

Minutes
CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING

January 24, 2008

The Annual Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on January 24, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mohamad El-Amamy	City of Ontario
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
Mark Kinsey	Monte Vista Water District
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
J. Arnold Rodriguez	Santa Ana River Water Company

Non-Agricultural Pool

Bob Bowcock, Chair	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jeff Pierson	Ag Pool, Crops
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Watermaster Board Members Present

Charles Field	Western Municipal Water District
Ken Willis	City of Upland

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	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental, Inc.

Others Present

Marty Zvirbulis	Cucamonga Valley Water District
Tom Crowley	Western Municipal Water District
Gerry Foote	Chino Basin Water Conservation District
Robert Tock	Jurupa Community Services District
Jennifer Novak	State of California

Chair DeLoach called the Advisory Committee meeting to order at 9:15 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2008

<u>Robert DeLoach</u>	Chair	(Appropriative Pool) – (Non-Ag passed on chair position)
<u>Bob Feenstra</u>	Vice-Chair	(Agricultural Pool)
<u>Mark Kinsey</u>	Second Vice-Chair	(Appropriative Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

INTRODUCTIONS OF THE NEW BOARD MEMBERS, CALENDAR YEAR 2008**Calendar Year 2008 Pool Representation on the Watermaster Board**

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2008, the following will represent the Appropriative Pool on the Watermaster Board.

Cucamonga Valley Water District – New Member: James Curatalo Jr.
 Alternate: Kathy Tiegs

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting December 20, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through November 30, 2007
4. Treasurer's Report of Financial Affairs for the Period November 1, 2007 through November 30, 2007
5. Budget vs. Actual July 2007 through November 2007

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 08-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 08-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 08-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008

F. NOTICE OF INTENT

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

Motion by Rodriguez, second by Kinsey, and by unanimous vote

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

III. BUSINESS ITEMS**A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD**

Mr. Manning stated this item pertains to a contract between Chino Basin Watermaster and Inland Empire Utilities Agency (IEUA) for technical services to provide the services of Wildermuth Environmental Inc. for the purposes of working on the Dry Year Yield (DYY) study. Mr. Manning stated originally this contract was going to come under the contract with Black & Veatch. However, Watermaster is working on developing a new contract with Wildermuth

Environmental for Watermaster that will have some language regarding Wildermuth's relationships with other parties within the basin in order to protect Watermaster and Wildermuth. This contract as it is presented today, will allow that to occur. IEUA has taken this contract before their board and it was approved. Staff is asking for approval of the agreement and to also approve, the financial budget changes to reflect the income and the expenditure. A discussion ensued with regard to a fee schedule and Mr. Manning noted the Wildermuth Contract is being brought forward as an informational item this month and will be brought back for approval next month along with a fee schedule and other language changes as needed.

Motion by Kinsey, second by Moorrees, and by unanimous vote

Moved to approve the contract for services for Dry Year Yield and to amend the 2007/2008 Watermaster budget for receipt of revenue from Inland Empire Utilities Agency and the expenditure of a similar amount for services by Wildermuth Environmental, Inc., as presented

B. WATERMASTER RESPONSE TO CONDITIONS SUBSEQUENT FROM THE COURT ORDER GRANTING WATERMASTER'S MOTION FOR APPROVAL OF PEACE II DOCUMENTS

Chair DeLoach noted this item was discussed and approved by the Appropriative and Non-Agricultural Pool members at a special meeting this morning. Mr. Manning stated there are two different tables available on the back table. One matrix lists all of the items that are included in the court order and some of the translations from the Special Referee's dates. The second item is the New Technical Reports pursuant to the court order and this was put together by Mr. Wildermuth. Counsel Fife stated the filing corresponds to the courts December 21, 2007 order; the court gave Watermaster nine conditions on the approval of the Peace II documents. Reports on the first two items are due by February 1, 2008. Counsel will be making minor wording changes prior to court submission, however, if there are any substantive changes the document will need to go through the Watermaster process again. The two conditions that are being responded to in the pleading are the reporting on the Non-Agricultural Pool elements of the Peace II documents which includes the purchase and sale agreement, the amendment to the exhibit G, and the provision to the Peace Agreement allowing intervention into the Non-Agricultural Pool. That condition is not something subject to court approval; counsel was asked to provide a clearer explanation and answer the questions listed in the Special Referee's preliminary report. The second condition was to provide a corrected initial schedule for the use of the controlled overdraft water; that is included as Table 1 to the pleading. This is an item that is being submitted for court approval; the pleading does notice a hearing for May 1, 2008 at 2:00 p.m. and was set by the court order.

Motion by Kinsey, second by Pierson, and by unanimous vote

Moved to approve and submit to the court a brief to explain the amendments to the Judgment paragraph 8 and exhibit "G" and corrected initial schedule to replace resolution No. 07-05 attachment "E," together with an explanation of the corrections made, as presented

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Order

Counsel Fife stated Watermaster now has an order and we are moving on the conditions in that order. Counsel Fife noted there is a matrix on the back table prepared by Mr. Manning which contains the nine conditions and their due dates.

