

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

May 20, 2010

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on May 20, 2010 at 9:00 a.m.

ADVISORY COMMITTEE MEMBERS PRESENT WHO SIGNED IN

Appropriative Pool

Robert DeLoach, Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Dave Crosley	City of Chino
John Mura	City of Chino Hills
Shaun Stone	City of Upland
Josh Swift	Fontana Union Water Company
Robert Young	Fontana Water Company
Tom Harder	Jurupa Community Services District

Agricultural Pool

Bob Feenstra	Ag Pool - Dairy
Jeff Pierson	Ag Pool – Crops
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	Chief Executive Officer
Joe Joswiak	Chief Financial Officer
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 Who Signed In

Bill Kruger	City of Chino Hills
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Conservation District
Terry Catlin	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Chris Berch	Inland Empire Utilities Agency
Marty Zvirbulis	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
David De Jesus	Three Valleys Municipal Water District
Curtis Stubbings	Praxair
Dave Penrice	Aqua Capital Management
Justin Fernn	Aqua Capital Management

Chair DeLoach called the Advisory Committee meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

Chair DeLoach stated there was a request to take the Consent Calendar items separately for voting purposes.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Advisory Committee Meeting held April 15, 2010

*Motion by Garibay, second by Kinsey, and by majority vote – Non-Agricultural voted no
Moved to approve Consent Calendar item A, as presented*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of March 2010
2. Watermaster Visa Check Detail for the month of March 2010
3. Combining Schedule for the Period July 1, 2009 through March 31, 2010
4. Treasurer's Report of Financial Affairs for the Period March 1, 2010 through March 31, 2010
5. Budget vs. Actual July 2009 through March 2010

*Motion by Kinsey, second by Young, and by majority vote – Non-Agricultural voted no
Moved to approve Consent Calendar item B, as presented*

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Jurupa Community Services District has agreed to purchase 1,200 acre-feet of water from Santa Ana River Water Company's annual production right, then any additional from storage. Date of Application: March 5, 2010
2. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District has agreed to lease 2,500 acre-feet of water from the City of Pomona's net underproduction, if any, with the remainder from Pomona's local storage account. The water is to be placed in Cucamonga Valley Water District's Excess Carryover account. Date of Application: February 22, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,085.000 acre-feet of water from the City of Chino. The transfer will be made first from Chino's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO). Date of Application: March 18, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 5,000.000 acre-feet of water from the Cucamonga Valley Water District (CVWD). The transfer will be made from CVWD's storage account. This transfer will solely offset Fontana Water Company's current Cumulative Unmet Replenishment Obligation (CURO). Date of Application: March 18, 2010
5. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 1,000.000 acre-feet of water from the Santa Ana River Water Company (SARWC). The transfer will be made first from SARWC's net under-production in Fiscal Year 2009-10, with any remainder to be recaptured from storage. Date of Application: March 3, 2010
6. **Consider Approval for Notice of Sale or Transfer** – On March 31, 2010, Watermaster received Consolidated Water Transfer Forms 3, 4, and 5 with Praxair, Inc. as the Transferor and the City of Ontario (as an Overlying Non-Agricultural party) as Transferee in the amount of 426.446 acre-feet--a permanent transfer of all but one acre-foot of its share of safe yield. Also to be transferred are all of Praxair's post-June 30, 2007 stored, carry-over and unpumped groundwater. Date of Application: March 31, 2010

*Motion by Craig, second by Crosley, and by unanimous vote
Moved to approve Consent Calendar items C, as presented*

II. BUSINESS ITEMS

A. **AMENDMENT NO. 1 TO AGREEMENT TO FORM A TASK FORCE**

Mr. Manning stated this is the same item that was previewed last month and this has been presented at all three Pool meetings and was passed by a unanimous vote at those meetings. Mr. Manning stated this is important and cost effective to perform the monitoring this way, it is also something that needs to be done and staff is recommending approval. There was no further discussion regarding this item.

