

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
September 30, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on September 30, at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Terry Catlin	Inland Empire Utilities Agency
Paula Lantz	City of Pomona
John Huitsing	Agricultural Pool
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
John Rossi	Western Municipal Water District

Watermaster Staff Present

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

Watermaster Consultants Present

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Mike Maestas	City of Chino Hills
Rita Kurth	Cucamonga Valley Water District
Henry Pepper	City of Pomona
Oscar Gonzales	Integrated Water Resources

The Watermaster Board Meeting was called to order by Chair Neufeld at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions/reorders made to the Agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held on August 26, 2004

The request to pull the minutes from the Consent Calendar was requested by Mr. Catlin and Ms. Lantz due to the fact they were not present at the meeting in which the minutes were written. Chair Neufeld pulled the minutes as requested.

Motion by DeLoach, second by Kuhn, and by majority vote, with abstentions by Mr. Catlin and Ms. Lantz

Moved to approve Item A, as presented

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

Motion by Bowcock, second by Kuhn, and by unanimous vote

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

II. BUSINESS ITEMS

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

Counsel Slater commented that this item was an outgrowth from the on going mediation/facilitation process that began early in April in response to the Monte Vista motion regarding salt credits. Meetings have continued through the summer and one of the items which we succeeded in was an agreement which relates to this proposed First Amendment to the Peace Agreement. Counsel Slater noted this item was presented to the Board members at the last board meeting who then referred it out to the Pool and Advisory Committee process. The Pools and Advisory Committee have unanimously acted and signed on to the First Amendment as well as recommending the Board adopt a Resolution, which is attached in the packet. Counsel Slater reminded the Board members that this was the exact process that was followed with regard to the adoption to the Peace Agreement back in 2000. Watermaster itself is not a signatory to the contract, it is a contract among all the stakeholders, and the Board is being requested to adopt a Resolution which would then be forwarded to the court and we will request an order of the court to direct Watermaster to proceed in accordance with the stakeholder wishes. Counsel Slater noted that this way the stakeholders are contractually bonded to each other and Watermaster, effectively, as their leader and has a court order which compels Watermaster to proceed in accordance with the parties wishes.

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

Moved to approve adopting Resolution 04-03 to comply with the First Amendment to the Peace Agreement and to proceed in accordance with the parties’ wishes

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. September 2, 2004 Hearing

Counsel Slater stated that general legal counsel made an appearance on September 2, 2004 in front of the court to indicate we have made progress and that Watermaster was going to be taking actions that it took this past month and today. There was a new hearing scheduled for October 14, 2004 wherein Watermaster will return to the court and report on the progress of the parties executing the First Amendment. Counsel Slater stated Watermaster is hearing continued positive responses regarding the Amendment from the stakeholders and we are informed that every entity to consider it thus far has executed it.

We expect to achieve the target date of the 14th, in the extent we do not, we are hoping to get it within a week or two of that date. Counsel Slater noted there was a draft pleading on the back table which is for the members review and comment; the purpose of the pleading is to tell the court that Watermaster has taken this action and again request the court to provide us with the order so that we may proceed.

2. Castaic Lake Water Agency Meetings

Counsel Slater stated this item relates to our proposal and effort to engage the Castaic Lake Water Agency in the use of our storage space and the ability to provide to them some of the water we presently hold in storage. This request was initiated out of a Memorandum of Understanding (MOU) that was executed between Castaic and Watermaster some time ago; we have been proceeding out of that MOU. Counsel Slater commented in the process of facilitation efforts some water was identified by the members of the Non-Agricultural Pool and Watermaster staff was directed to meet with Castaic to see if we could accomplish a sale and storage agreement with Castaic Lake Water Agency. Counsel Slater noted a presentation was given to the Castaic staff, which had followed after several meetings, and felt that was a very well received presentation. Castaic has been reviewing our proposal and are due to come back to us with comments. Counsel Slater additionally noted that the Castaic's Urban Water Management Plan was invalidated on the basis that the plan itself did not take into account the conditionality of some of their water due to Perchlorate contamination. There are several entities reviewing the decision and trying to understand what that means to us in terms of the water community and the Urban Water Management Plans and the Costa Kuehl Water Reliability Findings. Counsel Slater commented that we should be hearing from Castaic within the next few weeks.

Counsel Slater stated that we have heard back from San Diego Water Authority, who initiated dialog with Watermaster, they were part of original RFP list that responded favorably that they wanted to participate in a storage program. There was a meeting held in San Diego in this regard and at that time we presented to them what we wanted to pursue; they have sent follow up communication indicating that they are extremely interested in proceeding further in a storage venture.

Counsel Slater noted we have had conversations with Western and Three Valleys; the conversations with Western have been very constructive in that Western has expressed a desire to participate more actively in the Attorney/Manager facilitated process and also expressed some desire to secure some storage in our basin as an alternative water supply. Counsel Slater noted that Mr. Manning has had some conversations with Three Valleys about their interest as well.

3. Attorney/Manager Meetings

Counsel Slater stated the Attorney/Manager meetings continue to move along; we were able to secure the agreement on the First Amendment. We have been hampered recently by the lack of some essential data that was the predicate to Mark Wildermuth's firm putting out some information on the hydraulic control issue; we still do not have the necessary information from some of the producers. There may be a continuation for the meeting that is scheduled for October 7, 2004 due to this situation. Counsel Slater stated this will push back getting out the needed information for approximately 30 days; but we are assured we are getting a better product because of the delay.

Counsel Slater mentioned that on today's State Board consent agenda was the approval of the Basin Plan and it did pass. Counsel Slater commented along with Ms. Davis that this was a very good piece of news.