2. SWRCB Order re Permit 19895

Counsel Fife stated a copy of this order is in the meeting packet. Several months ago Watermaster received a strange order from the State Board revoking permit 19895 for failure to proceed with diligence on the project; even though the project is complete. A petition for reconsideration was immediately filed and we got a favorable filing from the State Board and they did acknowledge there were many factual inconsistencies within their

own order; the petition for reconsideration was granted. The State Board has contacted Watermaster staff and counsel and would like to schedule a meeting to sit down and talk about the project. Chair DeLoach asked counsel to give some background on this item. Counsel Fife stated permit 19895 was originally issued to the Flood Control District in connection with the San Sevaine Project. There were actually two permits during this time, one for the San Sevaine Project and one for the Day Creek Project. At some point in time the Flood Control District put Watermaster on the permit so that Watermaster and the Flood Control were joint permittees and then eventually the Flood Control ceded its interest over to Watermaster. When the Flood Control District controlled the permit they were not always consistent in their reporting. When reports were distributed regarding the progress, the permit numbers were either put in incorrect or there were other typographical errors made which confused the State Board staff greatly causing them to revoke the permit. A lengthy discussion ensued with regard to this matter.

3. Hanson Aggregate Litigation

Counsel Fife stated things are moving forward with Hanson Aggregate; conversations are taking place and they appear to want to settle the case. Counsel Fife stated discussions regarding non-binding mediation are in progress. A discussion ensued with regard to costs incurred as well as lost opportunity costs.

B. ENGINEERING UPDATES

1. Engineering Update

Mr. Wildermuth referenced a handout and stated the handout is a summary of the technical work required by the conditions subsequent in the December 21, 2007 court order. Mr. Wildermuth reviewed the chart and the section titled; "New Technical Report" that completes the record for the Peace II order. The next section titled; "Annual Report of the Quantification of New Yield" provided an annual accounting of the new storm water and SAR recharge into the Chino Basin. This will be used to annually refine the re-operation schedule, assessment package determinations and to compute replenishment. He then reviewed the next section titled; "Hydraulic Control Articulation and Compliance Report" that formalizes the quantitative definition of hydraulic control and demonstrate concurrence of the Regional Water Quality Control Board. Lastly he reviewed the section titled; "Recharge Master Plan Process" that purposes to periodically update the Recharge Master Plan and clearly map out how Watermaster will implement plans to meet future replenishment demands. A discussion ensued with regard to this item and information given on the sections.

C. FINANCIAL REPORT

1. Budget Update

Ms. Rojo stated the Assessment Package was approved last month and the invoices have been mailed out. Ms. Rojo stated the Watermaster's budget preparation process is starting for the 2008/2009 year which begins by working with consultants and in going through the projects that they work on annually. The figures and/or updates for the various projects are reviewed quarterly with Wildermuth staff; an update is now available for your review. This handout has been updated since the Appropriative Pool meeting. Ms. Rojo reviewed the Status of Engineering Tasks cost categories in detail. Ms. Rojo referred to the handout regarding potential policies that Watermaster might adopt. This item will be brought back as an action item next month. Ms. Rojo asked that the committee members to review the policy handouts and to get back to her with any feedback as quickly as possible. Ms. Rojo stated the first policy is a budget transfers and amendments policy and the second is a purchasing policy. Ms. Rojo reviewed the handouts in detail. A discussion regarding this item ensued.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated because this is a presidential election year Washington's normal events have pretty much come to a halt. Mr. Manning stated the ACWA Conference is coming up in February which is always interesting but with it being a presidential election year, the conference will be especially interesting. At the state level the governor's budget is prepared and is almost ready to be given to the legislature and in the governor's recent speech he did talk a lot about water. Some of his speech talked about a possible reduction in staff which was confusing because most of the field agencies are running without field positions filled and it does not appear there would be much savings in doing that. Mr. Manning stated he will be going to meeting later this month that will be discussing bond measures and he will keep the parties up to date on what is going on.

2. Recharge Update

Mr. Treweek stated there is an updated supplemental and storm water recharge handout now available which summarizes the first six months of recharge. 4,000 acre-feet of storm water has been captured. Staff has calculated the storm in January and it appears approximately 2,000 acre-feet of storm water was captured then which is a very good number. Mr. Treweek stated he feels this high number of storm water capture is due to all the improvements made to the basins over the summer and our reactions to storms when they come in.

3. Wildermuth Contract

Mr. Manning stated Watermaster staff is working with Wildermuth staff to put together a draft contract; a copy of the first draft is now available. This will allow staff to be able to have in a formal contract for the work that is done with Wildermuth Environmental. Mr. Manning noted one of the biggest changes that will be taking place will be management of projects by task number and managing by task order will allow staff to have greater management control.

