

Minutes
CHINO BASIN WATERMASTER
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING
June 11, 2009

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 June 11, 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
Mike McGraw	Fontana Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Anthony La	City of Upland
Raul Garibay	City of Pomona
Dave Crosley	City of Chino

NON-AGRICULTURAL POOL MEMBERS PRESENT

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

Watermaster Staff Present

Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Scott Slater	Brownstein, Hyatt, Farber & Schreck

Others Present

Marv Shaw	Inland Empire Utilities Agency
Tom Love	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Eunice Ulloa	Chino Basin Water Conservation District
Kati Parker	Chino Basin Water Conservation District
Dave Penrice	Aqua Capital Management
Maria Camacho	Guest

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

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held May 14, 2009

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2009
2. Watermaster Visa Check Detail

3. Combining Schedule for the Period July 1, 2008 through April 30, 2009
4. Treasurer's Report of Financial Affairs for the Period February 1, 2009 through April 30, 2009
5. Budget vs. Actual July 2008 through April 2009

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 3,500 acre-feet of water from the City of Pomona. This purchase is made first from Pomona's net underproduction, if any, in Fiscal Year 2008-09, with any remainder to be recaptured from storage. Date of application: May 11, 2009
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company has agreed to purchase from The Nicholson Trust annual production right in the amount of 5.619 acre-feet to satisfy a portion of the company's anticipated Chino Basin replenishment obligation for Fiscal Year 2008-09. Date of application: May 21, 2009
3. **Consider Approval for Notice of Sale or Transfer** – On June 3, 2009, Watermaster received Form 5, "Application to Transfer Annual Production Right or Safe Yield," with CalMat Company/Vulcan Materials Company as transferor and Aqua Capital Management LP as transferee in the amount of 317.844 acre-feet annual right, all water in its annual account will be transferred as well (the transfer does not include CalMat's water in storage as of June 30, 2008 of 315.637 acre-feet). Date of application: June 1, 2009
4. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 3,400 acre-feet of water from the Marygold Mutual Water Company. Water will purchase the water at \$295.00 per acre-foot, which is the MWD replenishment rate (not including IEUA and OCWD fees). The transfer will be made from Marygold Mutual Water Company's water in storage. This transfer will solely offset Fontana Water Company's current (Assessment Year 2008-2009)

Motion by DeLoach, second by La, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar A through C1 and C2, as presented

There were some brief clarifications and discussion on item C3 prior to the motion.

Motion by Kinsey, second by DeLoach, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar item C3, as presented

A discussion on item C4 regarding the possibility of needing an accounting procedures on this particular kind of water transaction ensued. A discussion regarding the wording on this type of water transaction and replenishment obligations ensued. Counsel Fife concurred a procedure will need to be created.

Motion by Jeske, second by Kinsey, and by unanimous vote – Non-Ag concurred
Moved to approve Consent Calendar item C4, as presented

II. BUSINESS ITEM

A. OVERLYING NON-AGRICULTURAL POOL AUCTION ISSUES

1. Storage & Recovery Agreement
2. Broad Benefit
3. Determination on Material Physical Injury

Counsel Fife noted this particular item consists of three different parts as listed on the agenda and staff is seeking one motion on this business item. Counsel Fife stated when a bidder comes into the auction; they will be bidding on the right to hold this agreement with Chino Basin Watermaster as a Storage & Recovery Agreement. In order to move forward with this auction the Watermaster Board will need to make findings that under the Peace Agreement this Storage & Recovery Program will provide broad mutual benefit and to make a finding concerning material physical injury; these issues are described in the staff report. Counsel Slater stated under separate cover the Storage & Recovery Agreement was distributed and this agreement was

based on the previous agreements that have been distributed previously. The only new portion is the conditionality at the end of the agreement with regard to material physical injury that came out of the Wildermuth analysis. Counsel Slater stated there are a couple items not present in the meeting packet because they will be distributed and discussed during the closed session. Counsel Slater stated there is a comprehensive staff report regarding the auction process in the meeting packet. Chair Jeske asked if there were any comments or questions regarding this item. Mr. Crosley inquired about the conclusion paragraph on page 94 of the meeting packet regarding MZ1. Counsel Slater stated the Storage & Recovery Agreement is intended to identify those things that may be permitted without further Watermaster approvals and will not cause material harm. There are other things that are not prohibited and will require additional discretionary approval by Watermaster. A lengthy discussion regarding Mr. Crosley's questions, Counsel Slater's comments, and the current MZ1 Management Plan ensued. It was noted a sub-committee needs to be formed to work with staff to further elaborate or refine the wording to avoid prejudice to any specific producer or zone with regard to the auction. A discussion on the needed sub-committee ensued and it was decided the City of Ontario, the City of Chino, Monte Vista Water District, and Cucamonga Valley Water District would appoint a person to sit in on the sub-committee to work on this issue prior to the next Watermaster Board meeting. Chair Jeske stated the suggestion noted from this committee is to move this item contingent on a sub-committee agreeing to the language on the extraction plans.