*Motion by Pierson, second by Kinsey, and by unanimous vote
Moved to approve amendment no. 1 to agreement to form a task force to conduct a basin monitoring program for nitrogen and total dissolved solids in the Santa Ana River Watershed, as presented*

B. **BUDGET TRANSFER**

Mr. Manning noted by passing this item Watermaster will be ending its fiscal year with a positive balance in all of the accounts. Mr. Manning stated this item was presented at the three Pool meetings and it passed unanimously at the Appropriative and Agricultural Pool meetings; however, the majority of the Non-Agricultural Pool members did vote no, with the City of Ontario voting yes on this item. Mr. Manning stated staff is recommending approval. There was no further discussion regarding this item.

*Motion by Pierson, second by Kinsey, and by majority vote – Non-Agricultural voted no
Moved to approve Budget Transfer request T-10-05-10 relating to Watermaster legal fees, OBMP engineering services and MZ1 ground level monitoring, as presented*

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Paragraph 31 Motion

Counsel Fife stated the hearing regarding the Paragraph 31 Motion has been continued until June 4, 2010 at 10:30 a.m. and all notices regarding this date change have been noticed to all the parties and the paperwork is available on the Watermaster ftp site.

2. ACL Complaint

Counsel Fife stated staff and legal counsel has been working with the Regional Board to resolve the complaint. Counsel Fife stated at the last meeting, the Board directed staff and counsel to not proceed to hearing on the complaint and to instead work cooperatively with the Regional Board. Counsel Fife noted a plan to move forward has been the tenor of the recent meetings; meetings have been taking place multiple times a week. Counsel Fife stated there is a draft of the current settlement agreement that is being worked on with the Regional Board on the back table. Counsel Fife described in detail how the fine is going to be implemented between Watermaster and Inland Empire Utilities Agency. Counsel Fife noted one of the most important aspects for Watermaster is that there will be a new schedule for the attainment of hydraulic control; this schedule will be approved by the Watermaster Board. Counsel Fife referenced the handout Attachment A that is the new revised schedule for construction of the Chino Creek Well Field which discusses the new schedule in greater detail. A discussion regarding this item ensued.

3. CDA Facilitation

Counsel Fife stated when the ACL came out the Watermaster Board directed legal counsel, specifically Scott Slater, to get involved with the CDA group and to facilitate moving this group forward. Counsel Fife noted one of the items the CDA group has been discussing is the schedule that will be presented to the Regional Board; the premise is that parties want a more realistic schedule that had buy in from all and not just Watermaster. Counsel Fife stated it is anticipated to submit the draft schedule to the Regional Board by tomorrow.

Counsel Fife stated this project is back on track and moving forward rapidly. Mr. Manning stated there will be a set of principles that are going to make up the series agreements that are going to be moving forward and there is now consensus on those principles; this is a major milestone in being able to move forward. A lengthy discussion regarding the principles, unforeseen delays, substantial potential fines, and the tracking of this endeavor ensued. Mr. Craig offered a special note of appreciation to counsel and staff in facilitating this matter forward.

B. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there are a lot of things going on in Sacramento right now in terms of legislation. Mr. Manning offered comment on AB2304 that is being authored by Assemblyman Huffman, which was at the request of the California Groundwater Coalition; that bill has been through committee twice. Mr. Manning stated he has personally testified before both Water Parks and Wildlife and local government regarding AB2304. Mr. Manning gave a detailed description of this bill.

2. Recharge Update

Mr. Manning stated this is the first month, in many months, that Watermaster has had imported water included on this category other than a zero on the monthly recharge recap report; 356 acre-feet in the month of April and approximately 80 acre-feet of water a day into MZ1 is being recharged. Mr. Manning stated staff is working very closely with Inland Empire Utilities Agency (IEUA) on this endeavor. Mr. Manning stated staff has been speaking with staff at both Western Municipal Water District and Three Valleys Municipal Water District and those agencies can possibly provide Chino Basin with additional recharge water if necessary; this is very good news.

