

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

*August 27, 2009*

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on August 27, 2009 at 9:00 a.m.

**ADVISORY COMMITTEE MEMBERS PRESENT**

Appropriative Pool

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

Agricultural Pool

Bob Feenstra	Ag Pool - Dairy
Jeff Pierson	Ag Pool – Crops

Non-Agricultural Pool

Kevin Sage	Vulcan Materials Company (Calmat Division)
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**Watermaster Board Members Present**

Michael Camacho	Inland Empire Utilities Agency
Ken Willis	City of Upland

**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
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
Mark Wildermuth	Wildermuth Environmental, Inc.

**Others Present**

John Bosler	Cucamonga Valley Water District
Eunice Ulloa	Chino Basin Water Conservation District
Terry Catlin	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Patrick Sheilds	Inland Empire Utilities Agency
Tom Love	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Mohamed El-Amamy	City of Ontario
Marv Shaw	City of Ontario
Scott Burton	City of Ontario

Tom Crowley  
Rick Rees  
John Mura  
Eldon Horst  
Josh Swift  
Doug La Belle  
Phil Rosentrater

West Valley Water District  
State of California, Dept. of Justice, CIM  
City of Chino Hills  
Jurupa Community Services District  
Fontana Water Company  
City of Chino Hills, Representative  
Western Municipal Water District

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

**AGENDA - ADDITIONS/REORDER**

Mr. Manning stated there is a revised staff letter for Business Item IIC on the back table; this is different than the staff letter that was distributed yesterday under separate cover from the meeting packet.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Advisory Committee Meeting on July 23, 2009
2. Minutes of the Special Advisory Committee Meeting on July 30, 2009

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of July 2009
2. Watermaster Visa Check Detail for the month of June 2009
3. Combining Schedule for the Period July 1, 2008 through June 30, 2009
4. Treasurer's Report of Financial Affairs for the Period June 1, 2009 through June 30, 2009
5. Budget vs. Actual July 2008 through June 2009

**C. WATER TRANSACTION**

1. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 765 AF from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net under-production in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of application: June 30, 2009

*Motion by Zvirbulis, second by Pierson, and by unanimous vote*

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

**II. BUSINESS ITEM**

**A. NOTICE OF INTENT TO PURCHASE**

Mr. Manning stated one of the requirements to purchase the water from the Non-Agricultural Pool is to provide a Notice of Intent to Purchase. A copy of the notice has been provided in the meeting packet with an effective date of December 18, 2009. This item went to the Pools and had unanimous approval and staff is recommending approval from the Advisory Committee. Mr. Young offered comment on the recommendation given at the Appropriative Pool regarding the additional 2,652 acre-feet of water. Chair Jeske stated there is 38,652 acre-feet of water available and at the Appropriative Pool meeting last month, it was decided to use 36,000 acre-feet for the water auction and 2,652 acre-feet for use as desalter replenishment. Mr. Manning stated Fontana Water Company is suggesting reconsideration of the 2,652 acre-feet dedicated strictly to desalter replenishment and they will supply a letter to the Appropriative Pool asking that the 2,652 acre-feet be looked at again as possibly offsetting Watermaster's replenishment obligation. Counsel Fife stated the conditions in Peace II are that the water has to be used either in a Storage and Recovery Program or for desalter replenishment. A lengthy discussion regarding this matter ensued.

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

***Moved to approve the Intent to Purchase to 36,000 acre-feet for use in a Storage and Recovery Agreement, and refer the 2,652 acre-feet back to the Appropriative Pool for further consideration and a separate motion, as presented***

**B. MEETING SCHEDULES**

Mr. Manning stated at the August Appropriative and Non-Agricultural Pools meeting there was discussion regarding changing the dates of their meetings to accommodate a request made by a separate informal committee. This change will allow more time between Pools, Advisory Committee, and Watermaster Board meetings. A discussion regarding meeting dates and times ensued. Mr. Manning noted it was recommended that the Appropriative and Non-Agricultural Pool changed their meeting date to the first Thursday of every month at 1:00 p.m. starting in September. Mr. Manning stated this change was discussed at the August Agricultural Pool meeting including the reasons behind the Appropriative Pool change and the Agricultural Pool discussed this matter and changed their meeting to the second Thursday of the month starting in October. Chair Jeske offered comment on the meeting separation. A discussion regarding this matter ensued and it was decided the Advisory Committee would change its meeting to the third Thursday of every month starting in October.

