

Minutes
CHINO BASIN WATERMASTER
ANNUAL APPROPRIATIVE POOL ELECTION MEETING
AND
JOINT ANNUAL APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
January 10, 2008

The Annual Appropriative Pool election meeting and the Joint Annual Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 10, 2008 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Rosemary Hoerning, 2008 Chair	City of Upland
Raul Garibay, 2007 Chair	City of Pomona
Robert DeLoach	Cucamonga Valley Water District
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Mark Kinsey	Monte Vista Water District
Charles Moorrees	San Antonio Water Company
Ken Jeske	City of Ontario
Dave Crosley	City of Chino
Rich Atwater	Inland Empire Utilities Agency
Robert Tock	Jurupa Community Services District
J. Arnold Rodriguez	Santa Ana River Water Company

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
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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	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.
Joe LeClaire	Wildermuth Environmental Inc.

Others Present

David DeJesus	Three Valleys Municipal Water District
Sandra Rose	Monte Vista Water District
Marty Zvirbulis	Cucamonga Valley Water District

Chair Garibay called the Annual Appropriative Pool election meeting and the Joint Annual Appropriative and Non-Agricultural Pool Meeting to order at 10:00 a.m.

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. ANNUAL ELECTIONS - ACTION

A. Calendar Year 2008 Appropriative Pool Officers

Nominations will be heard for the Appropriative Pool Chair to serve during calendar year 2008.

Chair	<u>Rosemary Hoerning, City of Upland</u>
Vice-Chair	<u>Ken Jeske, City of Ontario</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

B. Calendar Year 2008 Advisory Committee Members & Officers

According to the rotation sequence established among the pools, the appropriators will be asked to appoint a representative to serve on the Advisory Committee during calendar year 2008.

It was noted the Non-Agricultural Pool passed on taking the Chair position for calendar year 2008 and the Non-Agricultural Pool members recommended that Robert DeLoach be nominated for the 2008 Advisory Committee Chair position, with Mark Kinsey to serve as his alternate. A discussion regarding the recommendation ensued. Kevin Sage will be the representative for the Non-Agricultural Pool.

Chair	Appropriative Pool	<u>Robert DeLoach, Cucamonga Valley Water District</u>
Vice-Chair	Agricultural Pool	<u></u>
2 nd Vice-Chair	Non-Agricultural Pool	<u>Bob Bowcock</u>

C. Calendar Year 2008 Pool Representation on the Watermaster Board

Based on the Court-adopted Rotation Schedule for Representatives to the Watermaster, during calendar year 2008, the following will represent the Appropriative Pool on the Watermaster Board.

Cucamonga Valley Water District – New Member: James Curatalo Jr.
Alternate: Kathy Tiegs

Chair Garibay turned the meeting over to the new 2008 Appropriative Pool Chair, Rosemary Hoerning, from the City of Upland.

II. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held December 13, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2007
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through November 30, 2007
4. Treasurer's Report of Financial Affairs for the Period November 1, 2007 through November 30, 2007
5. Budget vs. Actual July 2007 through November 2007

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 08-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 08-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 08-03– Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2007-2008

F. NOTICE OF INTENT

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

Motion by DeLoach, second by McGraw, and by unanimous vote – Non-Ag concurred

Moved to approve Consent Calendar Items A, B, and D through F, as presented

Mr. DeLoach noted he wanted to pull item C for discussion and separate motion. Mr. DeLoach stated a copy of the actual policy was not in the package and wanted to know if the policy was periodically reviewed by an investment advisory or auditor to make sure it is still in compliance with any needed changes. Ms. Rojo stated every year Watermaster is audited and the auditors review the investment policy.

