

Minutes
CHINO BASIN WATERMASTER
BOARD MEETING
October 28, 2004

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on October 28, at 11:06 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Robert Neufeld, Chair	Fontana Union Water Company
Paula Lantz	City of Pomona
Bob Kuhn	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Bill Kruger	City of Chino Hills
Don Schroeder	Western Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	Finance Manager
Gordon Treweek	Project Manager
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Mike Maestas	City of Chino Hills
Henry Pepper	City of Pomona
John Rossi	Western Municipal Water District
Mark Kinsey	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

A motion was made to add a closed session.

Motion by Kuhn, second by Kruger, and by unanimous vote
Moved to approve adding a Board closed session, as presented

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held on September 30, 2004

B. FINANCIAL REPORTS

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

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

Moved to approve Consent Calendar Item A through C, as presented

II. BUSINESS ITEMS**A. URS PROPOSAL REGARDING COLLEGE HEIGHTS**

Mr. Manning introduced Mr. Treweek to review the URS proposal providing an additional scope of work regarding the College Heights Basins and the background leading up to the new proposal. Mr. Manning stated the proposal being presented today is a modification from the original proposal decreasing both the scope of work and related cost. Mr. Treweek reviewed the studies which were conducted by URS which consisted of the installation of four new monitoring wells to supplement the two existing wells located immediately downgradient of the College Heights East Basin. Mr. Treweek pointed out new construction and various working sites for recharge on an aerial map. Mr. Treweek commented that the recommendation was to approve the additional geotechnical services proposed by URS in their revised cost proposal dated September 28, 2004. Mr. Treweek stated that after careful review of the proposal by the GRCC it was decided to scale back work and noted the proposal includes the drilling of three additional borings near of the College Heights Basins; installing monitoring wells with depths of 100 and 140 ft in the two deeper borings, and a single monitoring well with a 50 ft boring; and installing pressure transducers and data loggers, provided by Watermaster, in 11 new and existing monitoring wells. The question of how those additional three monitoring wells are going to provide any benefit was presented. Mr. Wildermuth stated the concern is being able to track the mound of recharged water as it moves out from the basin. Mr. Wildermuth gave a detailed description of what was needed in order to capture enough data to make a sound decision for potential operations of the College Heights Basin in the future. The question of whether or not it was felt that water is going to percolate up gradient was presented. Mr. Wildermuth stated what they do not know is what is happening after the water percolates below the surface of the ground. Mr. Wildermuth commented that one of the concerns they are looking at is if we do pile a lot of water up and we do not have any relief through the clay layer that we could come dangerously close to causing a problem at the rail road crossing. A discussion ensued regarding recharging the basins and the damage that could be caused at or near Arrow Highway. Mr. Treweek stated the concern involves several inches/feet that would cause a concern and not a few inches of incidental rain water. Mr. Wildermuth presented a technical description of how the Upland Basin with the new modifications will be capable of holding recharge water and explained how there will not be geological malfunctions because of those modifications. Mr. Manning stated that the data that will be obtained by putting in the

three wells will be of value and we think this project will provide worthwhile information. Mr. Manning informed the Board members that this recommendation was coming by way of unanimous vote from the Pools and Advisory Committee. Chair Neufeld understood that those committee members had listened to the same presentation and voted in favor of the motion, however, felt on the same line as Mr. Vanden Heuvel regarding his thoughts referring to the one monitoring well up gradient of the basins and seeing no purpose of it, at this time, unless we are going to try and use the College Heights basins for recharge which is not what was understood. Chair Neufeld asked Counsel Slater to restate the options that were available to the board. Counsel Slater commented on what Mr. Jeske stated in that the Board would approve the Advisory Committee's action, in part, as it relates to the two lower wells. The Board could withhold approval on the elements related to the upper well contingent upon two things being 1) further description of the need for that specific well and then what Mr. Vanden Heuvel referenced, 2) the adequacy of the plan as it relates to a further explanation of the cost benefit of how the integrated plan will work and why it made sense or not.

*Motion by Kuhn, second by Bowcock, by majority vote, and one nay vote by Vanden Heuvel
Moved to approve to proceed with the two wells sequentially deferring proceeding on the third well until referral item comes back from the Advisory Committee, as presented*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. First Amendment to Peace Agreement
 Counsel Slater stated the court hearing for the First Amendment to the Peace Agreement is set for December 2, 2004; the Watermaster draft pleading was circulated to the parties of the Judgment, we received comments, and filed the pleading with the court. We are still in the process of securing signatures, there is no party that has filed an objection, and we would expect to have this complete on December 2nd.
2. Attorney/Manager Meetings
 Counsel Slater stated there has been a difficulty in securing information so that Mr. Wildermuth could perform the necessary analysis. Mr. Wildermuth has only now received all the necessary information and estimates 3-4 weeks are now required to run the model to secure the results. We are looking at re-convening the group sometime in early to mid December.
3. Basin Plan Amendment Approval
 Counsel Slater noted the State Board has approved the Basin Plan Amendment and that is moving forward.
4. Litigation updates
 - a. South El Monte Operable Unit CERCLA litigation
 Counsel Slater noted that both the South El Monte Operable Unit CERCLA litigation and the Castaic UWMP decision has been on watch status. The South El Monte case has become particularly interesting it that there are cross complaints by the responsible parties back against the San Gabriel Valley Watermaster and there is a relatively novel issue that is capable of being litigated in Superior Court and that is the question of whether or not Watermaster had judicial immunity. Counsel Slater noted that this Watermaster operates as an extension of the court and as an extension of the judge and not as a public entity. The present status is the case has been deferred into negotiations/mediation with the hope the complaints and cross claims will be resolved.