*Motion by Pierson, second by Craig, and by unanimous vote*

***Moved to approve moving the Advisory Committee meeting to the third Thursday of the month at 9:00 a.m. starting in October, as presented***

**C. DYY EXTENSION**

Mr. Manning stated there is a revised staff report regarding this item on the back table. Mr. Manning stated this revised staff report has come about from a great deal of discussions. The effort put forth on this extension is to expand the opportunity for storage in the Chino Basin. There are currently two different proposals that are being considered. There is a signed agreement signed by the three municipal water districts and the Chino Desalter Authority for an expansion of the storage from 100,000 acre-feet to 150,000 acre-feet. In April a new proposal surfaced that was supported by a large number of appropriators that would change the storage program. This proposed change would be beneficial to the Chino Basin and to the Metropolitan Water District (MWD) and that proposal is still being discussed. Mr. Manning stated MWD is looking at this proposed agreement being approved which includes zero losses for their storage account. Counsel Fife stated there has been a lot of communication between Inland Empire Utilities Agency (IEUA) and MWD this week clarifying exactly what Watermaster staff is doing and what MWD is expecting. The original staff report on this item was distributed yesterday and since that time further discussions have taken place which in turn resulted in the revised the staff report. Counsel Fife stated an issue that staff has been addressing is that Watermaster has had to deal with potential conflicts with the Peace Agreement and the Peace II Agreement. Counsel Fife stated what is being looked at today is just considering the storage loss piece. Counsel Fife stated the presented document frames the losses to other parties as an assignment of losses to other parties rather than a waiver of losses. The proposal that was made is to revise the language of Watermaster's approval so that instead of being a waiver of losses, there is an assignment of losses from the MWD storage account to other parties. Staff recommends the Advisory Committee and Watermaster Board approve the assignment of annual uniform losses from the MWD DYY storage account to the Appropriative Pool and then one of the conditionality's of doing this will be the resolution of how these assigned losses will be either offset or distributed among individual appropriative parties or among other participating parties. A lengthy discussion regarding this issue ensued. Mr. Kinsey stated his motion would be that resolution of how the assigned storage losses will be distributed among the Appropriative Pool parties or among other part parties be completed prior to the approval or the amendment to agreement 49960. A discussion regarding Mr. Kinsey's motion ensued. Mr. Manning stated staff can extend this to 150,000 without MWD agreeing internally; MWD does not need an agreement to extend their storage program. Mr. Manning stated based upon that extension it makes sense to pull the storage application off the table and go ahead and move ahead with the reassignment of MWD's losses. A discussion regarding the reassignment and LRP funding ensued. The committee asked counsel to restate the motion since there was a lot of discussion after Mr. Kinsey made the original motion. Counsel Fife clarified the motion by the Appropriative Pool under the section 2(b) shall occur prior to or simultaneous with the approval of an amendment to agreement 49960 as described in section 2a of the staff report

and then the remainder of the language written in the staff report. A discussion regarding losses ensued.

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

***Moved to approve the language described by Counsel Fife stating the approval by the Appropriative Pool under the section 2(b) shall occur prior to or simultaneous with the approval of an amendment to agreement 49960 as described in section 2a of the staff report and then the remainder of the language written in the staff report , as presented***

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. August 11, 2009 Hearing

Counsel Fife stated the August 11, 2009 hearing took place and went well. The hearing provided a status report of the OBMP, Program Elements 7, 8, and 9, and the approval of the Watermaster's motion to approve the template Storage & Recovery Agreement. A proposed order was submitted which was worked out in advance and the judge signed the revised order as submitted. Notice was provided to the parties. Counsel Fife stated a few items were discussed at the hearing regarding Judge Wade's retirement and the transition process into another judge. Counsel Fife commented on Judge Wade's recommendations for the new judge transition and noted there is a letter on the back table from counsel to the presiding judge. This letter has not been sent and is for review only and it will be sent to the parties' legal counselors. Once all the parties are in agreement of sending a letter out and the content of the letter it will be sent out. Counsel Fife stated the other item on the back table is a proposed case management order and this order is also something that has not been sent out and is for review. Counsel Fife offered comment on the proposed case management order and how it will work with Judge Wade. Counsel Fife stated there is another hearing scheduled for September 17, 2009 if it is needed and can be cancelled if it is not needed. Counsel Fife noted comments need to be back by next Thursday so that they can be filed with the court in a timely manner.

