

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

December 21, 2006

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 21, 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

Robert DeLoach

Cucamonga Valley Water District

Dave Crosley

City of Chino

Teri Layton

Santa Ana River Water Company

Ken Jeske

City of Ontario

Raul Garibay

City of Pomona

Anthony La

City of Upland

Non-Agricultural Pool

Bob Bowcock

Vulcan Materials Company (Calmat Division)

Watermaster Board Members Present

Sandra Rose

Monte Vista Water District

John Anderson

Inland Empire Utilities Agency

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.

Dr. David Sunding

University of CA at Berkeley

Others Present

Terry Catlin

Inland Empire Utilities Agency

Rosemary Hoerning

City of Upland

Steve Lee

Reid & Hellyer

Rick Hansen

Three Valleys Municipal Water District

The Advisory Committee meeting was called to order by Chair deBoom at 9:06 a.m.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held November 16, 2006

B. FINANCIAL REPORTS

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

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

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

II. BUSINESS ITEMS**A. DR. SUNDING ECONOMIC BENEFITS REPORT**

Mr. Manning stated in the discussions regarding the Peace II Agreement there are prerequisites that need to be completed. One of those prerequisites was a macro evaluation of the Peace II arrangement and how it was going to affect the basin. The macro analysis viewed the basin as if were one owner and was not looking at individual parties. Dr. Sunding had presented his initial draft Economic Benefits Report to the parties at a July 2006 workshop and from that workshop he took questions and comments and has incorporated those changes into his newly revised report, which is ready to be approved to be received and filed with the court. Dr. Sunding gave his updated report and highlighted the changes that were made from the draft to the final report. Dr. Sunding reviewed several tables in detail to allow the parties to have a better understanding of his analysis. A discussion ensued with regard to Dr. Sunding's report. Mr. Jeske inquired about the net benefit number offered. Dr. Sunding stated what the analysis captures is whether or not we do basin re-operation and how you do it; the assumption is the facilities get built and that is a common factor to all of the scenarios. Mr. Garibay inquired about the term "controlled over-draft". Mr. Manning stated that is a term that Watermaster is comfortable endorsing as equal to re-operation. A discussion regarding yield ensued. Mr. Manning stated staff is seeking a recommendation to move this forward to the Watermaster Board for a receive and file motion. A question regarding the next steps was presented and Counsel Fife responded that this question will be answered under legal counsel report. Although, the next step toward economic analysis is to move onto the micro economic analysis which is specified in the Term Sheet.

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

Moved to receive and file with the court the revised Economic Benefits Report by Dr. David Sunding, as presented

B. INLAND VALLEY DAILY BULLETIN ADVERTISING CAMPAIGN

Mr. Manning stated several parties have been participating in this water industry campaign for three years now and there have been excellent comments about the publications. Mr. Manning recapped what the past publications were trying to capture and noted this years will be slightly different in that there will be more articles printed in the actual newspaper as opposed to what was done in the past with inserts. Mr. Manning noted this item is in the FY 2006-2007 budget. A discussion ensued with regard to the context of the articles. Mr. Jeske commented on the possibilities of using the internet side of advertising for this cause. Mr. Manning stated this was an excellent idea and he would pursue it with the Daily Bulletin representatives.

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

Moved to approve the twelve month advertising campaign with the Inland Valley Daily Bulletin to match contributing funds with Inland Empire Utilities Agency, as presented

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Santa Ana River Application

Counsel Fife stated there is a letter on the back table to the State Water Resources Control Board. Counsel Fife noted he has reported over the last few months that it appeared there is movement on this application to bring this item to a water rights hearing in the near future. The State Board does appear determined to hold a hearing on all of the Santa Ana River Water Right Applications including Chino Basin Watermaster's. At ACWA there were comments from Art Baggett that there will be a hearing in the spring of 2007. In response to that statement all the parties have been meeting on a regular basis to discuss what we feel the hearing should look like and how all the parties can work together. The letter is the first real outcome and proposes that we convene workshops prior to noticing the hearing. Chino Basin Watermaster has one remaining protest to the Chino Basin's application and that is from the Department of Fish and Game, although, they have not clearly stated what they are protesting and in the meantime have permitted our project. A brief discussion ensued with regard to this issue. Counsel will keep the parties apprised on the progress of this matter.

