

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

September 28, 2006

The Advisory Committee meeting was held at the offices of the Inland Empire Utilities Agency, 6075 Kimball Avenue, Chino, CA, on September 28, 2006 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Agricultural Pool

Nathan deBoom, Chair

Ag Pool/Dairy

Jeff Pierson

Ag Pool/Crops

Appropriative Pool

Chris Diggs

Fontana Union Water Company

Dave Crosley

City of Chino

Mike Maestas

City of Chino Hills

Robert Tock

Monte Vista Water District

Charles Moorrees

San Antonio Water Company

Ken Jeske

City of Ontario

Jim Taylor

City of Pomona

Rosemary Hoerning

City of Upland

Non-Agricultural Pool

Justin Scott-Coe

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Al Lopez

Western Municipal Water District

Sandra Rose

Monte Vista Water District

Watermaster Staff Present

Kenneth R. Manning

Chief Executive Officer

Sheri Rojo

CFO/Asst. General Manager

Gordon Treweek

Project Engineer

Danielle Maurizio

Senior Engineer

Sherri Lynne Molino

Recording Secretary

Watermaster Consultants Present

Michael Fife

Hatch & Parent

Mark Wildermuth

Wildermuth Environmental Inc.

Andy Malone

Wildermuth Environmental Inc.

Others Present

Steven G. Lee

Ag Pool Legal Counsel

Ashok K. Dhingra

City of Pomona

Rich Atwater

Inland Empire Utilities Agency

Martha Davis

Inland Empire Utilities Agency

Rick Hansen

Three Valleys Municipal Water District

Bill Kruger

City of Chino Hills

The Advisory Committee meeting was called to order by Chair deBoom at 9:12 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held on August 24, 2006

B. FINANCIAL REPORTS

1. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through June 30, 2006
2. Treasurer's Report of Financial Affairs for the Period June 1, 2006 through June 30, 2006
3. Profit & Loss Budget vs. Actual July 2005 through June 2006
4. Cash Disbursements for the month of August 2006

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from San Antonio Water Company water in storage in the amount of 5,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2005/2006. Date of application: June 26, 2006

Motion by Jeske, second by Taylor, and by unanimous vote

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

II. BUSINESS ITEMS**A. INLAND EMPIRE LANDSCAPING ALLIANCE**

Mr. Manning stated this resolution has already been approved by Inland Empire Utilities Agency, Chino Basin Water Conservation District, and other agencies within this basin. The alliance is a group effort to coordinate activities that have to do with conservation efforts. Mr. Jeske inquired into the verbiage on the resolution appointing members of the board to sit on the committee and asked for clarification on any legal formation or status of this alliance. A discussion ensued with regard to this committee's member formation. Ms. Davis noted this is not a closed committee; the more input from others the better. This is a totally voluntary and consensus driven committee. Ms. Davis stated the reason for the recommendation for the appointment from each of the parties was to ensure policy leaders were involved in the discussions. The committee decided to replace a representative from the Chino Basin Watermaster Board with Mr. Manning.

Motion by deBoom, second by Crosley, and by unanimous vote

Moved to approve Resolution 06-04 for the support of the Inland Empire Landscaping Alliance with the change from a Chino Basin Watermaster Board Member to Ken Manning, CEO as the representative on the committee, as presented

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

1. Storage and Recovery Negotiations

Counsel Fife stated there are a number of entities with whom we have engaged conversations over a long period of time regarding storage and recovery efforts. San Diego submitted an RFP to which we responded and in turn they accepted our proposal to engage in further discussions. A meeting did take place with San Diego staff yesterday which went very well. Castaic Lake Water Agency has contacted Watermaster staff and counsel and we will be meeting with their staff within the next few weeks. Metropolitan Water District has also expressed a desire to expand their Dry Year Yield Program. All three of these entities are now actively engaged in discussions with Watermaster. A discussion ensued with regard to storage deals and the possible formation of an ad hoc Water Policy Committee to work with staff on these negotiations.

2. Desalter Negotiations

Counsel Fife stated staff and counsel have met with Western Municipal Water District who has retained John Schatz to help them negotiate a desalter project with Watermaster. One meeting has taken place and at that meeting Western reiterated their interest in the Chino Basin. Counsel Fife noted we have not discussed terms yet with them and are just now resuming the discussions on how to proceed.

