

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

December 18, 2008

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on December 18, 2008 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District
Ron Craig	City of Chino Hills
Anthony La	City of Upland
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Mike McGraw	Fontana Water Company

Non-Agricultural Pool

Bob Bowcock via teleconference	Vulcan Materials Company (Calmat Division)
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Agricultural Pool

Jennifer Novak	State of California Dept. of Justice, CIM
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Rob Vanden Heuvel	Milk Producers Counsel

Watermaster Board Members Present

Charles Field	Western Municipal Water District
Ken Willis	City of Upland
Terry Catlin	Inland Empire Utilities Agency

Watermaster Staff Present

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Scott Slater	Brownstein, Hyatt, Farber & Schreck
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Marty Zvirbulis	Cucamonga Valley Water District
Bill Kruger	City of Chino Hills
Dave Penrice	Aqua Capital Management
Gary Meyerhofer	Carollo Engineers
Sandra Rose	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency

David DeJesus
Steven Lee
Michael Camacho
Eunice Ulloa

Three Valleys Municipal Water District
Reid & Hellyer
Visitor
Chino Basin Water Conservation District

Chair DeLoach called the Advisory Committee meeting to order at 9:06 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Advisory Committee Meeting held November 20, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through October 31, 2008
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through October 31, 2008
5. Budget vs. Actual July 2008 through October 2008

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from Cucamonga Valley Water District water in storage in the amount of 4,265 acre-feet. Date of Application: October 6, 2008
2. **Consider Approval for Notice of Sale or Transfer** – Aqua Capital Management LP (Aqua) has agreed to purchase from CCG Ontario LLC (CCG) the amount of all of CCG's water in storage as of June 30, 2008, and a permanent transfer of its share of safe yield of 630.274 acre-feet. Date of Application: November 7, 2008

*Motion by Kinsey, second by La, and by unanimous vote – Bowcock abstained on C2
Moved to approve Consent Calendar Items A through C, as presented*

II. BUSINESS ITEMS

A. MOU COOPERATIVE EFFORTS FOR MONITORING PROGRAMS BETWEEN THE INLAND EMPIRE UTILITIES AGENCY AND THE CHINO BASIN WATERMASTER – BRIGHT LINE APPROACH

Mr. Manning stated the concept of this item has been discussed in great detail at past meetings. There is a previous agreement for monitoring with Inland Empire Utilities Agency and in 2007 there was some disparity regarding what some costs should be and how those numbers were determined. In the discussions over those costs it was decided among Watermaster and IEUA staff to adopt an approach which was referred to as the Bright Line Approach. The concept is that IEUA and Watermaster would divide the monitor work and the information gathered from that monitoring will be cooperatively shared. That particular agreement has been performed based on a handshake since January, 2008, and it has been working well for both parties, however, it now needs to be formalized in writing. This agreement has gone through the Pool process and was approved unanimously.

*Motion by La, second by Garibay, and by unanimous vote
Moved to approve the MOU Cooperative Efforts for Monitoring Programs between the Inland Empire Utilities Agency and the Chino Basin Watermaster – Bright Line Approach, as presented*

B. PUBLIC INFORMATION COST SHARING AGREEMENT WITH INLAND EMPIRE UTILITIES AGENCY FOR 2009 COMMUNITY OUTREACH CAMPAIGN

Mr. Manning stated this is an item Watermaster has been working on with Inland Empire Utilities Agency since 2005. In 2005, IEUA and Watermaster had discussions with the Daily Bulletin regarding developing a public information program that assists our agencies in dealing with water issues; a proactive approach on recycled water, water reliability issues, scarcity outages, and other water related topics. The idea was to purchase a volume of ad space within the newspaper at a reduced cost. This ad campaign was very successful past years. Watermaster has been a contributor of \$10,000 and this is the amount staff is recommending at this time for another 12-month ad campaign. This will also include an on-line campaign. This agreement has gone through the Pool process and was approved unanimously.

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

Moved to approve the Public Information Cost Sharing Agreement with Inland Empire Utilities Agency for 2009 for a 12-month Community Outreach Campaign, as presented

C. CONDITION SUBSEQUENT NO. 5

Mr. Manning stated this item is a follow up to the second phase of Condition Subsequent No. 5. Included on the back table is a draft legal document that would be filed with the court and a copy of a new schedule that WEI has put together. Watermaster is required to update Condition Subsequent No. 5, and to submit update along with the new schedule. At the upcoming hearing on February 2nd and 3rd the court has asked that Watermaster make a presentation on the physical solution. Counsel Fife stated there is a draft pleading on the back table in order to begin receiving comments from the parties. This is only on Condition Subsequent No. 5 and it will be revised prior to filing it with the court by January 1, 2009. WEI been replaced with Black & Veatch and the Conservation District for some of the tasks. Other dates have been trued up after discussions with Black & Veatch and the Conservation District. This agreement has gone through the Pool process and was approved unanimously.

