

Minutes
CHINO BASIN WATERMASTER
ADVISORY COMMITTEE MEETING

August 19, 2010

The Advisory Committee meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on August 19, 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
Ron Craig	City of Chino Hills
Charles Moorrees	San Antonio Water Company
Mohamed El-Amamy	City of Ontario
Josh Swift	Fontana Union Water Company
Robert Young	Fontana Water Company

Agricultural Pool

Robert Feenstra	Ag Pool - Dairy
Jeff Pierson	Ag Pool – Crops
Pete Hall	State of California – CIM

Non-Agricultural Pool

Kevin Sage	Vulcan Materials Company (Calmat Division)
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ADVISORY COMMITTEE MEMBER PRESENT WHO DID NOT SIGNED IN

Appropriative Pool

Anthony La	City of Upland
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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
Danielle Maurizio	Senior Engineer
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Andy Malone	Wildermuth Environmental Inc.
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Others Present Who Signed In

Bill Kruger	City of Chino Hills
Mike Maestas	City of Chino Hills
Steven Lee	Reid & Hellyer
Ryan Shaw	Inland Empire Utilities Agency
Terry Catlin	Inland Empire Utilities Agency
Marty Zvirbulis	Cucamonga Valley Water District
David De Jesus	Three Valleys Municipal Water District
Rick Hansen	Three Valleys Municipal Water District

Chair DeLoach called the Advisory Committee meeting to order at 9:03 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning stated there are no changes to the agenda; however, there have been changes made to our recording system. Our new digital system is very sensitive and picks up whispers, whether in the audience or at the podium. Mr. Manning encouraged all parties present to keep this in mind while having sidebar discussions.

Mr. Sage asked that each section of the Consent Calendar be pulled for separate vote.

I. CONSENT CALENDAR**A. MINUTES**

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

Motion by El-Amamy, second by Pierson, and by majority vote – Non-Agricultural Pool voted no on item A

Moved to approve Consent Calendar item A, as presented

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2010
2. Watermaster Visa Check Detail for the month of June 2010
3. Combining Schedule for the Period July 1, 2009 through June 30, 2010
4. Treasurer's Report of Financial Affairs for the Period June 1, 2010 through June 30, 2010
5. Budget vs. Actual July 2009 through June 2010

Mr. Sage inquired if the motion would be to approve the financial reports or to receive and file them. It was noted they will be a receive and file motion.

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

Moved to receive and file Consent Calendar item B, as presented

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 500 acre-feet of water from West Valley Water District. This purchase is made from WVWD's water in storage and is to be placed in CVWD's Excess Carryover Account – Date of Application: June 14, 2010
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 765 acre-feet 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 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 21, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District is purchasing 19.245 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 7, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 6.082 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2009/2010 – Date of Application: June 23, 2010

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

Moved to approve Consent Calendar item C, as presented

II. BUSINESS ITEMS**A. NON-AGRICULTURAL POOL VOLUME VOTE CHANGES**

Mr. Manning stated in July the Non-Agricultural Pool took action within its own Pool, by a unanimous vote, to change its volume vote. In that process the discussion then came up for who was going to file this action with the court. Mr. Manning stated legal counsel for Watermaster has made the determination that in order to effectuate this change; an

amendment to Exhibit G in the Judgment will have to be filed with the court. The question remained who is going to file the documents. The Non-Agricultural Pool has asked Watermaster to put this on the agenda for the Pools, Advisory, and Board to provide them with feedback. Mr. Manning noted the Non-Agricultural Pool is not seeking an action and is only asking for feedback. Mr. Manning stated there has been no pleading that the Non-Agricultural Pool would file and they have not formally asked Watermaster to file it. Mr. Manning stated if they do ask Watermaster to file their action, it will need Watermaster Board direction. Chair DeLoach inquired if there were any comments received from the Agricultural Pool. Mr. Manning stated no parties have voiced any objection to the change in the Non-Agricultural Pool's volume vote. Mr. Pierson noted the Agricultural Pool did have discussion on this matter and were supportive of their change. Chair DeLoach noted the Appropriate Pool was supportive also in their discussions and only want to maintain a process.

No action taken.

