

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
December 14, 2006

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on December 14, 2006 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Robert DeLoach, Chair	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Mike McGraw	Fontana Water Company
Ken Jeske	City of Ontario
Raul Garibay	City of Pomona
Chris Diggs	Fontana Union Water Company
Rosemary Hoerning	City of Upland
Dave Crosley	City of Chino
Mike Maestas	City of Chino Hills
Justin Brokaw	Marygold Mutual Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Justin Scott-Coe	Vulcan Materials Company (Calmat Division)
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Watermaster Board Members Present

Sandra Rose	Monte Vista Water District
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Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Tom McCarthy	Wildermuth Environmental Inc.

Others Present

Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
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Chair DeLoach called the meeting to order at 10:02 a.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning asked that Item 1C Water Transaction be pulled from the agenda per Monte Vista Water District's request.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held November 9, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2006
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2006 through October 31, 2006
3. Treasurer's Report of Financial Affairs for the Period October 1, 2006 through October 31, 2006
4. Profit & Loss Budget vs. Actual July 2006 through October 2006

Motion by Jeske, second by McGraw, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar Items A through B, as presented

Item 1C was pulled from the agenda.

C. WATER TRANSACTION

Consider Approval for Transaction of Notice of Sale or Transfer – The lease and/or purchase of 500 acre-feet of water from West Valley Water District's storage account to Monte Vista Water District. This lease is made first from WVWD's net underproduction, if any, in Fiscal Year 2006-07, with any remainder to be recaptured from storage. Date of application: October 31, 2006

II. BUSINESS ITEMS**A. DR. SUNDING ECONOMIC BENEFITS REPORT**

Mr. Manning stated Dr. Sunding will make his presentation in person regarding his updated report, however, his calendar would only allow one day and it was decided to have him give his report at the Advisory Committee and Watermaster Board meeting next week. Chair DeLoach inquired that when this report is presented at the Advisory and Board meeting will it also be presented as a receive and file? Mr. Manning stated that was correct. Mr. Kinsey commented on the written and verbal comments presented at the workshop and noted he would like to see those questions and comments drawn up with responses made available to see that those items were responded to or incorporated into the updated report. It was decided having the comments and questions with Dr. Sunding's responses would be valuable to the parties and it was noted that would not be done prior to the Advisory Committee and Watermaster Board meeting next week. Mr. Manning stated the benefits in the report are quite large and the analysis is very thorough. Staff is asking this report be forwarded to the Advisory Committee and Watermaster Board to receive and file this report with the court. Mr. Garibay noted he had some general comments that he wished to submit and Mr. Manning asked that he submit those to him as soon as he could.

Motion by Kinsey, second by Garibay, and by unanimous vote – Non-Ag concurred
Moved to approve to move this item onto the Advisory Committee and Watermaster Board for the approval to receive and file with the court the Dr. Sunding Economic Benefits Report, as presented

B. INLAND VALLEY DAILY BULLETIN ADVERTISING CAMPAIGN

Mr. Manning stated several parties have been participating in this advertising water industry campaign for three years now and has heard excellent comments about the publications. Mr. Manning recapped what the past publications were trying to capture and noted this years will be slightly different in that there will be more articles printed in the actual news paper as opposed to what was done in the past with mainly inserts. Mr. Manning noted this item is in the FY 2006-2007 budget. Chair DeLoach stated he has had a lot of positive feedback regarding the past issues and feels this is a very worth while campaign. A discussion ensued with regard to the value of this campaign. Ms. Rose asked who has the final approval on the publicity items and Mr. Manning noted it was Inland Empire Utilities Agency. A discussion ensued with regard to the context of the articles and it was noted by the committee members how important

it is for the customers to see a link to what their reading and how it actually affects them in one way or another.

Motion by Jeske, second by Maestas, and by unanimous vote – Non-Ag concurred

Moved to approve the continued community outreach with another 12-month advertising campaign with matching contributing funds in the amount of \$10,000.00, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Santa Ana River Application

Counsel Fife stated there is a letter on the back table to the State Water Resources Control Board. Counsel Fife noted he has reported over the last few months that it appeared there is movement on this application to bring this item to a water right hearing in the near future. The State Board does appear determined to hold a hearing on all of the Santa Ana River Water Right Applications including Chino Basin Watermaster's. At ACWA there were comments from Art Baggett that there will be a hearing in the spring of 2007. In response to that statement all the parties have been meeting on a regular basis to discuss what we feel the hearing should look like and how all the parties can work together. The letter is the first real outcome seen in a long time and proposes that we convene workshops prior to noticing the hearing. Chino Basin Watermaster has one remaining protest to the Chino Basin's application and that is from the Department of Fish and Game, although, they have not clearly stated what they are protesting and in the meantime have permitted our project. A brief discussion ensued with regard to this issue. Counsel will keep the parties apprised on the progress of this matter.