3. 2010-2011 Watermaster Budget

Mr. Manning noted the Watermaster Budget Workshop took place recently and out of the last Appropriative Pool meeting a special budget committee was formed and has met to review possible reductions in the 2010-2011 budget. Mr. Joswiak gave the revised draft budget presentation which included General Income Assumptions, General Staffing Assumptions, G&A Expense Increases, OBMP Update, and OBMP Implementation Projects. Mr. Joswiak reviewed several spreadsheets in detail. A brief discussion regarding the budget ensued.

4. Agreement to Form a Task Force to Conduct the Annual Emerging Constituents Characterization Program for the Santa Ana River Watershed

Mr. Manning stated this item was on the agenda last month as an information only item and no progress has been made to date on this item. Therefore, this item will be on the agenda again in June as a possible action item.

5. Chino Creek Well Field Locations

Mr. Manning stated this item was put on this agenda because it was on the Pool agendas as a discussion/possible action to provide some opinion on the locations of the wells. This discussion evolved into a larger set of still undefined set of principles or actions that is being requested from Watermaster. Mr. Manning noted this item is anticipated to be put back on the agenda as a business item in June; however, more work needs to be done on this project.

Added Comment:

Mr. Catlin made the announcement there had been some management changes made at Inland Empire Utilities Agency (IEUA) yesterday and Tom Love was appointed as the new interim General Manager. Mr. Love offered comment on the change and assured the parties' work being done in partnership with IEUA will continue. Mr. Love noted he is making every attempt to

meet individually with each of the IEUA member agencies and stakeholders to make sure everyone is still on the same page and stated he is open to additional meetings if any party wishes to meet with him; he has an open door policy.

C. INLAND EMPIRE UTILITIES AGENCY

1. MWD Water Rates and Budget Update

Mr. Shaw stated MWD did not adopt their budget and it will come up again next month for their review. Mr. Shaw reviewed the MWD proposed budget cuts in detail.

2. State Water Project Allocation Update

Mr. Shaw stated the State Water Project Allocation is now at 40% and it appears it could go up to 45 or 50%, which is good news.

Mr. Shaw commented on an article from the Los Angeles Times newspaper which is also on the back table for review.

Mr. Shaw stated another successful year has been completed; compliments to the participants. IEUA will be working on the Annual Report over the next month.

3. DYY Third Call Year

Mr. Shaw stated there was another Third Dry Year Yield Call Year put in place starting on May 1st. It is approximately a 50% call from what has been seen in the last two years and that will essentially zero out the DYY storage account.

4. MWD WSAP Second Allocation Year

Mr. Shaw stated IEUA staff is still tracking on target and there is approximately a month and a half left for the first year. Mr. Shaw noted it is still looking good as far as allocation is concerned. Mr. Shaw reviewed the acre-feet of water taken through OC-59 for replenishment purposes. Mr. Shaw stated Metropolitan Water District (MWD) is implementing a second allocation year. Mr. Shaw stated currently it is at a level two and with the State Allocation increasing we might that drop to a level one; however MWD will make that decision in the next few weeks.

5. Monthly Water Use Report

No comment was made regarding this item

6. State and Federal Legislative Reports

No comment was made regarding this item

7. Community Outreach/Public Relations Report

No comment was made regarding this item

8. IEUA Monthly Water Newsletter

No comment was made regarding this item

9. 3rd Quarter Water Resources & Conservation Programs Update

No comment was made regarding this item

D. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen stated Ryan did a great job on the IEUA items. Mr. Hanson offered additional comment on the MWD Allocation Plan and dealings/projects going on at MWD presently.

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 will be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

No confidential session was called.

VIII. FUTURE MEETINGS

Wednesday May 19, 2010	12:30 p.m.	* RMP Half Day Workshop @ Rancho Central Park
Thursday, May 20, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, May 20, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, May 27, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, June 3, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, June 3, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Friday, June 4, 2010	10:30 a.m.	CBWM Court Hearing @ Chino Court Room C1
Thursday, June 10, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, June 17, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, June 17, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, June 24, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

*** Recharge Master Plan (RMP) Workshop at Rancho Central Park
11200 Base Line Road, Rancho Cucamonga**

The Advisory Committee meeting was dismissed by Chair DeLoach at 9:30 a.m.

Secretary: _____

Minutes Approved: June 17, 2010