

**Minutes**  
**CHINO BASIN WATERMASTER**  
**ADVISORY COMMITTEE MEETING**

*October 26, 2006*

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on October 26, 2006 at 9:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

**Agricultural Pool**

Nathan deBoom, Chair	Ag Pool/Dairy
Bob Feenstra	Ag Pool/Dairy
Pete Hettinga	Ag Pool

**Appropriative Pool**

Chris Diggs	Fontana Union Water Company
Mark Kinsey	Monte Vista Water District
J. Arnold Rodriguez	Santa Ana River Water Company
Justin Brokaw	Marygold Mutual Water Company
Charles Moorrees	San Antonio Water Company
Ken Jeske	City of Ontario
Jim Taylor	City of Pomona
Anthony La	City of Upland

**Non-Agricultural Pool**

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

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
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
Terry Catlin	Inland Empire Utilities Agency
Rosemary Hoerning	City of Upland
Jennifer Novak	Department of Justice – State of California

The Advisory Committee meeting was called to order by Chair deBoom at 9:07 a.m.

**AGENDA - ADDITIONS/REORDER**

Mr. Manning asked if the CEO Report & Update section could be heard prior to the Watermaster Legal Counsel Report.

**I. CONSENT CALENDAR****A. FINANCIAL REPORTS**

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

**B. GOVERNMENTAL SAVINGS ACCOUNT**

1. Transfer from Bank of America Governmental Savings Account to the Bank of America Chino Basin Watermaster Governmental Checking Account

**C. WATER TRANSACTION**

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding Annual Production Right for Fiscal Year 2005-06. Date of application: August 23, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The transfer of Monte Vista Irrigation Company Fiscal Year 2006-2007 annual production rights in the Chino Basin to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,300 acre-feet. Date of application: August 23, 2006

*Motion by Kinsey, second by Jeske, and by unanimous vote*

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

**II. BUSINESS ITEMS****A. NEW YIELD ALLOWANCES FOR FY 05-06 ASSESSMENT PACKAGE**

1. New Yield Allowances for the FY 05-06 Assessment Package at 30% of Desalter Production  
This item will be discussed as an information only item. It was asked this item be moved to CEO Reports.

*Motion by Jeske, second by Kinsey, and by unanimous vote*

***Moved to approve moving this item to CEO Report & Update section of the agenda, as presented***

**C. CEO/STAFF REPORT**

**This item was moved from Business Items:**

New Yield Allowances for the FY 05-06 Assessment Package at 30% of Desalter Production

Mr. Manning stated all three pools deferred action until next month on this item and noted this item is not being presented as an action item today. This item is regarding how we will handle the inflow from the Santa Ana River as it regards to desalter production. The recommendation from staff this year which was based upon Wildermuth analysis and a technical report is that Watermaster use a 30% desalter production credit. There is a workshop scheduled for October 27, 2006 to discuss this matter in detail. Mr. Manning stated Mr. Wildermuth will be leading the workshop. The special referee's technical assistant, Joe Scalmanini, will be in attendance for this workshop. Mr. Kinsey inquired into some of the verbiage written in the technical report and wanted to know if the Chino Desalter Authority (CDA) was recognized as a party to the judgment. Counsel Fife stated the CDA itself is not parties to the judgment, the individual members of the CDA are parties to the judgment. Mr. Kinsey inquired if the judgment required Watermaster to levy an administrative assessment on desalter production. Counsel Fife stated that it an unresolved question and is not clear at this point in time.

1. Storm Water/Recharge Report

Mr. Manning stated Mr. Treweek who normally gives this update is currently on vacation. As reported at the pool meetings it appears we are on our way to recharge 60,000 acre-feet this year. We had a very good month in September for recharge and this month we will be looking at catching any storm water.

2. Legislative/Bond Update

Mr. Manning stated there are some very good reports in the meeting packet from Inland Empire Utilities Agency on state and federal issues. The governor signed nine hundred and ten bills and he vetoed two hundred and sixty two at the last few weeks of the period of signing. Some of the noted bills that the governor did sign was 2915 (Goldberg) regarding public agencies who charge for water, sewage, and electricity. AB 371 (Goldberg) regarding recycled use for state agencies was signed. SB 1210 and 1650 which relates to eminent domain legislation was also signed. SB 1574 (Kuehl) the Blue Ribbon Committee was signed and the initiation of the Blue Ribbon Committee on Delta is starting to take shape.

3. Water Fair

Mr. Manning stated the Water Fair took place on October 14, 2006 and was very successful. It was a great function for all who attended and it was estimated there were well over a thousand attendees who came by during the four hour event. This was the first year we have put on an event like this and it appears there was enough interest to put this on each year.

4. Strategic Planning Conference Recap

Mr. Manning stated it was hoped there would be a hand out today of at least a draft matrix, however, there was not enough information given back to Watermaster from the breakout sessions to date. The exit reviews are available on the back table and from examining those it seems the conference was a success. The overall average rating came in at 9.6 out of a score from 1 to 10, 10 being best.

5. Treatment of Desalter Forgiveness

Mr. Manning stated this item that was discussed previously and there was no further comment.

Added Item:

Mr. Manning stated he had one further item to add to his report concerning the Vulcan/San Antonio Assignment. There will not be a staff report coming out on this item because the application has been withdrawn from Watermaster.

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Storage and Recovery Negotiations

Counsel Fife stated as reported at the pool meetings, staff and counsel has been discussing a storage program with a few potential partners who include San Diego, Castaic Water Agency, and Metropolitan Water District. We have indicated to each of these parties that before we could go on in the negotiation process, we needed to confer with the Appropriators and get input about where they would like to see those deals go. That meeting is scheduled with the Appropriators on November 9, 2006 right after the Appropriative and Non-Agricultural Pool meeting.