2. Peace II

Counsel Fife stated there is a draft timeline on the back table for review; this is an aggressive timeline to facilitate resolution of Peace II. This timeline was drafted by the request of the Watermaster Board. We are asking for comments on this draft timeline. Two items really need to have input on them and those are the itemization of issues and the steps we need to go through and the other is the time frames we have attached to those items. A discussion ensued with regard to the draft timeline and what is needed from the parties as far as comments. A discussion ensued with regard to the listed items on the timeline. Mr. Manning stated that the next evolution of this timeline will be the expansion of the timeline into a gant chart; the parties will work together to create a critical path process.

3. Waste Discharge Requirements

Counsel Fife stated the parties which are most interested in this topic are Western Municipal Water District and San Bernardino Municipal Water District. They are continuing to meet and work on the draft which was handed out last month. Chino Basin Watermaster is continuing to monitor the progress of this process.

4. MZ1 Long Term Plan

Counsel Fife stated the non-binding term sheet set a goal of December 31, 2006 for the MZ1 long term plan to be completed. The MZ1 Technical Committee is meeting on a regular basis and the long term plan is being worked on and good progress is being made; however, we are going to miss the December 31st deadline. There is a potential that we will not miss that date by much time; a final product could come to fruition in the first quarter of 2007.

C. CEO/STAFF REPORT1. Storm Water/Recharge Report

Mr. Manning stated the Storm Water report is available on the back table for review. In summary, we are on schedule in terms of our recharge progress.

2. Legislative Update

Mr. Manning stated we received notice last week from Washington DC that a few changes have taken place that we all should be aware. There are ten new members on the House side; ten new democrats bringing the total to thirty-eight members on that committee. Among the ten were three Californians; however, none of them are representing this area. Jerry Lewis will continue to hang on as the ranking Republican in that committee. In the senate, Diane Feinstein, remains on the senate appropriations committee and has become the chair of the interior sub-committee. Mr. Manning stated he recently had breakfast with

Senator Margett and Dan Dun Moyer; Dan is the senior and chief policy advisory to Governor Schwarzenegger and had a chance to sit down briefly with Dan and talk about state wide water policy. While at the recent ACWA conference a number of people met with Bob Johnston, Commissioner of the Bureau of Reclamation, to talk about Title 16 issues and that conversation went very well. A brief discussion ensued with regard to legislative issues.

3. Strategic Planning Issue Report

Mr. Manning stated the matrix from the October conference is now complete in draft form and available on the back table for review and comment. Mr. Manning reviewed the column titles and explained their meanings. Mr. Manning stated the context of this matrix will be incorporated into his next goals and objectives.

4. Holiday Open House

Mr. Manning stated he and his wife Sue, will be hosting an open house at their home in Alta Loma and all are invited to attend; there is a flyer on the back table with the address and time of the event.

D. 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.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen spoke on the recent election at the Metropolitan Water District for the new chairman; Mr. Tim Brick is now the new chairman. Mr. Hansen stated that Mr. Brick recently announced his management team/executive team. Mr. Hansen reviewed the new rate increases for Tier I and Tier II and a discussion ensued with regard to the increase.

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

No comment was made regarding this item.

VII. FUTURE MEETINGS

December 19, 2006	9:00 a.m.	GRCC Meeting
December 21, 2006	9:00 a.m.	Advisory Committee Meeting
December 21, 2006	11:00 a.m.	Watermaster Board Meeting
January 11, 2007	10:00 a.m.	Annual Appropriative Pool Meeting
January 11, 2007	11:00 a.m.	Annual Non-Agricultural Pool Meeting
January 16, 2007	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Advisory Committee Meeting Adjourned at 9:45 a.m.

Secretary: _____

Minutes Approved: January 25, 2007