Counsel Slater noted that in the packet today there is mention for the American Groundwater Trust Conference next Friday, in which this issue and counsel for some of the responsible parties will be there describing their positions in that case.

b. Castaic UWMP decision

Counsel Slater noted this item is another one of the decisions affecting the I-5 corridor in the New Hall area and specifically the Castaic Lake Water Agency, who is a perspective partner with us in a future storage and recovery project. The case is of note because the court of appeals in an unpublished decision invalidated an Urban Water Management Plan; it did so on the basis that the water supply involved groundwater contaminated with Perchlorate. Because it was contaminated with Perchlorate it was encumbered with a factor of unreliability and that the plan itself needed to take into account the measures and the timing associated with how that groundwater contaminated supply was going to be redressed. This case law is affecting how water purveyors and constituents are doing business on a daily basis.

Added question/comment:

The question regarding an update on the Orange County / Santa Ana River filing is preceding was presented. Counsel Slater noted that next week Virginia Grebbien will be discussing the progress of her organization in trying to deal with that issue; she is also on the panel at the trust program. The various parties have filed comments on their environmental document; their position is tenuous. Counsel Slater stated there is likely to be, within our own house, a revising of the strategy as it relates to the Santa Ana River system and something should be coming back to you in the form of what are coordinated position is going to be.

B. STAFF REPORT

1. Replenishment/Cyclic Account

a. Summary of Replenishment Deliveries

Mr. Manning reviewed the replenishment obligations and noted we were unable to meet our replenishment obligations with wet water deliveries for 2002/2003. Water will need to be taken out of the cyclic account to meet some of these past obligations and will keep the committee members apprised of the decisions made regarding this issue. The question of whether or not we meet the 6,500 acre-feet obligation in MZ1 was presented. Mr. Manning stated that we did not. A discussion ensued with regard to the 5 year obligation. Mr. Manning noted that the OBMP calls for us to continue until we meet the obligation of 32,500 acre-feet, with 6,500 acre-feet being a target amount per year but we are obligated to carry forward this obligation until wet water is actually recharged into MZ1.

2. November/December Meeting Schedules

Mr. Manning commented on the upcoming holidays falling on meeting dates and noted the Appropriative and Non-Agricultural Pool has opted to meet jointly with the Advisory Committee on November 18, 2004. Staff is recommending that the Watermaster Board also move their November meeting which would fall on Thanksgiving Day to November 18, 2004. There was concurrence by those present to hold November's Board meeting on the 18th at 11:00 a.m.

3. Inland Empire Landmark Water Supply Program Named "Outstanding Project of the Year"

Mr. Manning called attention to an award on display (in the Lobby) which was presented to the Watermaster along with the Chino Basin Water Conservation District and the Inland Empire Utilities Agency (IEUA); this is the Outstanding Project of the Year award for the Recharge Basins. We will house the award in our facility for a time and then it will go to IEUA for display.

