

Minutes
CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING

January 27, 2005

The Annual Advisory Committee Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on January 27, 2005 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Ken Jeske, Chair	City of Ontario
Nathan deBoom	Milk Producers Council
Mark Kinsey	Monte Vista Water Company
Dave Crosley	City of Chino
Robert DeLoach	Cucamonga Valley Water District
Mike McGraw	Fontana Water Company
Ray Wellington	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Mike Maestas	City of Chino Hills
Bill Stafford	Marygold Mutual Water Company
Raul Garibay	City of Pomona

Agricultural Pool

John Huitsing	Crops
Pete Hall	State
Peter von Haam	State

Non-Agricultural Pool

Bob Bowcock	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

John Anderson	Inland Empire Utilities Agency
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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

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Craig Stewart	Geomatrix Consultants, Inc.
Barrett Kehl	Chino Basin Water Conservation District
Rich Atwater	Inland Empire Utilities Agency
Josephine Johnson	Monte Vista Water Company
Rick Hansen	Three Valleys Municipal Water District
Justin Brokaw	Marygold Mutual Water Company
Steven G. Lee	Ag Pool Legal Counsel

The Advisory Committee meeting was called to order by Chair Jeske at 9:05 a.m.

ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2005 - Information

<u>Ken Jeske</u>	Chair	(Appropriative Pool) – (Non-Ag waived)
<u>Nathan deBoom</u>	Vice-Chair	(Agricultural Pool)
<u>Bob Bowcock</u>	Second Vice-Chair	(Non-Agricultural Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

AGENDA - ADDITIONS/REORDER

There were not additions or reorders made to the agenda.

II. CONSENT CALENDAR

A. MINUTES

- 1. Minutes of the of the Advisory Committee Meeting held November 18, 2004

B. FINANCIAL REPORTS

- 1. Cash Disbursements for the month of November 2004
- 2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through October 31, 2004
- 3. Treasurer’s Report of Financial Affairs for the Period October 1, 2004 through October 31, 2004
- 4. Profit & Loss Budget vs. Actual July 2004 through October 2004
- 5. Cash Disbursements for the month of December 2004
- 6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2004 through November 30, 2004
- 7. Treasurer’s Report of Financial Affairs for the Period November 1, 2004 through November 30, 2004
- 8. Profit & Loss Budget vs. Actual July 2004 through November 2004

C. INDEPENDENT AUDITOR’S REPORT ON FINANCIAL STATEMENTS FOR YEAR ENDED

Consider Receiving and Filing the Annual Audited Financial Statements for Year Ended June 30, 2004

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 05-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster’s Investment Policy

E. LOCAL AGENCY INVESTMENT FUND

Resolution 05-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

F. ASSESSMENTS

Resolution 05-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2004-2005

G. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

Item B Financial Reports number 1 and number 5 were pulled by Mark Kinsey for inquiry.

Number 1 was pulled for detailed description on check no. 9106 and 9139

Ms. Rojo gave a detailed description to whom the check was made out to and the reason the check was written. No other inquiries were made.

Number 5 was pulled for detailed description on check no. 9166, 1982, and 9250

Ms. Rojo gave a detailed description to whom the check was made out to and the reason the check was written. No other inquiries were made.

*Motion by DeLoach, second by Kinsey, and by unanimous vote
Moved to approve Consent Calendar Items A through G, as presented*

III. BUSINESS ITEMS

A. ESTABLISH TWO NEW POSITIONS

Mr. Manning noted this item ties into the CEO goals and objectives item to follow. Watermaster is in the process of coming into conformity with the IRS rules regarding contract employees with the field staff that is now housed at Chino Basin Watermaster (CBWM). In discussions with the Personnel Committee and the Board it was felt if CBWM returned the leased employees back to Wildermuth, Inc., it would leave Watermaster understaffed. The intention is to retain two of the positions on CBWM staff, one being the GIS position and the other would be an engineering position. The GIS position offers Watermaster access to services best available internally. The engineering position would be utilized by all three of our senior staff to make sure current activities are being addressed. Salaries were decided upon after surveys of the same or similar positions at other water agencies were performed. Mr. Manning noted this recommendation comes with unanimous approval from the Personnel Committee, Appropriative, Non-Agricultural, and Agricultural Pools; this also includes the legal counsel's review of compliance. Chair Jeske stated this discussion started prior to the present C.E.O. coming on board and due to the gap in that position the ball to get this done did not start until recently even though this is an older issue. It was noted that it would be beneficial to the committee members to see a line item on the front page of the staff report noting previous action from other committees and/or pools regarding the issue being presented in order for give a clearer perspective while trying to make decisions. The question of whether or not Watermaster would have to purchase hardware or equipment for these new positions was presented. Mr. Manning stated the equipment that the Wildermuth employees are presently using now belongs to the Chino Basin Watermaster and no new or additional items will be needed for the employees to perform their jobs as Watermaster employees.

