

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through May 31, 2006
3. Treasurer's Report of Financial Affairs for the Period May 1, 2006 through May 31, 2006
4. Profit & Loss Budget vs. Actual July through May 2006

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – the lease of 2,500 acre-feet of water, first from the City of Pomona's (Pomona) net underproduction, if any, from its FY 2005/2006 allocation, with any remainder from Pomona's local storage account in the Chino Basin, to the Cucamonga Valley Water District. Date of application: May 30, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 2,500 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006. Date of application: May 11, 2006
3. **Consider Approval for Transaction of Notice of Sale or Transfer** – The one-year lease of 5,350 acre-feet of water from the City of Chino's annual production rights to the Cucamonga Valley Water District. This lease is made first from Chino's net underproduction in Fiscal Year 2005-2006, with any remainder to be recaptured from storage. Date of application: May 10, 2006

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

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

II. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Workshop with Special Referee

Counsel Fife stated the referee's workshop was held yesterday which went well. There are materials that were used and handed out at that workshop available on the back table. An email went out this morning stating the four presentations that were given at the workshop are posted on the Watermaster ftp site for viewing and/or printing. From the workshop the referee will comprise a report providing guidance in what the referee and the court thinks that we would need to do in order to gain assurances we will progress without any insurmountable hurdles and then to also provide guidance on what steps we will need to take to gain court approval of all the various items. The referee and the court will be particularly interested in the judgment amendments that will be necessitated by the Peace II Agreement. The economic analysis will be continued; comments and recommendations were made regarding Professor Sunding's work about some issues that were not presented in his analysis that he had not considered. Professor Sunding will continue to work on the economic analysis which is required by the non-binding term sheet. Chair deBoom inquired to the time frame for comments to be submitted for the economic analysis. Counsel Fife stated this has not yet been discussed and that Professor Sunding was pressed for time to compile/review enough data to provide a presentation at the workshop. Comments should be submitted in a timely manner so that it allows ample time for changes and it does not run into the decision making process for what is the project that we want to be advancing towards and how we are going to present that project to the court which will also influence the CEQA analysis we do. Mr. Manning noted that Anne Schneider will most likely want Professor Sunding's final report prior to her filing her report.

Added Item:

Counsel Fife noted there is a copy of a subpoena that has been served on Watermaster. This item just came up this week which is why it is not on officially on the agenda. This has to do with the Rialto/Colton Basin. It is not an issue that Watermaster's otherwise is involved in. This is for information at this point in time.

B. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated there is a handout on the back table which summarizes the year end recharge totals. We have recharged 49,000 acre-feet from all sources, imported, storm, and recycled water. A plan for fiscal year 06-07 has been drawn up and is available on the back table. The first page is on imported water, the second page is on storm water, the third page recycled water plan, and the fourth is a summary; we anticipate 60,000 acre-feet of recharge for the next fiscal year. There were two assumptions made in drawing up the new plan, that MWD would continue to provide replenishment water and that we will have an average rainfall year. This year our rainfall was about 20% below average. Our Phase II design consultant has been brought under contract and will design our Phase II improvements this fiscal year with the idea that in July of 2007 the Phase II improvements will be designed and constructed and that will add 15,000 acre-feet to the total replenishment. Watermaster staff has already identified some additional basins that we want to either lease or purchase; the Etiwanda Conservation Ponds, Victoria Basins South, and improvements to the Upland Basin that would constitute as a Phase III design for fiscal year 08-09. We are anticipating in the year 2008 we will be able to report that we can recharge 80,000 acre-feet.

2. Legislative/Bond Update

Mr. Manning thanked Rich Atwater and Martha Davis for the work they are doing in the legislative area. Regarding Proposition 84, Inland Empire Utilities Agency and Metropolitan Water District have both taken positions of favor on Prop 84. It is an issue that all the agencies should be looking at. Chair deBoom asked that Mr. Manning explain what Prop 84 entails. Mr. Manning stated this is the Caves initiative which is a \$5.4 billion dollar bond issue that is a water bond broken down into a \$2.7 billion dollar water bond and \$2.7 billion dollar environmental bond and it does provide money for the Santa Ana regions. There is a lot of discussion on this proposition.

