

Minutes
CHINO BASIN WATERMASTER
ANNUAL ADVISORY COMMITTEE MEETING
January 21, 2010

The Annual Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on January 21, 2010 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Ken Jeske	City of Ontario
Justin Scott-Coe	Monte Vista Water District
Dave Crosley	City of Chino
Bill Kruger	City of Chino Hills
Raul Garibay	City of Pomona
Josh Swift	Fontana Union Water Company
Anthony La	City of Upland
J. Arnold Rodriguez	Santa Ana River Water Company

Agricultural Pool

Jeff Pierson	Ag Pool – Crops
Bob Feenstra	Ag Pool - Dairy
Nathan Mackamul	State of California, CIW

Non-Agricultural Pool

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

Michael Camacho	Inland Empire Utilities Agency
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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
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Others Present

Ron Craig	City of Chino Hills
Gil Aldaco	City of Chino
Marty Zvirbulis	Cucamonga Valley Water District
Steven Lee	Reid & Hellyer
Martha Davis	Inland Empire Utilities Agency
Rich Atwater	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Tom Harder	Jurupa Community Services District
David DeJesus	Three Valleys Municipal Water District
Eunice Ulloa	Chino Basin Water Conservation District

Chair DeLoach called the Annual Advisory Committee meeting to order at 9:05 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. INTRODUCTIONS OF THE ADVISORY COMMITTEE OFFICERS, CALENDAR YEAR 2010

<u>Robert DeLoach</u>	Chair	(Appropriative Pool)
<u>Bob Bowcock</u>	Vice-Chair	(Non-Agricultural Pool)
<u>Gene Koopman</u>	Second Vice-Chair	(Agricultural Pool)
<u>Ken Manning</u>	Secretary/Treasurer	(Chief Executive Officer)

INTRODUCTIONS OF THE NEW BOARD MEMBERS, CALENDAR YEAR 2010**Calendar Year 2010 Pool Representation on the Watermaster Board**

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2010, the following will represent the Appropriative Pool on the Watermaster Board.

City of Chino 2010-2012	Member:	<u>Tom Haughey</u>
	Alternate:	<u>Earl Elrod</u>

West End Consolidated Water Company 2010-2012

	Member:	<u>Ken Willis</u>
	Alternate:	<u>Tom Thomas</u>

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee meeting held on December 17, 2009

B. FINANCIAL REPORTS

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

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 10-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 10-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. NOTICE OF INTENT

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

F. WATER TRANSACTION

Consider Approval for Notice of Sale or Transfer – The City of Upland will purchase 6,500 acre-feet of water from the West End Consolidated Water Company. This purchase is made first from West End's OSY account of 947.714 acre-feet, second from the carryover account of 947.714 acre-feet, and the remainder from the excess carryover account in the amount of 4604.752 acre-feet. Date of application: November 9, 2009

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

Moved to approve Consent Calendar item A through F with the notation the total for Item F will be corrected by .018 acre-feet by the approval of the Watermaster Board by the City of Upland, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. December 11, 2009 Court Hearing

Counsel Fife stated this item was reported on at all the Pool meetings and there was nothing new to report on regarding this matter. No further comment was made.

2. Santa Ana Critical Habitat

Counsel Fife stated this item was reported on at all the Pool meetings and Watermaster is still planning on submitting a comment letter by February 8, 2010 which is the due date for comments.

3. Auction Process

Counsel Fife stated there have been meetings of the Appropriative Pool members to decide what to do regarding the postponement of the November auction. The Appropriative Pool members have had good substantive discussions and are moving forward with different ideas. One of the outcomes of the last meeting was to engage Dr. David Sunding to perform an economic analysis of some of the different options being discussed. Counsel Fife stated Watermaster staff did have a conference call with Dr. Sunding recently and explained the needs for this project and he is moving ahead with the proposal. Counsel Fife stated discussions are also taking place with FTI who was hired as the auction administrator and noted those discussions are related to possible options regarding the restructuring of FTI's contract. Mr. Manning noted Dr. Sunding did not have a quote for his work prepared for this meeting, the first piece would be a cursory overlook at the issue of Metropolitan Water District water rate increases, which should be minor in cost and the second cost is unknown at this point in time.

Counsel Fife stated on January 18, 2010, a special conference call of the Non-Agricultural Pool was held due to a question that was raised regarding whether or not Watermaster properly provided Notice of Intent to Purchase under the Purchase and Sale Agreement. Counsel Fife stated under the Purchase and Sale Agreement, a Notice of Intent to Purchase the water by the Appropriative Pool was to be provided by Watermaster to the Non-Agricultural Pool by December 21, 2009. That notice was drafted by the Appropriative Pool in July/August 2009, and was approved by the Appropriative Pool in August, 2009. Watermaster staff placed the notice into the Watermaster Board agenda package and served it on all parties, including all members of the Non-Agricultural Pool, and then that was approved by the Watermaster Board at the August 27, 2009, meeting. Counsel Fife noted counsel and staff felt this satisfied the formal notification process. Counsel Fife stated except for the special conference call of the Non-Agricultural Pool where this issue was discussed, there has been no formal process initiated. Counsel Fife noted the Assessment Package was also approved which included a special assessment to raise the money to make the first payment under the contract. Watermaster staff issued the checks to all the members of the Non-Agricultural Pool to satisfy the first payment requirement under the Purchase and Sale Agreement on January 14, 2010. A lengthy discussion regarding this issue ensued. Mr. Jeske reviewed the sequence of events that took place regarding this matter. A discussion regarding obtaining any direction from the court on this matter ensued. Counsel Fife stated he feels very strongly that Watermaster did everything it was supposed to do in noticing the Notice of Intent to Purchase and that this challenge would be without merit and the sooner Watermaster gets a court resolution the better it will be for all parties involved. Mr. Craig offered comment on Dr. Sunding's vast knowledge of Watermaster's Peace Agreement and Peace II Agreement.

