

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL
POOL MEETING
September 9, 2004

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on September 9 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Dave Crosley, Vice-Chair	City of Chino
Ray Wellington	San Antonio Water Company
Raul Garibay	City of Pomona
Ken Jeske	City of Ontario
Mike Maestas	City of Chino Hills
Bill Stafford	Marygold Mutual Water Company
Rita Kurth	Cucamonga Valley Water District
James Bryson	Fontana Water Company
Mark Kinsey	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin M. Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Staff Present

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

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Andy Malone	Wildermuth Environmental Inc.

Others Present

Josephine Johnson	Monte Vista Water District
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Vice-Chair Crosley called the meeting to order at 9:10 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the Agenda and it was noted there was a revised Agenda sent out and available on the back table and is the Agenda being utilized at this meeting. Ms. Rojo stated the revised Agenda removed item II Business Item C from the original Agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative & Non-Agricultural Pool Meeting held on August 12, 2004

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. 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

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

*Motion by Jeske, second by Kurth, and by unanimous vote
Moved to approve Consent Calendar Items A through D, as presented*

II. BUSINESS ITEMS

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

Counsel Fife noted this item has been distributed and out for approximately two weeks and that the committee members should be familiar with its context. The motion to clarify what we are seeking is in two parts. First, the Pool itself, since the Pool was a signatory to the Peace Agreement the Pool needs to authorize its Vice-Chair to sign the first Amendment. Second, the Watermaster is not a signatory to the Peace Agreement; however, Watermaster did adopt a resolution committing it to proceed in accordance with the Peace Agreement. The Watermaster Board will need to adopt the Resolution which is included in the packet at the Board meeting at the end of this month.

*Motion by Jeske, second by Kinsey, and by unanimous vote
Moved to open this item for discussion*

The question regarding the method of calculation for safe yield along with an inquiry regarding the signature block was presented. Mr. Jeske broadened his question regarding the signature block by inquiring about Kaiser Venture. It was noted that Kaiser Venture is still a party to the Judgment. A discussion ensued and Counsel Fife gave comment. A question regarding the verbiage of either “storm recharge” or “storm water” was presented. Counsel Fife stated there is not a formal name, however, that it does need to be consistent. Mr. Jeske commented since it is not a defined term, according to Counsel, and since one or more agencies have already acted on this Amendment it was Mr. Jeske’s recommendation to leave the verbiage as is. The question of what happens if all the signatories have not approved this First Amendment prior to the set court date was presented. Counsel Fife commented there is not a defined target date and that all parties are hoping it will go through the processes in a timely manner. Counsel Fife stated the next court date is set for October 14, 2004; however, the court has been notified that when we go to court on October, 14, we might be short a few signatures.

*Motion by Jeske, second by Kinsey, and by unanimous vote
Moved for approval for the authorized Vice-Chairman to sign the first amendment to the Peace Agreement and to authorize Watermaster to adopt as a Resolution, as presented*

B. DISCUSS ISSUES CONCERNING AGRICULTURAL POOL CREDIT AND TRANSFERS

Counsel Fife commented that at the last Agricultural Pool meeting in August; the handout which has been distributed, and is now available on the back table, was circulated at that Ag Pool meeting and was discussed at length. During the Ag Pool meeting staff was asked to place this item on the Agendas for the other Pools for discussion purposes; there is no action being requested at this time. This is a proposal coming out of the Agricultural Pool and they are seeking comments. Mr. Kinsey noted as he has read through this handout, it appears the procedures in process are already in place through assignment of Agricultural production rights to accomplish this very same proposal. Mr. Kinsey stated Monte Vista needs better understanding for deal point number one and read the item verbatim. Mr. Kinsey said he does not know how it effects the provisions of the Peace Agreement which talks about the early transfers and unpumped Agricultural rights. Mr. Kinsey inquired if this item is to be handled through the Attorney/Manager process which is currently in progress or is this a separate issue that needs to be addressed. Counsel Fife commented the need to see where the appropriate place to discuss this issue is; we would appreciate Pool feedback on this. Counsel Fife affirmed, it was stated at the Agricultural Pool meeting that this is new to staff as well as Counsel and staff would not be prepared to explain the proposal in detail and an Agricultural Pool representative needed to be present if it was to be presented in full. A discussion ensued and Mr. Jeske noted an assignment process is already in place and that several parties are familiar with it. Mr. Jeske reiterated the question of what is the proper format for discussing it; the first level of discussion needs to be through the Attorney/Managers process and it was noted this item was brought up at one of the meetings. Mr. Jeske noted the other option would be to form a work group which implies a separate core work group from the Attorney/Manager work group and would be held separately. We need to be careful to coordinate any resolution from the work group with any resolution coming out on those same or similar topics from the Attorney/Manager's group; then it can go through the regular Pool process. It was decided this item will be discussed at the upcoming Attorney/Manger meeting and if the outcome is to go through the Pool process, it can be added to next months Agenda. No motion is needed to add this item to the discussion work group at the next Attorney/Manager meeting. Mr. Jeske noted a designated process has been discussed and is to be reflected in the minutes as to the Agricultural Pools awareness this item has been addressed.