B. ALCOA FINAL AGREEMENT

Mr. Manning stated this item was discussed at the Pool meetings and is coming to the Advisory Committee with unanimous vote from the Pools. Mr. Manning stated Alcoa has constructed and has been monitoring and using three wells that are located within right of ways from the county and the City of Fontana. Those three wells were for the purpose of monitoring for water quality. Watermaster has been using the data from the wells for many different purposes. Alcoa has been given a no further action letter by the Regional Board and therefore their requirement to monitor and maintain those wells is no longer their responsibility. Alcoa was interested in destroying those wells and before they proceeded, Alcoa contacted Watermaster to see if there was interest in taking them over. Mr. Manning stated Watermaster ultimately wants another party to take over these three wells; however, that did not happen in the timeframe needed so Watermaster took them over as equipment. Mr. Manning noted there is no money in the current budget for maintenance on these wells and there should not be any requirement for maintenance on them this year. In future years, if they are not taken over by another party, there could be maintenance costs incurred for Watermaster and would need those to be included in the budget process. Mr. Manning noted these wells are valuable to the Watermaster for the collection of needed data.

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

Moved to approve the Alcoa Final Agreement, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. CDA Facilitation

Counsel Fife stated the CDA facilitation continues and there is a drafting exercise going on within that group to complete a resolution for approval by Watermaster that documents the set of agreements that they have been negotiating for the past few months. A copy of that document is not available to vet to people who are not a part of that process; however, it is anticipated it will be available by the Watermaster Board meeting next week. The goal will be to bring this matter through the Watermaster process in September for approval. A meeting is scheduled with the Regional Board next Thursday. Counsel Fife reviewed the ACL settlement agreement issue and noted quarterly meetings regarding this matter to update the Regional Board on our progress toward achieving Hydraulic Control will start with that meeting scheduled for next Thursday. Counsel Fife stated the intention will be to report to the Regional Board that Watermaster is on track with the schedule that was approved as part of that settlement agreement.

2. Non-Agricultural Pool Paragraph 31 Motion Appeal

Counsel Fife stated on the back table there are two notices of appeal; one from the Non-Agricultural Pool and one from California Steel Inc., meaning they have filed an appeal of the Paragraph 31 Motion. The next step in the process, within ten days of filing that Notice

of Appeal, is to designate with the court how they are going to prepare the record. That document should be coming to Watermaster shortly. This will begin a process of putting together the record that is sent to the appellate court. After that, the Pool will file an opening brief and then Watermaster and any other party who wants to participate will file responsive briefs; then in the future there will be a hearing on it.

Added Comment:

Counsel Fife noted in the Future Meetings section of the agenda, there should be the Watermaster hearing regarding the Recharge Master Plan on September 24, 2010 at 10:30 a.m. at the Chino courthouse. Counsel Fife stated this is on the motion that was filed to approve the Recharge Master Plan on July 1, 2010; this will be the hearing for that motion.

B. ENGINEERING REPORT

1. Horizontal Strain Monitoring in the MZ1 Monitoring Zone Presentation

Mr. Manning stated this presentation was given at the Pool meetings. The committee members noted the presentation does not need to be given at today's meeting.

C. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated there is still no budget and is still in the neighborhood of nineteen billion dollars in the deficit position. Mr. Manning commented on SB 565(Pavley) and noted as chairman of the CGC he has written a letter to Senator Pavley regarding four different changes that need to be made to that bill, of which they have made only one of those changes. Mr. Manning noted the governor did sign the bill delaying the bond. Mr. Manning stated there is a bill that was just introduced within the last few days and is sponsored by the Water Quality Authority and the San Gabriel Basin which is a carve out of the one billion dollars in the water bond scheduled for two years from now; specifying a hundred million dollars of that is for them. Mr. Manning stated he is not opposed to the state contributing to the Water Quality Authority's efforts; the concern is it is starting the process of carve outs. Mr. Manning stated people are starting to see some legislation now in reaction to the Bell controversy.

2. Recharge Update

Mr. Manning stated the year end recharge data information spreadsheet is provided in your packets. Mr. Manning stated overall this year is characterized as a very good year for recharge, despite the problems with obtaining imported water through the Metropolitan Water District. Mr. Manning stated the recharge basins were able to take in over 5,000 acre-feet of imported water; however, the rate is still not known. The Cumulative Unmet Replenishment Obligations (CURO) was assisted by taking in that imported water. Mr. Manning reviewed the storm and recycled water year end numbers in detail.