##### 2. Auction Update

Counsel Fife stated since this auction is on such a tight time frame an auction update will be kept on all the agendas so the parties know what is happening. FTI was hired and there was a workshop with FTI to demonstrate how the auction will proceed. A due diligence package and marketing materials are now being put together that can be sent out to potential bidders. A strategy is being worked on as to how to go implement the marketing of the auction with FTI. Staff is looking at the auction being held on November 4, 2009. A discussion regarding the auction and the bidders ensued. Mr. Manning offered comment on possible potential bidders and what the due diligence package will look like.

##### 3. MOU Development

Counsel Fife stated no progress has been made on this item and noted this item will be discussed at a future meeting.

#### B. FINANCIAL REPORT

##### 1. Year End Project/Budget Update

Ms. Rojo advised the pools that all Water Activity Reports have been sent out and some have already been received. We are looking to receive all of the Water Activity Reports by the end of the week. Staff is looking forward to hold the assessment package workshop in early September.

2. Year End Audit Update

Ms. Rojo stated that Watermaster's fiscal year ended June 30, 2009 and our annual audit has been completed for the investigation work and the audit will be completed at their office shortly. If anyone has any questions or issues regarding Watermaster's financial activities, please see Ken Manning or feel free to contact the auditors directly.

**C. ENGINEERING REPORT**

1. Recharge Master Plan Update

No comment was made regarding this item

2. Balance of Recharge & Discharge Discussion

No comment was made regarding this item

**D. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated now that the state budget has been approved, it appears there is certain consensus that the water issues are taking front and center stage in Sacramento. There are five separate bills that have been developed as part of a master water plan to resolve Delta issues and water problems in the State of California. Those five bills are being reviewed starting next week with a joint committee meeting between the assembly and senate. This first meeting will be the start of a series of meetings and will take approximately four weeks to resolve. There are still discussions on what the joint committee will look like in terms of who will sit on the committee.

Mr. Manning stated he had an opportunity to meet face-to-face with former Senator Mike Machado and Tom Zukerman who represent interests in the Delta. Mr. Manning commented on the topics discussed at this meeting.

2. Recharge Update

Mr. Manning stated the most recent recharge update is available on the back table. Mr. Manning reviewed the current recharge numbers.

3. Strategic Planning Conference

Mr. Manning stated the Watermaster's next Strategic Planning Conference is filling up quickly and reminded the parties to get in their registration forms.

**E. INLAND EMPIRE UTILITIES AGENCY**

1. IEUA Recycled Water Program Overview

Mr. Shields gave a presentation on the Inland Empire Recycled Water Program.

2. IEUA's Drought Plan Update

No comment was made regarding this item.

3. Recycled Water Status Report

No comment was made regarding this item.

4. Water Resources & Conservation Programs Monthly Report

No comment was made regarding this item.

5. Water Resources & Conservation Programs 4<sup>th</sup> Quarter Report

No comment was made regarding this item.

6. Monthly Water Use Report

No comment was made regarding this item.

- 7. Recycled Water Newsletter  
No comment was made regarding this item.
- 8. State and Federal Legislative Reports  
No comment was made regarding this item.
- 9. 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**  
No comment was made regarding this item.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**  
Pursuant to the Advisory Committee Rules & Regulations, a Confidential Session may be held during the Advisory Committee meeting for the purpose of discussion and possible action.

No confidential session was called.

**VIII. FUTURE MEETINGS**

August 27, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
August 27, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
August 27, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
September 3, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
September 10, 2009	9:00 a.m.	MZ1 Technical Committee Meeting @ CBWM
September 15, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 17, 2009	9:30 a.m.	Tentative CBWM Hearing @ San Bernardino Court
September 24, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 24, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
September 24, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Advisory Committee meeting was dismissed by Chair Jeske at 10:30 a.m.

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

Minutes Approved: September 24, 2009