*Motion by DeLoach, second by Kinsey, and by unanimous vote
Moved to approve establishing two new Chino Basin Watermaster positions for a GIS Specialist and an Environmental Specialist, as presented*

B. SALE OF WATERMASTER TRUCKS TO WILDERMUTH ENVIRONMENTAL, INC.

Mr. Manning noted this item was in conjunction with item A. Staff is proposing the sale for three of Watermaster's five trucks to Wildermuth, Inc. This will allow the remainder of the staff which is moving into a location nearby to perform their duties under Wildermuth's direction. The three trucks would keep the Chino Basin Watermaster logo (as a familiar recognition reference) and Wildermuth's logo would be added. The sold trucks would then be the sole property and responsibility of Wildermuth, Inc.

*Motion by DeLoach, second by Garibay, and by unanimous vote
Moved to approve the sale of three Watermaster trucks to Wildermuth Environmental, Inc., as presented*

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Attorney-Manager Meetings

Counsel Fife noted the Attorney Manager meetings are ready to resume and due to time constraints the parties will be pressed to set up a date and compose an agenda. Counsel Fife stated that Mr. Wildermuth will be giving a short technical presentation today that will provide background on the Hydraulic Control/Water Supply Plan and a technical meeting has been scheduled for February 2, 2005 at 1:00 p.m. to go into more detail regarding the water supply plans and the review of the technical report. Counsel Fife reminded the committee members of the reappointment of the nine member board in September and that there are many issues on the table that will need to be resolved in 2005.

2. Comments to Western/Muni EIR

Counsel Fife noted this issue arose in December when the committee members were not meeting. Counsel Fife referred to page 97 of the packet which is a comment letter written by Hatch & Parent submitted on behalf of Watermaster. Counsel Fife stated this was a very generic comment letter due to finding no substantive problems with the Western report; however, it has been one of Watermaster's goals to try and get the entire Santa Ana process more locally controlled rather than organized through the State Water Resources Control Board. There is a meeting scheduled for February 9, 2005 with John Rossi, Ken Manning, Virginia Grebbien, and Scott Slater to try and come up with a solution to the whole Santa Ana application process.

3. Santa Ana Water Rights Application

Counsel Fife stated due to all the EIR's coming out, staff is looking for ways to move the joint effort process forward. Counsel Fife referred to page 99 in the packet which is the draft stipulation that has been sent in by East Valley Water District. There were a number of protests to Watermaster's application; mostly were generic protests that parties filed to all of the applications expressing concerns regarding withdrawals from the Santa Ana River. Counsel Fife noted these protests can likely be resolved by providing assurances that we do not divert water from the Santa Ana River. Counsel Fife stated this item might be put on the agenda for February asking for approval to sign the stipulation to try and resolve the protests to Watermaster's application.

4. North Gualala Decision

Counsel Fife noted the entire decision was put into the packet because of the magnitude of the lower court decision. The substance of this decision is the court has found that some groundwater pumping in the North Gualala Groundwater Basin had an impact on a surface stream. Counsel Fife stated counsel does not know if the parties plan to appeal the decision and if they do Watermaster will want to be involved with an amicus brief at some level.

5. Santa Ana Sucker Critical Habitat Decision

Counsel Fife stated on January 4, 2005 the Fish and Wildlife Service made its final determination on the Santa Ana Sucker; the decision was to not list unit 1A and unit 1B (which are our areas of the Santa Ana River) as designated critical habitat.

Added Question:

The question regarding any new updates on the spreading basins patent was presented. Counsel Fife stated counsel has not heard from him recently. It was understood by conversations that other agencies reacted to him in the same manner that Chino Basin Watermaster did and actually threatened to file a law suit against him. The gentleman did extend an offer to Watermaster to give us a license agreement for a dollar for anything we are doing in the Chino Basin if we agreed to not help any other party sue him. He was asked to put something into writing for legal counsel to review but to date we have not heard back from him.

