA) regarding the Proposition 13 Groundwater Storage/Recharge Program. Mr. Rossi informed the Committee that Watermaster had prepared an application for IEUA to submit for the Groundwater Storage Construction Grant on June 5, 2003. Commenting he was pleased to inform the Committee that IEUA was conditionally selected for funding. Mr. Rossi briefly reviewed the requirements that must be satisfied before DWR will sign the contract with IEUA, stating this was good news.

3. SAWC Nomination for the 2004 Integrated Project of the Year Award
Mr. Rossi commented on the Santa Ana Watershed Coalition letter dated April 2, 2004 which was provided as a handout. Watermaster for the second year in a row is being recognized by SAWPA as having done a project worthy of their Integrated Project of the Year Award. Last year we were recognized for the OBMP Program and this year for our more comprehensive recharge program. We will ask our partners from Flood Control and the Conservation District to join us in accepting this award.

V. BOARD MEMBER COMMENTS

Comment was received on a proposed time change for the Watermaster Board meetings. Mr. Rossi informed the Board he would need to make inquiries to the Advisory Committee regarding moving their time up one hour to accommodate holding the Board meetings at 11:00 a.m. instead of 1:00 p.m. It was noted the fourth Thursday of the month was still an agreeable day for the meetings to be held.

Mr. Hofer referred to the recent Agricultural Pool meeting where at that meeting there was a concern presented regarding the plumes coming specifically from the Ontario and the Chino Airport which are moving through some of the agricultural wells, and the concern if all parties were being made aware what is happening with that situation was presented.

Mr. Rossi clarified Mr. Hofer's statement explaining some of the private wells in that area are within the plume paths and noted he was requested, at that meeting, to agendaize at the next Water Quality Committee meeting this item to be discussed in more detail.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

April 22, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting
April 28, 2004	10:00 a.m.	Attorney/Manager Meeting
May 12, 2004	2:00 p.m.	Storage & Recovery Meeting
May 13, 2004	3:00 p.m.	Appropriative & Non-Agricultural Pool Meeting
May 20, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
May 27, 2004	10:00 a.m.	Advisory Committee Meeting
	1:00 p.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 2:10 p.m.

Secretary: _____

Minutes Approved: May 27, 2004