

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
January 8, 2009

The Annual Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 8, 2009 at 10:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT

Ken Jeske, Chair	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Todd Minten	Jurupa Community Services District
Mike McGraw	Fontana Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company
Anthony La	City of Upland

NON-AGRICULTURAL POOL MEMBERS PRESENT

Kevin Sage	Vulcan Materials Company (Calmat Division)
Mohamad El Amamy	City of Ontario

Watermaster Staff Present

Kenneth R. Manning	Chief Executive Officer
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
Scott Slater	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present

Gilbert Aldaco	City of Chino
Tom O'Neill	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
David De Jesus	Three Valleys Municipal Water District
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Martha Davis	Inland Empire Utilities Agency
Marty Zvirbulis	Cucamonga Valley Water District

Chair Jeske called the Annual Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:03 a.m.

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Appropriative Pool Meeting held December 11, 2008
2. Minutes of the Non-Agricultural Pool Meeting held December 11, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through November 30, 2008
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through November 30, 2008
5. Budget vs. Actual July 2008 through November 2008

C. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 09-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

D. LOCAL AGENCY INVESTMENT FUND

Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

E. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009

F. NOTICE OF INTENT

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

The Overlying Non-Agricultural Pool pulled Item G2 from the Consent Calendar to be brought back after Allocation of Volume Vote calculation sheet is updated

G. ALLOCATION OF VOLUME VOTE

1. Appropriative Pool Allocation of Volume Vote effective Calendar Year 2009
2. Overlying Non-Agricultural Pool Allocation of Volume Vote effective Calendar Year 2009

H. INDEPENDENT FINANCIAL AUDIT

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit

*Appropriative Pool Motion by Kinsey, second by DeLoach, and by unanimous vote
Moved to approve Consent Calendar Items A through H, as presented*

*Overlying Non-Agricultural Pool Motion by Sage
Moved to approve Consent Calendar Items A through F and H, and to bring back the Allocation Volume Vote for the Overlying Non-Agricultural Pool calculation sheet after it is updated, as presented*

II. BUSINESS ITEM – DISCUSSION/POSSIBLE ACTION

A. SALE/AUCTION OF STRANDED OVERLYING NON-AGRICULTURAL WATER

Mr. Manning stated staff is requesting the Appropriative Pool consider the sale/auction of the water that is in storage under the name of the Overlying Non-Agricultural Pool, which is authorized to be sold in the Peace II Agreement. The issues have been outlined in the staff letter in the meeting packet including staff's recommendations. Mr. Kinsey noted Monte Vista Water District (MVWD) did submit comments in writing and they have received a response from legal counsel. Mr. Kinsey offered comment on MVWD's concerns and the acknowledged response from legal and staff. Mr. Manning stated the Peace II requirements call for this item is dealt with before the end of this calendar year and noted the process that is being

recommended is lengthy and could take up to nine months to fully implement. Counsel Slater reviewed the options recommended and the responses received in detail and noted the final agreement will be brought back for another review in February and then for final approval in March. Counsel Slater reviewed the potential timeframe for this endeavor and confirmed this needs to be taken care of this calendar year per the Peace II Agreement. A lengthy discussion ensued with regard to this item. It was decided the Appropriative Pool members would form a workgroup to work with staff and legal counsel to analyze this process and the related agreement prior to it coming back through the process. It was noted Mr. DeLoach can host this workgroup at Cucamonga Valley Water District office.

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

Moved for a three part motion: Approve to have the Appropriative Pool and the Overlying (Non-Agricultural) Pool find that earmarking of excess funds made available from the sale of water acquired by Watermaster from the Overlying (Non-Agricultural) Pool pursuant the Purchase and Sale Agreement for “recharge” improvements will provide broad mutual benefits to the members of the respective Pools. To conceptually approve the earmarking of any excess funds for recharge improvements with the Appropriative Pool to propose further definition of qualifying costs, expenses, and offsets against assessments within sixty days. Approve to form a workgroup of Appropriative Pool members to review this item, as presented

III. REPORTS/UPDATES

A. **WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing

Counsel Fife stated there is a hearing scheduled for February 2 and 3, 2009 and preparations are well underway for this hearing. An outline has been distributed and counsel has received some feedback. No objections have been received on the draft outline so counsel is now in the process of preparing a final outline that will need to go to court prior to the actual hearing date. Counsel Fife stated witness preparation needs to begin and noted counsel will not be telling the witnesses what to say; however, will be letting them know what questions would be asked. Counsel Fife asked those who were on the witness list to see him after the meeting to set up a time to meet.

2. Hanson Aggregates Litigation

Counsel Fife stated a tentative settlement has taken place with Hanson Aggregates' and the final documents are still in the works. A cash settlement for approximately \$450,000 was established and counsel is hoping to have more information to be provided at the Advisory Committee and Watermaster Board meeting later this month. If any details of the settlement need to be discussed it will need to be done in closed session.

B. **ENGINEERING UPDATES**

1. Progress Report on Recharge Master Plan

Mr. Wildermuth stated data collection is still taking place on the Recharge Master Plan including analysis of pumping and replenishment. Black & Veatch is doing the supplemental recharge aspect of the plan. The gross replenishment obligations based on the work done by Inland Empire Utilities Agency with some modifications has been complete and that will be brought forward at the Advisory Committee meeting as a handout and discussion. Mr. Wildermuth discussed detailed work plans and work assignments for Wildermuth Environmental staff. Mr. Wildermuth stated he would like to schedule a series of workshops starting in February to bring substantive issues and get feedback. All the monitoring targets were hit last month even though it was a difficult month to do monitoring due to the rain: approximately 90 wells were monitored. Work is being done on the State of the Basin Report and updates will begin shortly on that report. Wildermuth staff continues to work with Ontario International Airport (OIA) consultants and the Regional Board on the OIA plume on monitoring well sites. With regard to HCMP monitoring Wildermuth staff has continued to have discussions with the Regional Board. For the work being done on

INSAR, a progress report will be brought back in March. Mr. Wildermuth discussed the waste load allocations process which is going on in the Santa Ana River in detail. Mr. Wildermuth gave the presentation on Conceptual Approach to Production Optimization. A discussion regarding Mr. Wildermuth's comments on activities and his presentation ensued.

2. Background and Conceptual Scoping of the Pumping Optimization Investigation
This item was discussed under item number 1.
3. Oral Progress Report on other Wildermuth Environmental Activities
This item was discussed under item number 1.

C. FINANCIAL REPORT

1. Financial Update
No comment was made regarding this item.

C. CEO/STAFF REPORT

1. Legislative Update
Mr. Manning commented the deficit for the State of California continues to grow and it appears parties are having a difficult time coming up with any real solutions.
2. Recharge Update
Mr. Manning stated there was a substantial storm that captured 2,300 acre-feet of recharge during the month of December. Mr. Manning reviewed the updated spreadsheet on recharge and noted the spreadsheet was on the back table.

IV. INFORMATION

1. Newspaper Articles
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

It was noted the Appropriative Pool members would go into a brief executive closed session.

VII. FUTURE MEETINGS

January 8, 2009	9:30 a.m.	Annual Non-Agricultural Pool Elections
January 8, 2009	9:45 a.m.	Annual Appropriative Pool Elections
January 8, 2009	10:00 a.m.	Annual Joint Appropriative & Non-Agricultural Pool Meeting
January 20, 2009	9:00 a.m.	Annual Agricultural Pool Meeting @ IEUA
January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Joint Appropriative and Non-Agricultural Pool meeting was dismissed by Chair Jeske at 11:49 a.m.

Secretary: _____

Minutes Approved: February 12, 2009