B. CEO/STAFF REPORT

1. Storm Report 1 – 5

Mr. Manning noted that Watermaster was going to keep the committee members informed as to the status of the storm events including the performance of the spreading basins during the particular storm events. The Pools were give a summation of storm events 1 – 5 however storm event 1 – 6 is now available for review on the back table. The basins have captured approximately 6,000 acre-feet of storm water from storms 1 – 6 so far this year. During the process of these recent storms Watermaster has been able to test a number of the facilities; unfortunately the SCADA system is still not operating at 100%. Mr. Manning stated that in terms of the physical characteristics of the spreading basins Watermaster has been able to test a lot of the basins and have found a large number of

them are performing operationally sound but have also found that some need minor corrections to be made in order to make them work more efficiently. These past few months have been a good testing period and in general the basins have performed exceptionally well. A question regarding College Heights' was presented. Mr. Manning noted there is no water going into College Heights presently and all activity has been suspended at that facility. Water is going into Upland, although, the extra monitoring wells that were going to be put in at Upland will not be operational for another few weeks. The monitoring well which was not agreed to be put in by Watermaster a few months ago has been agreed to be installed by Three Valleys for their behalf and information. Upland Basin is performing very well as a storm capturer based upon our visual evidence.

2. Information Regarding AB2733 Retro Act

Mr. Manning stated the AB2733 is a piece of legislation which went through State Legislature last year. Currently pumpers are required, if they are pumping more than 25 acre feet a year, to file a State Water Resources Control Board Annual Notice of Extraction with the State Water Resources Control Board. AB2733 essentially moves that authorization down to the local level giving Watermaster the authority to be able to capture and house that data. Staff is working with SAWPA and other agencies locally in determining a general sphere of influence for the capturing of that data because there is overlap with San Bernardino Municipal Water District and with Western Municipal Water District. Mr. Manning stated eventually what will take place is a report that will be submitted to the State Water Resources Board and all of the pumpers within our area will be notified to now send that information to Watermaster instead of sending it to the State. At this point in time this item is for information purposes only.

3. Chief Executive Officer Goals and Objectives Report

Mr. Manning noted while going through the process of refining his goals and objectives in working with the Personnel Committee and the Board, the Board requested at the pool meetings an overview be given on those goals and objectives which were set up for the year. The goals were set up in four separate areas, 1) OBMP, 2) Personnel, 3) Budget and Assessment Process, and 4) Community Relations. Each one of those areas has sub-goals within themselves. In OBMP the first area is recharge, maximizing recharge, and working on building relationships with Flood Control. The second area of the OBMP is water quality planning, funding, and looking at opening up the water quality process. In the area of personnel, the previous action item in dealing with the IRS conflicts and contract employees. In the area of the budget and assessment; at the assessment workshop some of the changes that would take place for the assessment package were introduced and the decision to split the water activity reporting. Assessment and budget workshops will continue to be held at Watermaster. In the area of community relations staff is discussing on building relationships with local government, our community, and state and federal agencies. These goals are written out in more detail and can be made available to those who wish to have them in writing.

4. Redesign of Chino Basin Watermaster Logo

Mr. Manning stated the redesign of the Watermaster logo came about during the work being done for the public information campaign that we are presently working on with Inland Empire Utilities Agency (IEUA). In the ad that will be coming out for the public information campaign, all logos from participating organizations that funded the project will be placed at the bottom of the ad and if we are going to start to have our logo branded we want to have a distinguishable and also reproducible logo. Our current Watermaster logo is almost impossible to reproduce because the center pictures run together and are not distinguishable as to what they are. The comment was made at the Appropriative Pool meeting that the new logo which was presented at that meeting looked too similar to another water districts logo. Also, the comment was made at that same meeting that staff should look at having a unique logo that might also portray a partnership with other water agencies. Mr. Manning stated the logo which was presented at the Pool meetings has been revised and Watermaster feels it has come up with an eye catching logo that is

functional for reproductions as well as capturing a feel for our partnership logo are available at the back table for review. Mr. Manning stated if there were no objections to this new logo Watermaster will begin using it on various items and noted all letterhead and related items will be used up first with the old logo as to not to put a strain on the budget for this year for this change.