4. Notice of Attendance of Special Referee's Technical Assistant at MZ1 Meeting
Mr. Manning noted that on page 57 of the packet is notice that Mr. Scalmanini was to be attending the November 17, 2004 MZ1 meeting and will also be taking a field trip to look at some facilities once the meeting concludes – however, it now appears that he will not be able to attend the meeting on that date and will need to reschedule his attendance.
5. Update on Status Reports
Mr. Manning stated he had recently attended a meeting in Sacramento with Anne Schneider, our special referee, and they talked about the quarterly status reports and noted that she had requested that we consider going from quarterly status reports to semi-annual reports. This is a good sign that they are requesting fewer reports and they feel comfortable with the information that they are receiving from us. We will be changing from a quarterly report to a semi-annual as she has requested.
6. Assessment Package Workshop – November 10, 2004
Mr. Manning stated that the draft Assessment Package is available on the back table today and that the appropriators have asked a special workshop on the package to be held on November 10, 2004 at 9:00 a.m. at the Chino Basin Watermaster office. This will give people an opportunity to review questions or concerns prior to the meetings on November 18, 2004.
7. Conversion of Executive Oversight Committee (EOC)
Mr. Manning addressed the formation of the Executive Oversight Committee (EOC) which was formed in the period of time the Watermaster was absent a Chief Executive Officer (CEO). It was noted at the last EOC meeting the appropriateness of continued meetings was discussed by the committee and the chairman had some suggestions. Chair Neufeld stated that based on discussions with the members of the Executive Oversight Committee, a recommendation is being brought back today to convert the EOC, which was formed for the reasons Mr. Manning stated, into an Executive Committee. Discussions centered on whether there was a need to keep that particular committee with that title. The personnel committee would remain the same with no change in that area. Mr. Vanden Heuvel questioned the function of the new Executive Committee. Chair Neufeld stated this committee will be assisting the CEO and to provide guidance in those duties that are necessary. Mr. Vanden Heuvel voiced his disapproval to empower an Executive Committee beyond the Board meeting every month because the new CEO has been selected and is set in place. Mr. Kuhn stated that the inclusion of the committee chairs on this Executive Committee is showing the intent that we want it to be inclusive not exclusive. Mr. Kuhn noted that he felt it would help the new CEO in this transition period and the ability to bounce off ideas prior to the Board meetings; all decisions will still need to be made by the Board members. Chair Neufeld offered his final comments on the continuance of meeting with the CEO on a regular basis to ensure a smooth transition. Mr. Manning stated there was value to him in meeting with these members to brainstorm and would give him a better opportunity to serve the Board and this Basin. Mr. Jeske commented that the Personnel Committee was called together to assist in the hiring process and the Executive Oversight Committee was formed to assist in the interim Chief of Watermaster with the daily operations and there was a difference in the committee members for those two groups. Mr. Jeske affirmed his reservations in having an Executive Committee meet with the CEO on a regular basis without the other chairs present. Ms. Lantz stated that she was new to our meeting process, however, stated her confusion in that this item was not in the packet that as a proposal for an item of discussion. If the duties of a committee has changed or a new committee is needed to be formed, this type of change needs to be in writing so that those who are going to support or oppose it will have the necessary information so that they may vote on it. Mr. Kuhn noted we are not asking for an approval, this was a suggestion that was to be given and if the consensus was no, then the item would be dropped. Chair Neufeld mentioned to the group that as

the Chair, it was his prerogative to form and disband subcommittees and according, he is hereby disbanding the Executive Oversight Committee and stated we are now back to the point where we have a Personnel Committee and an Executive Committee of the Board. Mr. Manning stated he will continue to get direction and comments from as many people as he can as to keep an open mind and an open ear to all parties for his decision making processes.

IV. INFORMATION

1. Newspaper Articles
No comments were made regarding this item.

2. American Groundwater Trust Conference -- November 5, 2004
No comments were made regarding this item.

V. BOARD MEMBER COMMENTS

Mr. Vanden Heuvel inquired as to the cost of the special referee. Counsel Slater stated the issue of the special referee's cost has been noted; it was an element of discussion when the Watermaster's group went up to meet with the referee and her assistant and it is one we hope that one of the reasons we are moving from a four times a year reporting period to two. There is still work to be done and Counsel Slater noted, at this point in time, there is nothing further to report. Mr. Manning stated this was the first opportunity to meet Anne and Joe and that he also had an opportunity to meet the judge and there appears to be a lot more confidence that the Watermaster is moving in the right direction.

Chair Neufeld commented that last Friday he was in Sacramento for the monthly Cal-Fed Drinking Water Quality Committee meeting, at that meeting they were presented with a report from a group of water agencies and environmentalists in the northern part of the state that were opposed to the construction of projects that could be beneficial to parties in the southern part of the state. The impact of the report was to suggest there was no beneficial use for any project in the State of California unless it provided a substantial support of environmental endeavors. At the response of the committee a letter has been drafted that has gone out in opposition to their position. Chair Neufeld gave a detailed description of some of the wording in the environmentalist report. This will become a very tricky issue in the next several weeks and Chair Neufeld recommended all interested parties keep apprised of this issue.

VI. OTHER BUSINESS

Chair Neufeld stated that he had a prior family commitment and would not be able to attend the closed Board session and gave Secretary Kuhn the authority to convene as Chair for the remainder of the meeting in the absence of the Vice-Chair Catlin.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

The confidential session was called into session at 12:35 p.m. by Secretary Kuhn

Secretary Kuhn called the open Board meeting back to order at 12:44 p.m.

Secretary Kuhn stated there was nothing to report on from the confidential session.

VII. FUTURE MEETINGS

October 27-29, 2004	All Day	Water Quality Conference - Ontario
October 28, 2004	9:00 a.m.	Advisory Committee Meeting
October 28, 2004	11:00 a.m.	Watermaster Board Meeting
November 10, 2004	9:00 a.m.	Assessment Package Workshop
November 18, 2004	9:00 a.m.	Appropriative Pool, Non-Agricultural Pool and Advisory Committee Meeting
November 18, 2004	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 12:45 p.m.

Secretary: _____

Minutes Approved: November 18, 2004