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

Moved to approve the January 1, 2009 Progress Report on Watermaster's Recharge Master Plan Update pursuant to Condition Subsequent No. 5 to be filed with the court, as presented

D. AGRICULTURAL POOL REALLOCATION PROCEDURE

Mr. Manning stated this item retains to a proposed accounting procedure should there be a potential decline in safe yield. Mr. Manning stated pursuant to a stipulation with Monte Vista Water District dated April 25, 2008, Watermaster committed to include in Condition Subsequent No. 8, a comprehensive analysis and explanation of how and whether Watermaster will calculate replenishment obligations, in light of the model's predicted safe yield decline over time. The Stipulation further required Watermaster to produce information regarding an expected range of Agricultural Pool production prior to July 1, 2008. Watermaster produced this information and at the June 26, 2008 Appropriative Pool meeting, the Appropriative Pool decided to convene a subcommittee to discuss the development of a procedure to respond to this information. At the August 6, 2008 meeting of this subcommittee, staff and legal counsel were asked to put together information for consideration by the subcommittee members. Staff and legal counsel were asked to memorialize a proposed resolution of the method of reallocating Agricultural pool water in the event of a reduction in Safe Yield, and to create spreadsheets that document the results of a range of other methods. On September 8, 2008, Watermaster distributed these materials to the subcommittee and requested comments. Mr. Manning stated the recommendation provided comes from the sub-committees decision and it was noted two parties were in opposition to the sub-committees recommendation; the City of Chino and Jurupa Community Services District. Mr. Manning noted at the recent Agricultural Pool meeting that committee elected to take no position in this matter. A discussion regarding this matter ensued.

Motion by Kinsey, second by La, and by majority vote – Agricultural Pool abstained, Jurupa Community Services District, and the City of Chino voted no

Moved to adopt the procedures for the Agricultural Pool reallocation procedure and instruct counsel to include a description of the procedures in the filing made in of with Condition Subsequent No. 8, as presented

E. WATERMASTER PURCHASE AND SALE AGREEMENT – PROPOSED PRICE FLOOR AUCTION

Counsel Fife stated Peace II allowed for a Purchase and Sale Agreement for the Non-Agricultural Pool water that is in storage. There are various requirements in the Purchase and Sale Agreement and one of them is to establish a process to use this water as part of a Storage and Recovery Program with a deadline to do that by January 20, 2009. The Appropriators met and discussed how to deal with the water and eventually came up with a proposal for how to use the water in connection with the Storage and Recovery Program through what is being called a Price Floor Auction. There is a detailed staff report provided in the meeting packet that describes the terms of this agreement that would be with Western Municipal Water District acting as the minimum floor bidder. There are different procedures for how the auction would proceed and those are outlined in the staff report. The recommendation that staff is asking for are the approval of the recommendations in the staff report, primarily to proceed with the auction process and complete the auction agreement with WMWD by the deadline. Mr. Manning stated this agreement has gone through the Pool process and was approved unanimously. Chair DeLoach noted a letter written by Monte Vista Water District which further articulates some of their comments made at the Appropriative Pool meeting and is available on the back table. Mr. Kinsey offered comment and further clarification on the letter and a discussion regarding this item ensued. Mr. Manning stated this will come back to this committee in a formal contract after it has been discussed with WMWD. Counsel Fife stated the Agreement that is provided in the meeting packet is a draft proposed agreement and the action that is being requested is not to approve this draft agreement but to approve going forward with the process to complete the agreement and then that agreement will be brought back through the Watermaster process. A discussion regarding this matter ensued.

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

Moved to proceed with the price floor auction process including negotiations and to begin to draft documentation of the base bid with Western Municipal Water District and to schedule a process for making a recommendation to Watermaster as to the proposed “broad mutual benefit” to be received by the Storage and Recovery Project and bring it back to the Appropriative Pool for final approval, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. February 2, 2009 Hearing

Counsel Fife stated a rough draft outline will be distributed to the parties prior to it going to the court and it is available on the back table for review. This draft is open for comments and Counsel Fife noted that not all parties that are listed as witnesses have been contacted prior to them being placed on the list. A discussion regarding the draft outline ensued. It was noted after comments are received a second draft will be presented prior to it going to the court. A discussion regarding the witness list and witness court process ensued.

2. Condition Subsequent No. 7 Pleading

Counsel Fife stated this pleading is regarding Wildermuth’s report on Condition Subsequent No. 7 and an update on Condition Subsequent No. 5. The pleading will be filed next week along with the recent interventions.

Added Comment:

Mr. Feenstra inquired about the status of the request made by the Agricultural Pool regarding the special project TMDL Study. Counsel Fife stated no response has been formulated at this point in time; however, it is being looked into with regard to the history of special projects and special project assessments within the Chino Basin. A discussion regarding this matter ensued.

B. ENGINEERING REPORT

1. Oral Progress Report on Engineering Activities November 2008
No comment was made regarding this item.
2. Progress Report on the AB303 Grant ASR Pilot Project in MZ3
No comment was made regarding this item.