5. Public Information Campaign Update

Mr. Manning commented that many of the committee members have received phone calls from the Daily Bulletin which is starting to put together the first issue of the public information campaign. Mr. Manning stated the Water Conservation District, Western Municipal Water District, Three Valleys Municipal Water District, and Chino Basin Watermaster along with working with IEUA on the development of this one year program to inform the public on what is happening regarding water issues. The program is designed to instill confidence in the constituents and in the law makers within our area that we in fact are taking care of the water issues and staff feels the message is going to be a first-rate and constant over a year's time frame. Mr. Manning stated the first section which will be coming out will be previewing sometime in early February and will highlight the six agencies, including Watermaster, in terms of giving a brief overview of the agencies that are involved. There will also be a page dedicated to the congressional staff representing the basin and what work they have done over the past few years in helping the water industry achieve some of its goals. The idea is Watermaster is going to use this publication for those of us who are going to Washington in February as a "lead in piece" for us to be able to talk to members of the congressional delegation about other issues that are necessary for Watermaster to resolve. The question of which agencies contributed to this endeavor was presented. Mr. Manning stated, Inland Empire Utilities Agency, Three Valleys Municipal Water District, Western Municipal Water District, Chino Basin Water Conservation District, Chino Basin Watermaster, and the Milk Producers Counsel. A discussion regarding the Agricultural Pools contribution ensued. It was noted the importance of getting the Agricultural message out to the public through this publication. The question regarding the publication only mentioning the agencies who contributed financially was presented. Mr. Manning stated that the first publication will mention the contributors in the first publication solely as a united front; however several agencies will be mentioned in the future 30+ publications that will come out to get a wide variety of messages out there over the year. Mr. deBoom noted that the Agricultural Pool will actually not be taking the money out of the \$400,000 available funds but will be waiting to fund their portion from the Watermaster Special Projects section in the 2005-2006 budget. Mr. Hansen added comment that Three Valleys has done the same type of project with the Los Angeles news paper group and it has proven to be very effective with community leaders and legislators. Mr. Hansen also noted that participating in these types of outreaches gets your name and messages out there and keeps issues and parties more visible, which is a great thing for state and federal funding.

6. Revised Water Supply Plans for the OBMP

Mr. Wildermuth noted that last summer Wildermuth Environmental was tasked to re-evaluate Hydraulic Control. Wildermuth had Black & Veatch, who was performing similar work for Inland Empire Utilities Agency at the time, go out and get from each agency their updated water supply plans for the next twenty to thirty years. This information was compiled and brought back to Wildermuth; at that time Black & Veatch was told more information was needed. Black & Veatch went back and got well capacities and determined whether the wells were usable; the document was critiqued a second time and sent back to Black & Veatch for more information. Mr. Wildermuth referred to the slide presentation "Comparison of Chino Basin Groundwater Production from the Peace Agreement, Dry-Year Yield Planning and Peace II Process" which has been updated since the presentation for the Pool members. The total production for Appropriators was reviewed in detail noting a very large increase. In reviewing the submitted numbers Wildermuth went back to the three agencies which had the highest increase and asked them to verify the plans. A meeting has been set for Wednesday, February 2, 2005 at

1:00 p.m. for a full technical review of all gathered data; after that meeting concludes the Attorney Manager meetings will resume. The question of how much, overall, did the water supply demand in the Chino Basin go up was presented. Mr. Wildermuth stated that he needed to look up the exact number and would have it available for the technical meeting on the 2nd. A brief discussion ensued regarding water supply and current water technologies. Mr. Atwater noted that Inland Empire Utilities Agency has been working on their Water Management Plan for the past six months and has reviewed with Metropolitan Water District (MET) their overall projections. It is noted that MET's overall water supply demand has not changed that significantly, what has changes is the use of recycled water for recharge. Mr. Atwater briefly discussed the DWR grant and the money that will be used from that grant on various projects. Mr. Manning noted that there are number of variables that are involved in the decisions that go into maintenance; Watermaster is working with Flood Control, the Conservation District, and others on how we are going to shorten the periods of maintenance in order to maximize the time that we can use our basins. A brief discussion ensued regarding unit demand and market costs.