B. STAFF REPORT1. Update on Pilot Project at IEUA for Composting and Other Related Studies

Mr. Manning stated this report was from Tom Love on the composting issue. Mr. Manning reminded the Board members regarding the ground breaking to the new composting facility on October 8, 2004. Mr. Love reiterated that the grand opening/dedication will be held on October 8, on 6th Street in Rancho Cucamonga for the joint compost facility that IEUA is doing with the LA County Sanitation Districts. The pilot project came about from new FDA rulings on composting which will put restrictions on a lot of the diaries on their abilities to use their existing composters. The 11/33 rules will compound the problems of being able to get the materials composted and out of the regions so the options are limited. IEUA has been working with other agencies on putting together a pilot project to come up with lower tech/cost alternatives to enhance the farms ability to remove the material out of the area. We have received some funding from various sources, IEUA has provided funding, and several others to get this program off the ground; we would appreciate Watermaster's support in this endeavor also. The question regarding the new rule and when it will take effect was presented. Mr. Love noted that it was a 2005 implementation project, however, did not have an exact date.

2. Update on the Cleanup and Abatement Orders

Mr. Manning introduced Andy Malone from Wildermuth Environmental to present and update on the cleanup and abatement orders as well as an update on the Subsidence Monitoring Program. Mr. Malone gave a brief update on the five orders which are being worked on. Mr. Malone noted that three out of those five are in process and in preparation at the Regional Board and the remaining two are still in process and review at the Regional Board.

3. Update on Subsidence Monitoring Program

Mr. Malone commented that a detailed update was given at each pool meeting, however, noted we are still in the process of a two month long pumping test that should end at the end of October. Mr. Malone stated the basic objective of this pumping test is to draw down water levels far enough to initiate this inelastic compaction. We are not there yet and are continuing to pump, noting we are drawing down levels approximately 20 feet further than last year. We want to define the bottom of our groundwater reservoir at which we don't initiate inelastic compaction and collect valuable data which then can be used in our groundwater flow and subsidences models and help us in the development of our long term management plan which is due to the court in July 2005. The question regarding well number 18 well was presented in that this well was isolated from the other wells that were included in the subsidence study was presented. Mr. Malone said yes that was correct and that the recent testing will prove that.

4. "Think Environment Week" Flyer

Mr. Manning stated that at the last meeting Mr. Kuhn had asked about the potential of the Watermaster participating in some public education programs. Mr. Manning has had some preliminary discussions with Rich Atwater and Bob Feenstra on the issue and has had some conversations with the Daily Bulletin. The "Think Environment Week" flyer from the newspaper was delivered today and looks great. Mr. Manning wants to merge a number of the public education programs together to get some economy of scale through the Daily Bulletin; San Gabriel Valley has been successful in doing this kind of venture. We can really reduce costs by jointly working on this project. Mr. Manning will give a more detailed report on this item in the future.

Mr. Manning added comment regarding the draft letter written to Senator Nell Soto on the Perchlorate issue and asked that if there were any comments to let him know so that the letter would go out in a timely manner.

Mr. Manning added comment regarding the Water Quality conference in Ontario and information for that conference has been added to your packet. Mr. Manning informed the Board members that the Advisory Committee opted to keep their meeting for October 28 in place.

Mr. Manning thanked the Board members who attended the recent GRA conference last week and noted it was a very interesting conference. Both Andy Malone and Mark Wildermuth gave presentations at the conference and were well received. Mr. Manning thanked staff for their assistance over the past several since being hired as the Chief Executive Officer. Mr. Manning gave a special thanks to Ms. Rojo for all her assistance and hard work.

IV. INFORMATION

1. August 2004 Shutdown Workgroup
No comment was made regarding this item.
2. Drought Proof the Chino Basin
No comment was made regarding this item.
3. Newspaper Clippings
No comment was made regarding this item.

Chair Neufeld stated that before we move onto Board Member Comments he wanted to thank each of the Board members for their attendance and noted it was wonderful to see a full Board present.

V. BOARD MEMBER COMMENTS

Mr. Kuhn thanked legal counsel for providing the information requested on conflict of interest. Mr. Kuhn noted the received documents presented to him cleared up any and all questions.

Chair Neufeld commented on the recent GRA conference and felt it was extremely informational. Chair Neufeld expressed to Mr. Malone that the word at the conference was the Wildermuth presentations were excellent which confirmed that the work Wildermuth is providing is outstanding and beneficial on so many levels.

Chair Neufeld reported on a few items that did take place at the GRA conference, 1) information regarding water issues in the State of California and comments made regarding area of origin, and 2) a panel discussion regarding the California Performance Review. The conference was really outstanding and all attendees had a chance to share their ideas.

Chair Neufeld announced that he had recently been appointed to the ACWA Blue Print Task Force which is responsible for developing a water plan for the State of California. Chair Neufeld stated he had attended his first meeting and completed his first work assignment. This is part of a state wide project to recommend to the Governor's office a water plan for the State of California. The portion Chair Neufeld's team will be working on is groundwater recycling and the Saltine Sea restoration. Chair Neufeld will have an information packet on groundwater recycling from this task force at the next Board meeting.

Mr. Rossi commented on the growing concern regarding the property tax issues and gave a brief description what this would entail.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster Board meeting for the purpose of discussion and possible action regarding Personnel Matters and/or Potential Litigation.

No confidential session was called to into assembly.

VII. FUTURE MEETINGS

September 30, 2004	9:00 a.m.	Advisory Committee Meeting
September 30, 2004	11:00 a.m.	Watermaster Board Meeting
October 14, 2004	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
October 18, 2004	1:30 p.m.	AGWA Meeting
October 19, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 11:32 a.m.

Secretary: _____

Minutes Approved: October 28, 2004