3. Hanson Aggregate

Mr. Manning stated this item has now been in the newspaper a few times and some of those articles are in the meeting packet under information. Mr. Manning noted last month a letter was sent to Hanson Aggregate which was signed by Rich Atwater and himself informing Hanson that we have silt build up in our Lower Day Basin which is just below the 210 freeway. The letter stated that preliminary investigations have pointed to the fact that we suspect Hanson was the cause of the silt from illegal discharges from their Hanson plant. A few weeks ago the Daily Bulletin phoned and scheduled an appointment with us go out with them to look at the damaged area and at Hanson facilities. Watermaster staff met with the Daily Bulletin staff at the site and showed them the problems first hand. We received a letter from Hanson Aggregate yesterday which informed us that they firmly believe they did not cause any of this damage because they practice Best Management Practices and this type of incident could not take place. Watermaster is now looking at our options as to how to proceed next and staff will keep the parties apprised. Mr. Manning stated the Daily Bulletin has taken this event on and feels it is news worthy material; they are spending a lot of time and resources on following up on this item. Mr. Manning stated we are looking at approximately \$1.2 million dollars in losses and that figure is going up almost every day. There are several meetings regarding this issue scheduled within the next few weeks. A lengthy discussion ensued with regard to this issue.

4. Annual Monitoring Program Agreement between IEUA & CBWM

Mr. Manning stated this is actually a notification item that this agreement is being worked on and will be coming up for approval through the Watermaster process in August.

C. INLAND EMPIRE UTILITIES AGENCY

1. Monthly Water Conservation Programs Report

Ms. Davis noted there are several written reports included in the package for review; however, there are three items not included which she will be reporting on today. Ms. Davis stated IEUA is going to be submitting comments next week to the Public Utilities Commissioner regarding water conservation projects.

Within the last week there was a report from the Department of Water Resources (DWR) on them doing their first cut at trying to understand the potential impacts of climate changes in the State of California with a very specific focus on the State Water Project and the Central Valley Project. We are very concerned about the potential for significantly reduced water supplies to the State of California in addition to impacts on the Bay Delta. They are looking at a five million acre-feet reduction in the amount of water that will be available through the state systems. This is an issue that will need to be watched very carefully and be thinking through carefully in an era of climate change in having to do planning for the future. Ms. Davis stated that IEUA was approached by RAND who are the people who did the modeling work for DWR to do something similar for the Chino Basin. What RAND did was modeled global results for climate changes for the next several years and they can actually take and model to a local specific area. IEUA is talking with their staff to schedule three workshops in the fall after Chino Basin Watermaster's Strategic Planning Conference in October. Ms. Davis stated that one of the key things we want to do for these workshops because RAND is very interested in collecting data on how people respond, we would like to get a core group of people who are committed to attending all three workshops. The workshops will be available to all parties and if you can't make all three workshops maybe you can send a representative from your facility to attend for you. We will try and make these workshops on Friday's to accommodate people's busy work schedules. Mr. Manning stated that during discussions with Ms. Davis it was noted how important it would be to have the planning staffs from the agencies attend. The scoping meeting, which will be the first workshop, is going to be critical.

Ms. Davis stated Mr. Willis and Mr. Troxel were able to attend a workshop on the use of porous concrete that was offered by the Concrete Association of Southern California. There is an opportunity in using porous concrete to perform on site recharge. That association has offered to come and do a workshop for the Inland Empire so that we can explore the many uses and benefits in using porous concrete for recharge. An update will be given on this item once more information is gathered.

2. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

3. State and Federal Legislative Reports

No comment was made regarding this item.

4. Community Outreach/Public Relations Report

No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hanson stated he has an uplifting report regarding the relationships between Western Municipal Water District, Inland Empire Utilities Agency, Three Valleys Municipal Water District, Chino Basin Watermaster, and Metropolitan Water District. Metropolitan Water District is going through area studies and are looking at needed and necessary facilities to be built for future demands. Meetings with Metropolitan have been set up to meet with the new general manager

to look at storage within Chino Basin and to possibly opening up the Dry Year Yield Program and expanding that program.

III. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

IV. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

No comment was made regarding this item.

VI. FUTURE MEETINGS

July 25, 2006	9:00 a.m.	GRCC Meeting
July 26, 2006	11:00 a.m.	Workshop for Peace II w/ Special Referee
July 27, 2006	9:00 a.m.	Advisory Committee Meeting
July 27, 2006	11:00 a.m.	Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 9:50 a.m.

Secretary: _____

Minutes Approved: August 24, 2006