C. FINANCIAL REPORT

1. Agricultural Pool Fund Analysis

Ms. Rojo stated this item is being presented at the request of the Advisory Committee last month to give an update of the history as to where the Agricultural Pool funds came from. At the Ag Pool meeting of June 16, 1988, the pool members ratified an agreement with the Appropriative Pool whereby the Appropriators will assume all future Ag Pool administrative expenses, including special project expenses, in return for which the Appropriators will receive an early transfer of the Ag Pools unpumped water rights. The Ag Pool transferred all pool administrative reserves at June 30, 1988, in the amount of \$59,852 to the Appropriative Pool effective July 1, 1988. In June, 1988, the Ag Pool sold 2,000 acre-feet of water in storage to Cucamonga County Water District. "Funds from this sale are to be held and invested by the Watermaster for future use as determined by the Ag Pool members in the amount of \$246,000." The 2,000 acre-feet of water was purchased in 1978 by the Ag Pool, in anticipation of having a future replenishment obligation. The \$246,000 has earned interest for the past 19 years. The Ag Pool "extra compensation" was taken from these funds beginning in 2001. Various "Mutual Agency Project Costs" have been paid out of the Ag pool funds on six different occasions since 1998 in amounts ranging from \$3,000-\$20,000 per year. The Ag Pool fund balance is approximately \$475,604 as of June 30, 2008. Mr. Feenstra stated one of the large checks distributed from the Ag Pool fund balance was a request from the Regional Water Quality Control Board, having nothing to do with agricultural, which was allowing the RWQCB to finish a report on the perchlorate plume at the Ontario Airport. A discussion regarding Mr. Feenstra's comment ensued and it was noted the funds he is referring to was actually paid from the appropriators. Ms. Rojo stated she would verify this.

Mr. Feenstra stated he is once again inquiring about the funds to be paid at the request of the Agricultural Pool. Mr. Feenstra stated Mr. Rob Vanden Heuvel who is a member of the Agricultural Pool is here to offer comment on this matter. Mr. Feenstra stated he also has some questions of staff and legal counsel regarding special projects. Mr. Vanden Heuvel stated he made a presentation on the TMDL Study recently and gave an updated presentation to the committee members. A lengthy discussion regarding this matter ensued. It was noted the Advisory Committee needs more information on the details of this study prior to making a decision. Mr. Feenstra stated the subject at hand is that the Agricultural Pool has made the determination this is a special project; therefore requesting the Appropriative Pool honor that request per the Peace Agreement/Judgment and pay the monies needed to fund the TMDL study. Mr. Lee offered comment on his findings regarding this matter including what the Peace Agreement/Rules and Regulations/Judgment defines as a special project. A discussion regarding what a special project is ensued.

D. CEO/STAFF REPORT1. Legislative Update

Mr. Manning stated on page 131 of the meeting packet is Inland Empire Utilities Agency Legislative Report which a comprehensive and up-to-date report on both state and federal issues for your review on this item.

2. Recharge Update

Mr. Pak stated an updated handout on the recent recharge activities is available on the back table. Mr. Pak gave a presentation on the current state of the Watermaster recharge basins. Mr. Pak noted in November the storm water recharge as 677 acre-feet and the recycled water recharge was 229 acre-feet. On December 15, there was 1,380 acre-feet of storm water recharge and 600 acre-feet of recycled water recharge and the December numbers will be recalculated at the end of the month. Mr. Manning noted that the 1,380 acre-feet of capture that was the single largest day capture recorded for the Watermaster basins.

3. California Groundwater Coalition (CGC)

Mr. Manning stated Chris Frahm from Brownstein, Hyatt, Farber & Schreck was to be here to make this presentation, however, due to weather conditions she was not able to be here in time. This presentation will be given by Mr. Manning at the Watermaster Board meeting later today.

E. INLAND EMPIRE UTILITIES AGENCY1. Dry Year Yield Expansion Program Oral

Mr. Atwater stated the recent Dry Year Yield Expansion Program was a good meeting and the board did approve the CEQA documentation and thanked all the parties involved in this process.

2. MWD Water Supply Allocation Plan Update Oral

Mr. Atwater stated there will not be any substitutive information available until early January. The storms that we had this week are good news for the Chino Basin including the much needed snow packs that we can see on the mountains this morning. It is understood it looks like there are a few more storms still headed this way this month.

3. IEUA Draft "Strawman" Drought Plan Oral

No comment was made regarding this item.

4. Recycled Water Newsletter

No comment was made regarding this item.

5. Monthly Water Conservation Programs Report

No comment was made regarding this item.

6. State and Federal Legislative Report

No comment was made regarding this item.

7. Community Outreach/Public Relations Report

No comment was made regarding this item.

8. IEUA Regional Conservation Programs

No comment was made regarding this item.

9. Annual Water Use Report for IEUA Service Area

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

No comment was made regarding this item.

VII. FUTURE MEETINGS

December 11, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 16, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 18, 2008	9:00 a.m.	Advisory Committee Meeting
December 18, 2008	11:00 a.m.	Watermaster Board Meeting
January 8, 2009	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 8, 2009	9:45 a.m.	Annual Appropriative Pool Elections
January 8, 2009	10:00 a.m.	Annual Joint Appropriative & Non-Agricultural Pool Meeting
January 20, 2009	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Advisory Committee meeting was dismissed by Chair DeLoach at 10:40 a.m.

Secretary: _____

Minutes Approved: January 22, 2009