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

Moved to approve Consent Calendar Item C, as presented

III. BUSINESS ITEMS

A. IEUA CONTRACT FOR TECHNICAL SERVICES FOR DRY YEAR YIELD

Mr. Manning stated this item pertains to a contract between Chino Basin Watermaster and Inland Empire Utilities Agency (IEUA) for technical services to provide the services of Wildermuth Environmental Inc. for the purposes of working on the Dry Year Yield (DYY) study. Mr. Manning stated originally this contract was going to come under the contract with Black & Veatch. However, Watermaster is working on developing a new contract with Wildermuth Environmental for Watermaster that will have some language regarding Wildermuth's relationships with other parties within the basin in order to protect Watermaster and give Wildermuth permission to give unbiased opinions to other parties. This contract as it is presented today, will allow that to occur. IEUA has taken this contract before their board and it was approved. Staff is asking for approval for this contract and to move it through the Watermaster process. Chair Hoerning inquired about the funding for this contract and Mr. Manning stated all funding is through the Metropolitan Water District's 1.5 Million DYY Study. Mr. Crosley inquired as to the handling of the amount of this contract within the Watermaster budget. Mr. Manning stated this is not in the Watermaster budget. Ms. Rojo noted she will cover this question in more detail under the financial reporting section. A discussion ensued with regard to this item and how the motion should be constructed to allow the receipt of revenue and the expenditure to Wildermuth Environmental.

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

Moved to approve the contract for services for Dry Year Yield and to amend the 2007/2008 Watermaster budget for receipt of revenue from Inland Empire Utilities Agency and the expenditure of a similar amount for services by Wildermuth Environmental, Inc., as presented

IV. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Order

Counsel Fife stated a copy of the Peace II order from the court is now available. A special Board meeting was held on December 31, 2007 to discuss the order and to address whether there were any necessary revisions that needed to be made to the Assessment

Package. The order does grant Watermaster's motion with conditions subsequent. Because of the order there was no need to revise the Assessment Package. Counsel Fife stated this is a conditional order and there are further things that must be done going forward. There is a schedule for further items that need to be submitted to the court. The first set of those are due shortly. The court is seeking an explanation of the Non-Agricultural Pool judgment amendments which was answered in the reply brief to the court; the actual submission to that request will look similar to the reply brief. A corrected initial schedule is also being asked for by the court with regard to the 400,000 acre-feet of forgiveness water. Counsel Fife stated a draft of those submissions will go to the Advisory Committee and the Watermaster Board later this month with the goal of complying with that submission by February 1, 2008. A discussion regarding Pool review ensued. It was decided a special Appropriative and Non-Agricultural Pool meeting will take place 10 or 15 minutes prior to the Advisory Committee meeting on January 24, 2008 to review the draft pleading. Chair Hoerning inquired about a project schedule being released for the parties to review. Mr. Manning stated a matrix for projects was just prepared and sent to legal counsel for review and will be made available after any changes are made. Mr. Manning noted this matrix is a two year projection schedule for projects.

2. Hanson Aggregates

Counsel Fife stated this is the item involves the incident over the Lower Day basin damages. A law suit is on file now but it has not been officially served in order to give counsel time to work with them. Hanson Aggregates has asked if staff and counsel could participate in non-binding mediation to try and resolve this matter. Counsel Fife stated that they are interested in reaching a resolution. A discussion regarding this matter ensued.

B. ENGINEERING UPDATES

Mr. Wildermuth stated Wildermuth Environmental is continuing its work on monitoring and programmatic reporting for Hydraulic Control regarding Watermaster activities. Mr. Wildermuth stated his office has prepared, in conjunction with Mr. Manning's matrix, a summary/table which describes four of the technical deliverables that are required within the next 12 months which are in compliance to the conditions subsequent. The new technical report is the most pressing deliverable from a time perspective; that report is due March 1, 2008. Mr. Wildermuth handed out a table which described the four deliverables in greater detail and he reviewed the handout.