2. Desalter Negotiations

Counsel Fife stated staff and counsel have been in discussions with Western Municipal Water District about a desalter deal that Western has been talking to Watermaster about for quite some time. Western would like to move as quickly as possible on this matter. There are technical questions about what would be the most feasible project for them to do. Under the Peace II Term Sheet in order for the forgiveness water to become eligible for everybody, we need to build some kind of desalter III facility in the southern portion of the basin – south of the existing desalters.

3. Peace II Term Sheet

Counsel Fife stated not much has taken place regarding the Peace II Term Sheet in the past month. Staff and counsel have been talking to the special referee about her report and to Mr. Scalmanini about his technical review of the model. Staff feels that Mr. Scalmanini is nearing the end of his analysis and we should have results fairly soon. In terms of talking with the special referee about her report following the workshop, it seems the most expeditious means of getting a report from the referee and interacting with the court would be if Watermaster counsel came to the court with a motion asking for review of the Basin Re-Operation Hydraulic Control concept. That motion is currently being worked on and will be brought through the Watermaster process. A discussion ensued with regard to going to court.

4. Hanson Aggregates

Counsel Fife stated staff had hoped to have a meeting with Hanson in order to have something new to report on, however, Hanson had asked to put the meeting off. It is currently scheduled for next week. Counsel has presented to them evidence about why we believe they are responsible for the silt contamination at the Lower Day Basin and why they should have to pay for costs associated with the contamination. Hanson has indicated they do not believe they are responsible for the contamination, although, no creditable evidence has been given to us to back up their claim. A question regarding Hanson's lease with the county was presented. Counsel Fife stated he did not have the answer on that issue.

5. Goodrich Subpoena

Counsel Fife noted there is paper work on the back table regarding this item. A few months back Goodrich served Watermaster with a subpoena and asked for every document in Watermaster's possession. Counsel had a discussion with Goodrich and finally was able to convince them that it would be much more expeditious if they would submit their request as a document request through the normal Watermaster channels and then if they would also narrow it to something specific. Goodrich has now given us a list of the type of documents they want and then a map on which they drew a circle around a specific area in which they are looking for information. In looking at the map they provided, about 75% of the information they are looking for is outside the Chino Basin and we tried to explain to them that this particular area in which they were seeking information is not something Watermaster collected. With regard to information being needed for the Fontana area, they will be advised that under our policy Watermaster does not give out this kind of information without specific written approval from the entity it would affect. Currently Mr. Wildermuth is working up a cost estimate for how much staff time it will take for Wildermuth to provide all this information. Once we have that cost estimate we will give that to Goodrich and will ask for some sort of deposit.

Added Item:

Counsel Fife noted there was a handout on the back table regarding the Santa Ana River Water Rights Applications. Counsel Fife stated the San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County, San Bernardino Valley Water Conservation District, City of Riverside, Chino Basin Watermaster, and Orange County Water District has water right applications pending before the State Water Resources Control

Board. There are unresolved protests pending against each of the applications. Therefore, it will be necessary for the Division of Water Rights to schedule a hearing before the State Water Board to resolve the issues raised by the protests to determine the amount of water that may be available to each applicant, and to determine if water right permits should be issued. The Division intends to issue a hearing notice by the end of November.

#### **B. WATERMASTER FINANCIAL REPORT**

##### 1. Water Activity Report (WAR)

Ms. Rojo stated Watermaster has received all the Water Activity Reports and will move forward with the Assessment Package process.

##### 2. Assessment Package

Ms. Rojo stated now that we have received all the Water Activity Reports staff is starting to prepare the new Assessment Package. Ms. Rojo gave the 2006/2007 Assessment Package presentation regarding the assessment package. Ms. Rojo reviewed in detail the assessment analysis and debt service changes. Ms. Rojo noted the importance of attending the October 30<sup>th</sup> Assessment Package Workshop at 9:00 a.m. for a full presentation which will also allow for comments and questions. A lengthy discussion ensued with regard to the increase in assessments that are proposed for the upcoming assessment package.

#### **E. INLAND EMPIRE UTILITIES AGENCY**

##### 1. Monthly Water Conservation Programs Report

No comment was made regarding this item.

##### 2. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

##### 3. State and Federal Legislative Report

No comment was made regarding this item.

##### 4. Community Outreach/Public Relations Report

No comment was made regarding this item.

#### **F. OTHER METROPOLITAN MEMBER AGENCY REPORTS**

No comment was made regarding this item.

#### **IV. INFORMATION**

##### 1. Newspaper Articles

No comment was made regarding this item.

#### **V. COMMITTEE MEMBER COMMENTS**

No comment was made regarding this item.

#### **VI. OTHER BUSINESS**

Ms. Rojo noted due to the Thanksgiving holiday the next Advisory Committee and Watermaster Board meeting has been moved up one week to accommodate the Thanksgiving holiday as noted in the Future Meeting section of the agenda.

#### **VII. FUTURE MEETINGS**

October 24, 2006	9:00 a.m.	GRCC Meeting
October 26, 2006	9:00 a.m.	Advisory Committee Meeting
October 26, 2006	11:00 a.m.	Watermaster Board Meeting
October 27, 2006	1:00 p.m.	Induced Santa Ana River Recharge from Desalters
Workshop October 30, 2006	9:00 a.m.	Assessment Package Workshop
November 9, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting

November 15, 2006	1:00 p.m.	Agricultural Pool Meeting @ IEUA
November 16, 2006	9:00 a.m.	Advisory Committee Meeting
November 16, 2006	11:00 a.m.	Watermaster Board Meeting

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

Secretary: \_\_\_\_\_

Minutes Approved: November 16, 2006