7. Status of the State of the Basin

Mr. Manning stated that the full State of the Basin report is now available on Chino Basin Watermaster's and Wildermuth Environmental's web site for review; only the Executive Summary was put into the packet due to the length of the report. This report is in draft form and will remain to be a draft form for a few weeks while we are waiting for comments to be submitted. Mr. Manning asked that comments and or suggestions on this report be submitted as soon as possible so that this report can be finalized and distributed in a timely manner.

C. INLAND EMPIRE UTILITIES AGENCY

1. Rialto Pipeline Shutdown Update – Richard Atwater

Mr. Atwater stated that Rick Hansen and himself were at MET about a week ago and had an excellent meeting. The key item that the committee members need to be aware of is there is a shut down coming up in a week in a half. The planning of that shut down is going well and during the shut down a new connection for Fontana Water Company will be installed. In discussions with MET, Inland Empire Utilities Agency has asked MET to start the design of the new isolation valves. MET will present the new design for installation, which will cost approximately six to seven million dollars, in approximately four months which will entail another shutdown.

Mr. Atwater noted that Inland Empire Utilities Agency is going to pursue some active discussions with the San Gabriel Valley Municipal Water District for emergency backup connections. This is all going in a positive direction and Mr. Atwater stated he was very pleased.

2. Proposition 50 Grant Funding Opportunities – Richard Atwater

No comment was made regarding this item.

3. MWD Status Report – Richard Atwater

Mr. Atwater noted that he met with a small group of member agencies on water rates and charges for calendar year 2006 The Association of Groundwater Agencies is recommending a ten dollar replenishment rate reduction for next year; if approved by the Metropolitan Water District's Board that would result in a net result of a five dollar drop from last year. Mr. Atwater reviewed other surcharges not related to the Chino Basin.

Mr. Atwater commented on a possible growth charge; this is a complicated situation and is being discussed presently with several parties. A brief discussion ensued regarding the growth in this area and the increase in water use. The idea behind the growth charge is that new homes should be paying a fair share in the new capital. Mr. Atwater commented that

he would be available to discuss this issue further for any committee members who needed more insight.

4. Recycled Water Report – Tom Love
Mr. Atwater stated that IUEA is working very closely WITH all members on a retail level and the overall implementation plan is being worked on presently and is going well. IEUA has increased their estimated demands for the direct use for outdoor landscaping. Mr. Atwater spoke on the new 10,000 home development with Lewis Homes in Chino with regard to dual plumbing. Through Martha Davis' efforts we have been working very closely with the Conservation District regarding outdoor landscaping and irrigation efficiencies.
5. Water Resources Report (handout)
No comment was made regarding this item.
6. Chino Basin Facilities Improvement Project Report
No comment was made regarding this item.
7. State/Federal Legislation Reports
No comment was made regarding this item.
8. Public Relations Report
No comment was made regarding this item.

Added Comment:

Mr. Atwater noted that over the past five weeks there has been a number of grant applications submitted for groundwater desalters and expanding Chino II desalter. Mr. Atwater gave a detailed description on the Chapter 8 applications. The question regarding the pre-applications and when they would be reviewed and/or submitted for Chapter 4B was presented. Mr. Atwater noted the one on the Chino Desalter has a lot of competition for funds, however in reviewing a recent email it looks like applications will begin to be reviewed some time in April

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen commented on the public outreach campaign and noted that all parties are invited to the Three Valley's Leadership Breakfast on Thursday, February 17 at 7:30 a.m. at the Sheraton Hotel; Ron Wood will be the guest speaker at that breakfast.

V. INFORMATION

1. Newspaper Articles
No comment was made regarding this item.
2. Mapping the System – GIS Conversion Keeps Data Current
No comment was made regarding this item.
3. Replenishment Service Availability Update for Calendar Year 2005
No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 27, 2005	9:00 a.m.	Advisory Committee Annual Meeting
January 27, 2005	11:00 a.m.	Watermaster Board Annual Meeting
February 10, 2005	9:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
February 15, 2005	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 24, 2005	9:00 a.m.	Advisory Committee Meeting
February 24, 2005	11:00 a.m.	Watermaster Board Meeting

The Annual Advisory Committee Meeting Adjourned at 10:10 a.m.

Secretary: _____

Minutes Approved: February 24, 2005