Counsel Fife asked Vice-Chair Crosley if we could return to Business item A due to the Non-Agricultural Pool representation needing an explicit acknowledgement as well as the Appropriative Pool members because the Non-Ag Pool is a signatory to the Peace Agreement.

The Non-Agricultural Pool representative, Justin M. Scott-Coe, acknowledged his approval of the motion which was made regarding the two part motion for Business item A (the First Amendment to the Peace Agreement).

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. September 2, 2004 Hearing

Counsel Fife stated there was a hearing last week on Monte Vista's motion and the outcome of that hearing was that we did continue the motion until October 14, 2004. We have notified the court that hearing will most likely take the form of a Status Report to the court since all parties may not have signed the First Amendment. The Watermaster Board will not be able to act on that until its meeting on the 30th; at best we will have the signatures and prepared the transmittal pleading, we may have filed it but will not be ready for an actual hearing for the court to approve it at that time. Counsel Fife noted we would have liked to have met with the court at the end of October on this issue; however, the court will be on vacation for a few weeks right after October 14, 2004. The hearing for this item should be in mid to late November.

2. Castaic Lake Water Agency Meetings

Counsel Fife stated this Pool directed counsel to contact Castaic Lake in response to their letter offering to buy a portion of water in storage; they were contacted and discussions

have started by way of meetings. Counsel Fife noted last week Watermaster staff and counsel made an appearance and gave a presentation at their Water Resources Sub-Committee meeting on the resources we have here in the Chino Basin which was very favorably received. There will be more detail and deal points addressed at the upcoming Attorney/Manager meeting.

3. Attorney/Manager Meetings

Counsel Fife stated the next Attorney/Manager meeting will be this coming Monday which will start promptly at 9:00 a.m. we had anticipated more technical information, however, that information will not be available by Monday so the more non-technical issues will be addressed.

Counsel Fife added comment in regards to item 2 and that we have also been contacted by San Diego about storage space and we have responded to those inquires. Counsel Fife noted that staff along with counsel will be meeting with representatives from San Diego to begin similar discussions resembling Castaic Lake's.

Added Item

4. Counsel Fife added an item regarding the Basin Plan Amendment and commented there was a workshop at the State Water Resources Control Board (SWRCB) yesterday. The agenda and materials which were presented are available as a handout on the back table. The Basin Plan Amendment was very favorably received by the State Board. Counsel Fife understood that the Basin Plan Amendment has been put on SWRCB's consent calendar for their meeting at the end of this month, after that, it must be approved by the California Office of Administrative Law. Counsel Fife stated once that has happened it will be fully approved and operative.

B. STAFF REPORT

1. Update on Cleanup and Abatement Orders

Ms. Rojo noted Watermaster had received a request for follow up on the cleanup and abatement orders which Mark Wildermuth was tasked to check into. Mr. Wildermuth stated Watermaster approved for Wildermuth Environmental to help the Regional Board develop draft cleanup and abatement orders against Potential Responsible Parties (PRPs) in the area of the Ontario International Airport. Five draft orders were prepared and have circulated back and forth between our firm and the Regional Board; three of those five have reached a final stage and the remaining two are still under consideration by the Board staff. Mr. Wildermuth is anticipating all five to be finalized and issued sometime in the October time frame. The time delay has been primarily due to the review time. Mr. Wildermuth named the five parties which will be receiving the cleanup and abatement orders.