3. Peace II Term Sheet

Counsel Fife stated there is no new information to report on this item since the last time this committee met; there are meetings scheduled with the referee to further discuss issues raised following the workshop. Mr. Sunding has contacted us stating he is finished with his revisions and staff will be reviewing his report shortly.

4. Hanson Aggregates

Counsel Fife noted nothing new to report on this item since the last meeting. The Regional Board and the Department of Fish and Game have expressed concern about the discharge of sediment from Hanson's facility and have verbally told counsel that they are going to be initiating action against Hanson Aggregate.

5. Goodrich Subpoena

Counsel Fife stated this data request issue has been discussed in great detail at several of the committee meetings. There have been recent discussions between Watermaster and Goodrich and in those discussions, we are basically in the same position we were several weeks ago, however, they have agreed to sit down and tell us in greater detail what they are looking for and what they specifically need from us. We are representing to them that we are willing to be reasonable and cooperative. A brief discussion ensued with regard to the subpoena items.

Added Items:

Counsel Fife stated the Chino Paragraph 15 motion has been continued to September 2007. As in past years, the City of Chino, Chino Basin Watermaster, and the court have agreed to move the hearing out another year. Once we receive the order it will be served on all parties.

B. WATERMASTER ENGINEERING REPORT

1. Monitoring Performed for the Annual Monitoring Program

(This presentation will only be given at the Watermaster Board Meeting)

C. WATERMASTER FINANCIAL REPORT

1. Audit

Ms. Rojo stated Watermaster has been very busy over the past few months. Watermaster had its annual audit last month and we should be expecting the final report within the next couple of months from the auditors; all went well during the auditing process.

2. Budget vs. Actual

Ms. Rojo stated there were some questions raised on the process for budget vs. actual expenditures and how people wanted to handle those on an on going forward basis. The determination by staff regarding this issue was more of a notification process when items looked like they would be going over budget, as long as the funds were still available.

3. Water Activity Report (WAR's)

Ms. Rojo stated we are waiting to hear from a few agencies regarding their water activity reports, these reports are required to tie out the production numbers which were submitted to Watermaster so that staff can start preparing the Assessment Package.

4. Assessment Package

Ms. Rojo stated that since the assessment package was reformatted, a lot of questions are coming forward that are going to need to be addressed prior to completion of this year's Assessment Package. This ties into what Mr. Manning was speaking about regarding the formation of a Water Policy Committee to assist in issues that arise. Our reserve percentages are somewhat low; there is also the issue of reserves for replenishment water. As long as we are continuously replenishing, our costs to IEUA are in the one to two million a month to pay for water. If we don't get our money in for the current year soon we could have to look at doing some sort of special assessments. Our fiscal year begins right at July 1, and we do not get money that we budgeted to spend until we send assessments and then we usually start to receive that money in December and January. We need to look at building up our reserves to carry us through that first six month period and possibly take a look at closing the gap between the start of our fiscal year and when we send out invoices for the upcoming assessment package. The other issues with the assessment package this year are the application of storage losses which need to be written into the database program and renewed.

5. Governmental Savings Account

Ms. Rojo noted Watermaster currently has a governmental savings account which has approximately \$9,000 dollars in it and earns about \$12 dollars of interest every quarter. We have never done anything with this account and we are going to look at some options to roll this money over into another account.

D. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Treweek stated we got back on our recharge schedule and received approximately 5,500 acre-feet of recharge water in August. September looks more favorable as far as recharge is concerned. We have now renovated the Lower Day Basin which was silted up and Metropolitan stated they have water to keep replenishing us in September. Orange County, which used to take a lot of water out of OC-59 has now shifted to taking most of their water out of another turnout; this is very encouraging news and greatly simplifies our operation when do not have to involve them when we share a turnout.

2. Legislative/Bond Update

Mr. Manning stated Ms. Davis is here from Inland Empire Utilities Agency and she will be giving a full legislative report during IEUA's section.

3. Water Fair

Ms. Maurizio stated there is a flyer on the back table for the Water Fair that is coming up on October 14, 2006. The Water Fair is going to be held at the Montclair Plaza. This event is being sponsored by Inland Empire Utilities Agency and all its member agencies, Chino Basin Water Conservation District, Metropolitan Water District, and Chino Basin Watermaster. The emphasis will be on conservation. There will be information on rebates, ways to save water and save money indoors, outdoors and also at businesses. There will be vendors with products and staff there helping from all the sponsored agencies to answer questions. Activities for kids have been planned which will help in getting the parents to attend. This should be a really nice event and will become an annual event. A water savings washer will be raffled off along with other prizes.