C. FINANCIAL REPORT

1. Budget Update

Ms. Rojo passed out an accompanying handout to go with the slide presentation on the update on engineering tasks comparison of budget to actual and estimated cost at completion for fiscal year 2007/2008. Ms. Rojo stated this is the time of year that Watermaster and several other parties are starting to prepare their new budget. The budget process takes several months from start to finish and begins with working with Wildermuth staff. Ms. Rojo referenced a chart which was prepared by Wildermuth Environmental and reviewed the budget categories in detail. Ms. Rojo discussed the program elements and how they apply to each category to come up with a budget number. The chart for the summary page was reviewed in detail. Mr. Jeske commented about paying some of the over budget bills regarding the special referee and her technical assistant and a discussion ensued with regard to this matter. A discussion ensued with regard to this matter. Ms. Hoerning inquired as to how staff establishes a budget in the first place for those items. Mr. Manning stated a number of factors are taken into consideration such as what work is expected to take place in the upcoming year as well as any other upcoming issues. Discussions with vendors as to estimated costs is a start, however, the overages that we are seeing now are for things that were not anticipated, including requirements for additional work over and above what was anticipated at the time the last budget was created.

2. Draft Policy for Capital and O&M for Recharge Facilities
It was noted this item will be placed on a future agenda.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated because of this is a presidential election year Washington's normal events have pretty much come to a halt. Mr. Manning stated the ACWA Conference is coming up in February which is always interesting but with it being a presidential election year the conference will be especially interesting. At the state level the governor's budget is prepared and is almost ready to be given to the legislature and in the governor's recent speech he did talk a lot about water. Some of his speech talked about a possible reduction in staff which was confusing because most of the field agencies are running without field positions filled and it does not appear there would be much savings in doing that. Mr. Manning stated he will be going to meeting later this month that will be discussing bond measures and he will keep the parties up to date on what is going on.

2. Recharge Update

Mr. Treweek stated there is an updated supplemental and storm water recharge handout now available which summarizes the first six months of recharge. 4,000 acre-feet of recharge has been captured which is not a large number. Staff has calculated the storm in January and it appears approximately 2,000 acre-feet of storm water was captured then which is a very good number. Mr. Treweek stated he feels this high number of storm water capture is due to all the improvements made to the basins over the summer and our reactions to storms when they come in.

3. Wildermuth Contract

Mr. Manning stated Watermaster staff is working with Wildermuth staff to put together a draft contract; a copy of the first draft is now available. This will allow staff to be able to have in a formal contract for the work that is done with Wildermuth Environmental. Mr. Manning noted one of the biggest changes that will be taking place will be management of projects by task number and managing by task order that will allow staff to have greater management control over those; that will be built into this contract. The language that is still not in this draft and is being worked on is the language for working with parties within the basin and how that would be handled. All parties should have access to the expertise that Wildermuth has; however, it needs to be done in such a way that protects his unbiased opinion. A brief discussion ensued with regard to this contract and it was noted the parties want to see an attachment added to the contract with Wildermuth's billing rates and so forth.

V. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

VI. POOL MEMBER COMMENTS

Mr. Garibay thanked all the parties present for allowing him to chair this committee last year; he enjoyed the experience tremendously.

VII. OTHER BUSINESS

Mr. Manning noted an MZ1 Technical Committee meeting has now been scheduled for February 14, 2008 from 8:00 to 10:00 a.m.

Mr. Manning stated Mr. DeLoach has given notice that he no longer can chair the Water Quality Committee and for now Mr. Manning will stand in as chair until another party member takes over. A Water Quality meeting will be scheduled early to mid February.

VIII. FUTURE MEETINGS

January 10, 2008	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 10, 2008	10:00 a.m.	Annual Appropriative Pool Elections
January 10, 2008	10:15 a.m.	Annual Joint Appropriative & Non-Agricultural Pool Meeting
January 15, 2008	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 23, 2007	9:00 a.m.	GRCC Meeting
January 24, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 24, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The annual Appropriative Pool election and joint annual Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Hoerning at 11:00 a.m.

Secretary: _____

Minutes Approved: February 14, 2008