Motion by DeLoach, second by La, by a majority vote, Non-Ag concurred, and Kinsey voted no
Moved to approve Overlying Non-Agricultural Pool Auction which include the Storage & Recovery Agreement, Broad Benefit, and Material Physical Injury, with the condition of rewording regarding the MZ1 portion by a sub-committee consisting of the City of Ontario, the City of Chino, Monte Vista Water District, and Cucamonga Valley Water District appointees recommendation on the extraction plan language, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. June 29, 2009 Hearing

Counsel Fife stated a copy of the notice of the ruling from the April 27, 2009 hearing is available on the back table. Chino Basin Watermaster was excused by Judge Wade on the final report on Condition Subsequent No. 5 which was a report on the progress in the development of the Recharge Master Plan Update and that is reflected in the notice. A third hearing is now scheduled for June 29, 2009 at 9:30 a.m. which will cover Program Elements No. 4, 5, and 6. Counsel Fife described the Program Elements in detail and noted Andy Malone from Wildermuth Environmental will be giving the presentation on Program Element 4.

B. ENGINEERING REPORT

1. Recharge Master Plan Progress Report

Ms. Rojo stated that she will be giving the engineering report due to lack of availability of Wildermuth staff to attend today's meeting. Ms. Rojo stated with regard to the Recharge Master Plan (RMP) update Wagner and Bonsignore are working to finalize their storm water memorandum and local project (small local recharge facilities) details. Wildermuth has halted the majority of their work waiting for these local projects to be identified. The modeling for the production optimization modeling has been completed; documentation is now in process as part of the Peace II CEQA analysis. The Peace II CEQA work is currently being conducted. Mr. Wildermuth will be at the next Advisory Committee and Watermaster Board meeting to give a more detailed report on the Recharge Master Plan update.

2. Upcoming Workshop Schedule

Ms. Rojo stated there is a scheduled workshop on June 18, 2009 at 10:00 - 12:00 (Non RMP Workshop) scheduled which will include losses resulting from increased storage and assumptions used in the Peace 2 CEQA analysis. Ms. Rojo stated there is no June 25, 2009 Workshop; however, there will be one on July 28, 2009 which is a RMP Workshop #3 and will

cover Task 4.3 Determine How Land use and Storm Water Recharge Decisions Affect Safe Yield and Task 6.2 Identify Potential Storm Water Recharge Projects. Ms. Rojo stated there is also a scheduled workshop on August 27, 2009 which is RMP Workshop #4 and will cover Task 6.3 Develop New Storm Water Recharge Alternatives. Ms. Rojo also noted the September 24, 2009 workshop which is RMP Workshop #5 and will cover Task 7.3 Identify New Supplemental Water Recharge Projects. Mr. Wildermuth will be at the next Advisory Committee and Watermaster Board meeting to give a more detailed report on the upcoming workshops.

C. FINANCIAL REPORT

1. Fiscal Year End Update

Ms. Rojo stated Watermaster's fiscal year ends up June 30, 2009. Staff has already begun work in the Ag Conversions and the current land use conversion progress; those agencies are currently being contacted. Production Reports will be going out shortly along with the Water Activity Reports.

D. CEO/STAFF REPORT

1. Legislative Update

Ms. Rojo stated Mr. Manning is going to be giving a detailed legislative update at the Advisory Committee meeting.

Ms. Rojo stated she attended the Three Valleys Municipal Water Leadership Breakfast today along with several people who are present at today's meeting. Brian Thomas who is the CFO/Assistant General Manager of Metropolitan Water District was the key speaker at the breakfast. Ms. Rojo noted Mr. Thomas spoke on the outlook of the water supply availability for the Southern California area. Ms. Rojo offered comment on the presentation/discussions that took place at the breakfast.

2. Recharge Update

Ms. Rojo noted Mr. Manning will give a detailed report on the recharge update at the Advisory Committee meeting and stated the most recent recharge update is available on the back table for review.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

Mr. Shaw commented on the EIR optimization schedule.

VI. OTHER BUSINESS

No comment was made regarding this item.

The Non-Agricultural Pool meeting convened its meeting at 10:50 a.m.

The closed session was convened at 11:30 a.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

1. Administration for the Auction of the Non-Agricultural Pool Water in Storage
2. Metropolitan Water District Dry Year Yield Meeting on June 2, 2009

No reportable action was provided from the confidential session.

VIII. FUTURE MEETINGS

June 11, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
June 16, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
June 18, 2009	10:00 a.m.	Workshop (Losses & Assumptions in Peace II CEQA)
June 25, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
June 25, 2009	9:00 a.m.	Advisory Committee Meeting
June 25, 2009	11:00 a.m.	Watermaster Board Meeting
June 25, 2009	1:00 p.m.	WE Workshop #3 Task 4.3 and Task 6.2
June 29, 2009	9:30 a.m.	CBWM Court Hearing – San Bernardino Court

The Appropriative Pool meeting was dismissed by Chair Jeske at 11:31 a.m.

Secretary: _____

Minutes Approved: July 9, 2009