4. Strategic Planning/Pre-Strategic Planning Conference

Mr. Manning stated the organization of our upcoming Strategic Planning Conference in Indian Wells is proceeding nicely and we should have a good turn out at the conference according to conversations with people who are interested in attending. A detailed agenda will be forthcoming.

5. Treatment of Desalter Forgiveness

Mr. Manning stated that research has been done regarding this item by staff of Watermaster and a possible action needs to be taken. In October 2001, the Watermaster Board took action; the motion was in fiscal year 2001/2002 for the 2001/2002 Assessment Package, 50% of fiscal year 2000/2001 desalter production be counted as new yield for the Chino Basin. Staff believes this was a very wise decision in 2001; the same action should have been taken in the subsequent years. Watermaster has continued to take the 50% forgiveness on an annual basis. Staff is recommending for this next year that a similar resolution be adopted in October that would continue to credit a percentage of desalter production that is based on analysis by Wildermuth. This is consistent with our Rules and Regulations and this will now be done through the Watermaster process on an annual basis. This item will be placed as an action item on the October agenda.

Added Item:

Mr. Manning stated the Chino Basin Conservation District has made a verbal request regarding them considering moving the boundaries to incorporate a large portion of the Chino Basin in San Bernardino and out to the Fontana area. This request was asked by Mr. Manning to be put into writing. Some discussions have take place regarding this request between parties in this basin. This is an awareness item only that this is an activity that is being requested of Watermaster in anticipation that your agencies will also be contacted by the Conservation District. Once staff receives something in writing it will be made available to all parties. A brief discussion ensued with regard to this item.

E. INLAND EMPIRE UTILITIES AGENCY

1. Monthly Water Conservation Programs Report

Ms. Davis stated she and many others are very excited about the upcoming Water Fair, and encourage everyone to attend The Garden in Every School Program held their workshop with teachers and had a very successful meeting. Seventeen schools were in attendance and staff is anticipating that we will be getting some great applications for this program by the end of this month. Staff will be working in October to review those applications.

Ms. Davis stated Metropolitan Water District has added a couple of new rebates to their program on the landscape side; particularly for outdoor irrigation. A consultant has been retained to perform landscape audits to see how irrigation can be improved. These consultants will be meeting with various agencies to try an initiate a pilot audit program.

2. Monthly Imported Water Deliveries Report

There was no comment regarding this item.

3. State and Federal Legislative Report

Ms. Davis noted on the state side of legislation the legislature closed its two year session at the end of August. Most bills are at a standstill waiting for the governor's signature. The governor has approximately one thousand bills on his desk waiting for his signature. The bills which the water agencies are following are in that stack of bills. It is possible for those bills to become law if the governor does not take action on them. The other large topic we are waiting to hear on, as we are getting close to the election, is regarding the issues relating to the funding initiatives. Ms. Davis stated on the federal side of legislation, the legislation that would both provide some reform to the Title 16 Bureau of Reclamation Program would authorize the Regional Recycled Water Program and is stuck in the senate. Staff is working with a committee and with Senator Feinstein's staff trying to get those bills out of the committee. Ms. Davis stated that Senator Feinstein has taken a very hands on approach in wanting to move this bill through congress. Mr. Manning inquired if agencies will be able to see the mark up on the Recycled Water bill. Mr. Atwater stated when congress comes back from their lame duck session there will be ample opportunity for

Congress to authorize this and move it forward. Staff feels there is a very significant opportunity after that session for review.

- 4. Community Outreach/Public Relations Report
There was no comment regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

There was no comment regarding this item.

IV. INFORMATION

- 1. Newspaper Articles
There was no comment regarding this item.

V. COMMITTEE MEMBER COMMENTS

There was no comment regarding this item.

VI. OTHER BUSINESS

There was no comment regarding this item.

VII. FUTURE MEETINGS

September 26, 2006	9:00 a.m.	GRCC Meeting
September 28, 2006	9:00 a.m.	Advisory Committee Meeting @ IEUA
September 28, 2006	11:00 a.m.	Watermaster Board Meeting @ IEUA
September 28, 2006	12:00 p.m.	RAND / IEUA Workshop @ IEUA
October 1, 2 & 3, 2006		Strategic Planning Conference – Hyatt Grand Champions Hotel, Indian Wells

The Advisory Committee Meeting Adjourned at 10:00 a.m.

Secretary: _____

Minutes Approved: November 16, 2006