Added Comment:

Mr. Feenstra stated he would like to add comments regarding the critical habitat topic. Mr. Feenstra noted he made a few phone calls after the recent Agricultural Pool meeting on this matter. Mr. Feenstra discussed the revisions being made to the dam which is causing issues with the Santa Ana Sucker and the possibility of this now becoming a federal matter again. A discussion regarding Mr. Feenstra's comments ensued.

B. CEO/STAFF REPORT

Added Report:

Mr. Manning stated the CEO/Staff Report section is going to be started off with Ms. Rojo giving a presentation on the Vulcan Materials reconciliation of account. Ms. Rojo offered a history of background on Peace II, Attachment G - Purchase and Sale Agreement for the purchase of water by Watermaster from the Overlying Non-Agricultural Pool. A review of the Non-Agricultural Pool Storage Account Analysis spreadsheet was reviewed in detail. The breakdown of the allocation of 853 acre-feet from the Vulcan transfer to the Desalter per the Peace II Agreement was reviewed.

1. Legislative Update

Mr. Manning stated legislatively the most noteworthy topic from this month is the governor gave his state address recently. At that address the governor had a lot of points about having the water bond as a primary focus of this New Year. The governor also made a commitment to education to not make major cuts in the areas of education, which means he is going to look at filling in the gap of about \$20 billion dollars from other potential funds. This could mean our parties will be looking at additional impacts somehow. Mr. Manning referenced a news article in the meeting packet from the San Gabriel Tribune blog that was published right after Christmas that appears to be of interest and summarizes how some people feel about water.

2. Recharge Update

Mr. Manning stated the recharge numbers for November, 2009, are on the back table for your review. It appears December will be a much better month as far as recharge is concerned, and the December report will be available by the next Advisory Committee meeting.

3. Policy Manual

Mr. Manning stated this item has been discussed in the last several months. A group of producers have been reviewing the Policy Manual and have made recommendations. Watermaster is in the process of going through the recommendations and working on format and revisions. A workshop on the Policy Manual is going to be held on Monday, January 25, 2010 at 10:00 a.m. for review and comments prior to it going into the package in February. A discussion regarding the policies going into the manual ensued.

4. Chino Basin Watermaster Thirty-Second Annual Report

Mr. Manning stated Chino Basin Watermaster Thirty-Second Annual Report is now available on the back table for you to take a copy. As a reminder, Watermaster is trying to cut costs and is no longer mailing such reports unless arrangements are made to do so.

C. INLAND EMPIRE UTILITIES AGENCY1. Recycled Water Update

Mr. Atwater stated a workshop is being held today at IEUA regarding recycled water rates.

2. MWD Water Rates and Budget Update

Mr. Atwater stated a workshop regarding the MWD water rates was held recently. At a recent MWD Board meeting, they did decide to defer action from March to April. Mr. Atwater mentioned a possible 2 year rate increase instead of the 1 year as staff proposed. Mr. Atwater reviewed some of the topics discussed at the DYY meeting held this morning.

3. IEUA Monthly Water Newsletter

No comment was made regarding this item.

4. Monthly Water Use Report

No comment was made regarding this item.

5. State and Federal Legislative Reports

Mr. Atwater stated with regards to the Water Bond issue, yesterday at 4:00 p.m. a meeting with SAWPA, Eastern Municipal Water District, Western Municipal Water District, and the California Water Committee along with ACWA is trying to develop public education forums over the next few months. Mr. Atwater explained who these forums will help.

Mr. Atwater noted IEUA's next leadership breakfast is scheduled in March with the guest speaker being Fiona Hunt.

A discussion regarding the budget crisis and the water shortage/drought ensued.

6. Community Outreach/Public Relations Report

No comment was made regarding this item.

7. Peace II PEIR Schedule

No comment was made regarding this item.

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

No comment was made regarding this item.

IV. INFORMATION1. Newspaper Articles

Mr. Manning stated there is an added newspaper article from the Daily Bulletin on the back table regarding the recent rain storms and how that affects the drought.

V. COMMITTEE MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

January 21, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
January 21, 2010	9:00 a.m.	Annual Advisory Committee Meeting @ CBWM
January 26, 2010	9:00 a.m.	GRCC Meeting @ CBWM
January 28, 2010	11:00 a.m.	Annual Watermaster Board Meeting @ CBWM
February 4, 2010	1:00 p.m.	Joint Appropriative & Non-Agricultural Pool Mtg. @ CBWM
February 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
February 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
February 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

Minutes Annual Advisory Committee Meeting

January 21, 2010

The Annual Advisory Committee meeting was dismissed by Chair DeLoach at 10:55 a.m.

Secretary: _____

Minutes Approved: February 18, 2010