2. Agricultural Pool is Requesting Feedback/Comments on "How to Support the Recycled Water Plan"

Ms. Rojo commented that during the Ag Pool meeting in August Mr. Atwater discussed recycled water efforts that IEUA has been undertaking and that Mr. Koopman requested if any of the appropriators could provide feedback on what the agricultural users could do to support the recycled water plan. That feedback would be taken in by Watermaster and brought back to the next Agricultural Pool meeting in October. The question was presented to staff if this item was in conjunction with the Ag Pool Proposal. Ms. Rojo noted that when these subjects were raised at the Ag Pool meeting they were two very different points of interest and it seemed that the first item was more from a thought process of credits or transfer fees, yet this item under this staff report which is requesting feedback, is more a matter of the Ag Pool users expressing an interest in further participating in the recycled water efforts for those who are not partaking or further enhance the recycled water usage for those who are already participating. Mr. Jeske

noted for the committee's information, and for the record, Inland Empire Utilities Agency (IEUA) has a consultant, Montgomery Watson, doing a complete Recycled Water System Master Plan and is also doing any necessary environmental work for a phased approach to a large regional system amongst the agencies that participate through the IEUA Regional Sewer Program. As a subset out of the various agencies, along with IEUA water quality people have already been in the field making contacts with numerous prospective users; part of the study was to identify prospective users of recycled water, their locations, and assisting master planning out where the regional distribution lines would be. There is a lot of work in progress and many agencies have been in the field with IEUA's water quality people directly discussing marketing both to industrial and irrigation users which would include Agricultural users. This is not a program that will require a lot of additional incentive; it is a program that is already occurring. Ms. Rojo commented that Watermaster staff has been participating in the Recycled Water Steering Committee meetings at IEUA which leaves us very aware of this program and it was felt that the Ag Pool just wanted to further express their interest in this program.

3. Update on Subsidence Monitoring Program

Ms. Rojo wished Andy Malone a very happy birthday and thanked him for being able to come out and give an update on the Subsidence Monitoring Program. Ms. Rojo commented there are some real interesting things happening with pump tests that are taking place and some extensometer results. Mr. Malone noted that some of the parties present are in management zone 1 and most understand what we are doing out there in our investigations in management zone 1. Mr. Malone stated that they have been measuring subsidence and observed ground fissuring that occurred in the early 1990's and what we are doing is an investigation to figure out the mechanisms behind that subsidence and fissuring; while trying to figure out a long term operating plan concurrently. Mr. Malone reviewed the PA7 vs Deep Extensometer data graph and discussed this graph in detail. Mr. Wildermuth added comment regarding the small amount of inelastic compaction which appeared to occur between last summer and now; it is separate and distinct from the inelastic compaction that we are trying to cause by design and Mr. Wildermuth asked Mr. Malone to explain the difference in more detail. Mr. Malone referred to the stress strain diagram and gave a detailed explanation. Mr. Malone stated there was a workshop with the special referee that has been postponed once or twice and as the MZ1 Committee reviews data, and as a committee, we are recommending we reschedule that workshop to sometime in January 2005. Choosing this later date will allow for the completion of the pumping test, analysis of that data, time to plan for the next year, and one more MZ1 meeting prior to that workshop. Mr. Malone noted that he has been making some presentations on the work that has been taking place, one was to the Inland Geological Society a few weeks ago, and the next will take place at the upcoming Groundwater Resources Association at the end of September, and the last one for this year is scheduled for the American Water Resources Association (AWRA) Annual Conference at the beginning of November. Mr. Kinsey stated that at the MZ1 Technical meetings there had been discussions about a demonstration injection program and commented on Monte Vista providing the water for that demonstration and inquired if there was a schedule to implement that program. It was stated that we do have budget in this fiscal year to implement that pumping test which does not include the cost of the water; it is up to the city to implement the program and to date there is no schedule. Mr. Kinsey stated that Monte Vista has offered to deliver the water at no cost to Watermaster. Mr. Malone commented this topic will be added to the next MZ1 Technical Committee's agenda for discussion.