2. Peace II

Counsel Fife stated there is a draft timeline on the back table for review; this is an aggressive timeline to facilitate resolution of Peace II. This timeline was drafted by the request of the Watermaster Board. We are asking for comments on this draft timeline. Two items really need to have input on them and those are the itemization of issues and the steps we need to go through and the other is the time frames we have attached to those items. A discussion ensued with regard to the draft timeline and what is needed from the parties as far as comments. Chair DeLoach inquired about the desalter agreements. Counsel Fife stated we are currently talking about defining the desalter project. Mr. Kinsey commented on the missing micro economic analysis that was going to be presented to all the parties before they considered moving forward on the judgment amendments. Mr. Kinsey stated there were a couple other items such as storage limits and the change in how we address Agricultural over allocation which are not defined as part of the steps in the draft timeline handout. Counsel Fife stated those items will be covered in step four of the timeline. A discussion ensued with regard to the listed items on the timeline.

Added Comment:

Mr. Jeske shared a plaque which was received from the American Public Works for "Project of the Year Award" to the Chino Basin Desalter Authority for the expansion project at Plant 1 and 2. Mr. Jeske stated Inland Empire Utilities Agency was very instrumental in coming into a complex construction project. Mr. Jeske offered comment on putting together the new projects and indicated that Ontario has been working with Western to define a project. A long discussion ensued with regard to the desalter projects and the six month notice period under the Non-Binding Term Sheet.

3. Waste Discharge Requirements

Counsel Fife stated the parties which are most interested in this topic are Western Municipal Water District and San Bernardino Municipal Water District. They are continuing

to meet and work on the draft which was handed out last month. Chino Basin Watermaster is continuing to monitor the progress of this process.

4. MZ1 Long Term Plan

Counsel Fife stated the non-binding term sheet set a goal of December 31, 2006 for the MZ1 long term plan to be completed. The MZ1 Technical Committee is meeting on a regular basis and the long term plan is being worked on and good progress is being made; however, we are going to miss the December 31st deadline. There is a potential that we will not miss that date by much time; a final product could come to fruition in the first quarter of 2007.

C. CEO/STAFF REPORT

1. Storm Water/Recharge Report

Mr. Manning stated the Storm Water report is available on the back table for review. In summary, we are on schedule in terms of our recharge progress.

2. Legislative Update

Mr. Manning stated we received news yesterday from Washington DC that a few changes have taken place that we all should be aware. There are ten new members on the House side; ten new democrats bringing the total to thirty-eight members on that committee. Among the ten were three Californians; however, none of them are representing this area. Jerry Lewis will continue to hang on as the ranking Republican in that committee. In the senate, Diane Feinstein, remains on the senate appropriations committee and has become the chair of the interior sub-committee. Mr. Manning stated he recently had breakfast with Senator Margett and Dan Dun Moyer; Dan is the senior and chief policy advisory to Governor Schwarzenegger and had a chance to sit down briefly with Dan and talk about state wide water policy. While at the recent ACWA conference a number of people met with Bob Johnston, Commissioner of the Bureau of Reclamation, to talk about Title 16 issues and that conversation went very well. A brief discussion ensued with regard to legislative issues.

3. Strategic Planning Issue Report

Mr. Manning stated the matrix from the October conference is now complete in draft form and available on the back table for review and comment. Mr. Manning reviewed the columns titles and explained their meanings. Mr. Manning stated the context of this matrix will now work into his next goals and objectives.

4. Holiday Open House

Mr. Manning stated he and his wife Sue, will be hosting an open house at their home in Alta Loma and all are invited to attend; there is a flyer on the back table with the address and time of the event.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Manning stated he received a flyer this morning regarding the retirement of Patrick Meade from the San Bernardino County Department of Public Works and noted there will be a retirement reception held in his honor on January 17, 2007 in San Bernardino. Copies of the flyer will be made available on the back table at the Advisory and Board meeting next week.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

December 13, 2006	1:00 p.m.	Water Quality Committee Meeting
December 14, 2006	9:00 a.m.	MZ1 Technical Committee Meeting
December 14, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
December 19, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
December 19, 2006	9:00 a.m.	GRCC Meeting
December 21, 2006	9:00 a.m.	Advisory Committee Meeting
December 21, 2006	11:00 a.m.	Watermaster Board Meeting

The Joint Appropriative & Non-Agricultural Pool Meeting Adjourned at 11:45 a.m.

Secretary: _____

Minutes Approved: January 11, 2007