3. Implementation of MWD's Water Supply Allocation Plan

Mr. Manning stated there are several items tied together regarding this item. Mr. Manning offered comment on the IRP hearing that was held by Metropolitan Water District (MWD) in Ontario recently. MWD is adopting a new IRP and it is a long term plan. Watermaster, by virtue of the Groundwater Committee at MWD, has participated with them on some of the development issues relative to groundwater; although, staff is of the opinion that MWD got about two thirds of the way through that process and then stopped after they had received what they wanted. Mr. Manning stated groundwater managers got together with them, a draft white paper is being drafted, and a cover letter that will be sent to MWD as part of the IRP hearing process that outlines the fact that additional work needs to be done.

4. Peace II SEIR
Mr. Manning stated Inland Empire Utilities Agency (IEUA) has issued the draft Peace II SEIR and comments from several agencies have been received. The responses to the comments have been drafted and the document will be ready for distribution, including the responses, shortly. Mr. Manning noted the soonest it would be adopted by the IEUA Board would be in the mid September time frame.
5. Strategic Planning Conference – October 4-5, 2010
Mr. Manning stated Watermaster will be holding its 6th Annual Strategic Planning Conference on October 4th and 5th locally at the Frontier Project. Mr. Manning noted in his opening this will be the start of Peace III. The Sunday prior, Watermaster will be hosting a small golf tournament and kick off reception at the Sierra Lakes Golf Course. Mr. Manning stated the main topic discussed at the conference will be the implementation of the Recharge Master Plan; however, this appears to be the beginning of Peace III. Mr. Manning stated discussions will include policy issues, scheduling issues, funding issues, and how we start to move through those subjects.
6. Water Activity Reports
Mr. Manning stated there are still a few Water Activity Reports that have not been received and they were due Tuesday. The Non-Agricultural Pool's were reissued and were given an additional week to turn theirs in.
7. Non-Agricultural Pool Special Assessment
Mr. Manning stated the Non-Agricultural Pool had this on their August agenda; however, they took no action on it at their meeting.

Added Comment:

Mr. Manning noted the Assessment Package will be out in October.

D. INLAND EMPIRE UTILITIES AGENCY

1. MWD Update Oral
 - a) State Water Project Allocation Update
 - b) DYY Third Call Year

No comment was made regarding these items.
2. Peace II SEIR Schedule
Mr. Shaw offered comment on the 30 day review period for the Peace II SEIR and noted that period has already passed and are now working on comments received, prior to the final document being distributed.
3. Monthly Water Use Report
No comment was made regarding this item.
4. State and Federal Legislative Reports
No comment was made regarding this item.
5. Community Outreach/Public Relations Report
No comment was made regarding this item.
6. IEUA Monthly Water Newsletter
No comment was made regarding this item.

E. OTHER METROPOLITAN MEMBER AGENCY REPORTS

Mr. Hansen commented on the law suit for San Diego County Water Authority versus Metropolitan Water District (MWD) regarding their pricing practices. There is a full court press being put on by San Diego and their lobbyists in Sacramento. Mr. Hansen noted Three Valleys Municipal Water District (TVMWD) has been entered into the suit as a party and there is approximately a dozen other MWD agencies that are also going to individually enter into the suit.

Mr. Hansen commented on an agenda item that was going to the TVMWD Board, which was an information item; however, it became an action item regarding the opt in/opt out programs. Mr. Hansen explained the programs in detail. A brief discussion regarding this matter ensued.

IV. INFORMATION

1. Cash Disbursements for July 2010 as of July 28, 2010
No comment was made regarding this item.
2. OBMP Staff Status Report 2010-1: January to June 2010
No comment was made regarding this item.
3. 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 Watermaster Pool meeting for the purpose of discussion and possible action.

VIII. FUTURE MEETINGS

Thursday, August 19, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, August 19, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, August 26, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, September 2, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, September 2, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, September 9, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, September 16, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, September 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, September 23, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Advisory Committee meeting was dismissed by Chair DeLoach at 9:28 a.m.

Secretary: _____

Minutes Approved: September 16, 2010