Added Comment:

Ms. Rojo added comment regarding the OC-59 and noted that it has been on for the last nine days and that we are getting a lot of water. Montclair has been undergoing repairs on their Basins 3 and 4 so we are taking water in at Basin 1 and 2 for Montclair, and so that we could be taking the maximum out of OC-59, water has also been going into the Brooks Basin.

Ms. Rojo noted this is all going really well and we are getting about 100 acre-feet a day. The question of whether or not this was meeting our replenishment overdraft or is this part of the 6,500 acre-feet for this year was presented. Ms. Rojo stated that was a good question, which opens the arena for when the committee members want to see it on the agenda. We do need to look at our net replenishment from the prior year as well as the 6,500 acre-feet obligation for this year and figure out how we want to get that obligation met. We are trying to get as much wet water as we can especially towards the 6,500 acre-feet, however, MET's rates will be increasing January 1, 2005 so if we want to take the unmet obligation from our cyclic account before the end of the year we will have to discuss that. Staff has been speaking with Mr. Atwater who has been discussing with MET the possibility of MET reducing their replenishment rate by ten dollars instead of increasing it five. The question of whether or not we should be looking into this issue prior to the assessment package for this fall was presented. Ms. Rojo stated this issue will possibly be brought forth on the October agenda; to let you start thinking about that now. We are going to continue to take as much wet water as we can, especially into MZ1. The question regarding the work being done at Montclair 3 and 4 Basins and if that work will be completed shortly to allow water to be put in there this year was presented. We are putting water into Basins 1 and 2, and then, because it is being taken in at 50 c.f.s. which is more than Montclair can take in we have been putting the remainder into Brooks Basin which is giving us a good opportunity to look at Brook's perk rate. Vice-Chair Crosley asked staff if Watermaster was planning on agendizing this replenishment subject matter in October and possibly the availability of a draft assessments package in November. Ms. Rojo noted taking the water out of the cyclic account would be a water accounting issue; water has already been billed for and will not have any effect on the assessment package. Ms. Rojo commented what we would be looking for would be at what point do we want to buy it out of cyclic. Vice-Chair Crosley asked staff if with that answer we would be looking at getting the draft assessment packages in October and Ms. Rojo stated no. Ms. Rojo commented that Watermaster is still trying to tie out production for June 30 and we are still waiting on some people's production. Ms. Rojo reiterated it is a matter of finishing production and then starting to prepare the assessment package. If we get a rough draft done in the next month it will more than likely that we would see something in the November package. Ms. Rojo stated that Mr. Manning and she were discussing a possible work group or work shop when the time comes.

4. "Think Environment Week" Flyer

Ms. Rojo noted that Mr. Kuhn brought forth this opportunity at the last Watermaster Board meeting to increase water awareness through the Daily Bulletin; a special insert is done for the newspaper and a lot of the individual agencies were participating. Mr. Kuhn felt it would be a good idea for Watermaster to try and put something together, however, the deadline was too short for this particular issue date. A brief discussion ensued and it was noted Watermaster will look into this next year in enough time to pursue this item.

IV. INFORMATION

1. August 2004 Shutdown Workgroup

This item was forwarded from Rich Atwater at IEUA and was for informational purposes only.

V. POOL MEMBER COMMENTS

Vice-Chair Crosley welcomed Mr. Manning to the Chino Basin Watermaster and to his first Appropriative and Non-Agricultural Pool meeting. Mr. Manning stated he appreciated the welcome and that so far working with the Watermaster staff had been a pleasure and he looks forward to getting to know each committee member better but wanted to say a special thanks to Sheri Rojo who has been carrying the meeting and to counsel for all their assistance thus far.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

September 9, 2004	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
September 13, 2004	9:00 a.m.	Attorney/Manager Meeting @ BB&K
September 21, 2004	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* September 30, 2004	9:00 a.m.	Advisory Committee Meeting
* September 30, 2004	11:00 a.m.	Watermaster Board Meeting

* Meeting date changed

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 10:05 a.m.

Secretary: _____

Minutes Approved: October 14, 2004