4. CBWM Web Site

Mr. Manning stated there is a handout regarding the Watermaster web site depicting web site hits from November 16, 2007 to December 16, 2007. This counter will give staff information as to where people are located that are entering the Watermaster web site. During the dates noted, the web site had 481 hits and it was interesting that some of the hits came from other countries.

5. National Research Council

Mr. Manning stated the National Research Council recently came out with a new study titled, "The Prospects for Managed Underground Storage for Recoverable Water." Watermaster received an advance copy because Chino Basin Watermaster is one of the sponsors of this study along with the USGS, Cal-Fed, the City of Phoenix, Inland Empire Utilities Agency, and the Sanitations Districts of Los Angeles County. Mr. Manning stated this is a very informative publication and has some interesting conclusions and recommendations in it.

6. Replenishment Water Purchase

Mr. Manning stated there have been internal staff discussions about how Watermaster is going to meet the replenishment obligations for this year. Watermaster has an outstanding obligation of approximately 3,900 acre-feet of water that needs to be replenished. Metropolitan Water District is not making water available for replenishment. Mr. Manning stated staff is looking at purchasing water out of storage accounts from producers in the basin. Please let staff know if you have water that you would consider selling to Watermaster. A letter regarding this same announcement will be going out shortly.

E. INLAND EMPIRE UTILITIES AGENCY1. MWD Water Rates

Mr. Atwater stated a meeting regarding the drought plan and Dry Year Yield activities took place this morning at 8:00 a.m. here at the Watermaster office. Mr. Atwater stated he is anticipating the Metropolitan Water District Board will approve a Regional Drought Allocation Plan on February 12, 2008. There are still some slight changes in those plans that are being worked on. Once the plan is administered, IEUA will hold a workshop. Mr. Atwater noted the recent rain storms have been wonderful and has helped the drought situation, but it is still too early in the storm season to get actual numbers. It would be great if the storms could continue throughout the season and then we will be able to put off the drought plan for this year. Mr. Atwater stated the MWD rates will be rising over the next couple years significantly and they are holding a public hearing on February 11, 2008 with regard to this issue.

2. Drought Planning Update/DYY Implementation

This item was discussed previously.

3. Recharge Phase II Project Status

Mr. Love stated 50% of this project is funded from the DWR grant with the balance provided by jointly providers by IEUA and Watermaster. Additional project partners are the Conservation District and the Flood Control District. Phase II is for enhancements and improvements to our existing recharge basins. A critical milestone coming up which is the Rialto Pipeline shutdown starting on February 4, 2008. During that shutdown while MWD is working on repairs to the pipeline IEUA is going to be improving CB14 which will include increasing the capacity. IEUA will also be adding a new replenishment connection called CB20 in the City of Upland. In working with the City of Upland, IEUA is trying to utilize the storm drain system to get the water flowing into the 7th and 8th Street Basins so that we can get imported water to those facilities. As of today no imported water can go into those basins; these are significant improvements to the recharge project.

4. Regional Recycled Water Program – 3 Year Business Plan Status

Mr. Love stated the focus for the Regional Recycled Water Program will have annual usage goals, metrics, and requirements for monthly progress reports. The plan will be revised and updated monthly. The goals of the plan will be to have 50,000 acre-feet per year to connected customers in the IEUA regional system by June 2010. Workshops and presentations will be scheduled for full review on this plan. Mr. Love reviewed the updates to this plan since his last presentation.

5. Monthly Water Conservation Programs Report

No comment was made regarding this item.

6. Draft FY 07/08 Regional Water Conservation Programs Budget

No comment was made regarding this item.

7. Monthly Imported Water Deliveries Report

No comment was made regarding this item.

8. State and Federal Legislative Report

No comment was made regarding this item.

9. Community Outreach/Public Relations Report

No comment was made regarding this item.

10. Phase II Chino Basin Facilities Improvement Program Report

No comment was made regarding this item.

F. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

V. INFORMATION

- 1. Hatch & Parent Merger with Brownstein, Hyatt, Farber, and Schreck, January 2008 and Amendments to Agreement for Legal Services

Counsel Fife stated Brownstein, Hyatt, Farber, and Schreck is now a 200 person firm with offices throughout the United States and is the largest water law firm in the United States.

- 2. Newspaper Articles

No comment was made regarding this item.

VI. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VII. OTHER BUSINESS

No comment was made regarding this item.

VIII. FUTURE MEETINGS

January 23, 2007	9:00 a.m.	GRCC Meeting
January 23, 2007	8:50 a.m.	Special Appropriative Pool Meeting
January 24, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2007	11:00 a.m.	Annual Watermaster Board Meeting
February 12, 2008	9:00 a.m.	Water Quality Committee Meeting
February 14, 2008	8:00 a.m.	MZ1 Technical Committee Meeting
February 14, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 19, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 28, 2008	9:00 a.m.	Advisory Committee Meeting
February 28, 2008	11:00 a.m.	Watermaster Board Meeting

The Watermaster Advisory meeting was dismissed by Chair DeLoach at 10:30 a.m.

Secretary: _____

Minutes Approved: February 28, 2008