

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

February 23, 2006

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California, on February 23, 2006 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Sandra Rose	Monte Vista Water District
John Anderson	Inland Empire Utilities Agency
Al Lopez	Western Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Paul Hamrick	Jurupa Community Services District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy

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

Scott Slater	Hatch & Parent
Michael Fife	Hatch & Parent
Mark Wildermuth	Wildermuth Environmental Inc.
Andy Malone	Wildermuth Environmental Inc.

Others Present

Bill Kruger	City of Chino Hills
Rosemary Hoerning	City of Upland
Bill Curley	City of Upland
Terry Catlin	Inland Empire Utilities Agency
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Jeff Pierson	Ag Pool/Crops
Jim Taylor	City of Pomona
Carole McGreevy	Jurupa Community Services District
Dave Crosley	City of Chino
Manuel Carrillo	Senator Soto Office

The Watermaster Board Meeting was called to order by Mr. Willis at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Annual Watermaster Board Meeting held January 26, 2006
2. Minutes of the Advisory and Watermaster Board Conference call held January 30, 2006

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2005
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through November 30, 2005
3. Treasurer's Report of Financial Affairs for the Period November 1, 2005 through November 30, 2005
4. Profit & Loss Budget vs. Actual July through November 2005
5. Cash Disbursements for the month of January 2006
6. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2005 through December 31, 2005
7. Treasurer's Report of Financial Affairs for the Period December 1, 2005 through December 31, 2005
8. Profit & Loss Budget vs. Actual July through December 2005

C. INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2005

Receive and File the Annual Audited Financial Statements for Fiscal Year Ended June 30, 2005

Motion by Bowcock, second by Anderson, and by unanimous vote

Moved to approve Consent Calendar Items A through C, as presented

II. BUSINESS ITEMS

There were no comments made regarding this item.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Attorney Manager Process/Discussion of Peace II Agreement

Counsel Slater stated there are two items under the legal section and counsel noted he was going to be combining both items into one report. Counsel Slater noted there was a court hearing in front of Judge Gunn on February 9, 2006 and several of the Watermaster board members were in attendance. A copy of the order which Judge Gunn presented to counsel at that hearing is available on the back table. Counsel Slater stated he is pleased to report the court accepted, in total, the position of the Watermaster to reappoint the nine member board for another five year term. The court remains very concerned about the progress of Watermaster towards the implementation of the future desalters which were promised and committed to in the original Peace Agreement and the OBMP. There is a scheduled workshop in July of 2006 which will be a very important time for Watermaster to convince the court that the parties have come up with an appropriate plan to reach the next level of desalting. The court did have a few questions regarding some of the reporting items; however, all in all it was felt to be a very productive and ultimately uncontested motion on the part of Watermaster. Counsel Slater noted we are anticipating the technical analysis that was to be gathered by Wildermuth on the questions presented at the two workshops in November 2005 to be complete soon for presentation. A discussion ensued with regard to the court asking about our work on future desalters. Counsel Slater referred to the last page of the order on page 5 which stated, "The Court also accepts Watermaster's suggestion of a workshop and Special Referee is directed to conduct a workshop in July 2006, to address the concerns discussed above and to report on the development of a detailed plan to reach the OMBP goal of 40,000 acre-feet per year of desalting capacity, to be installed in the southern part of the basin by the year 2020". Counsel Slater stated we have the ongoing concern related to the desalters and noted

items written on page 3 of the order which discusses the court's concerns related to desalting. Mr. Vanden Heuvel thanked all parties that attended the February 9, court hearing and noted it was a very orderly and peaceful hearing. Mr. Vanden Heuvel offered comment on the court order and noted he felt we have a tall order that has been placed on us, as Watermaster, by the court in this order. A discussion ensued with regard to replenishment water obligations. Mr. Vanden Heuvel asked that the Watermaster staff incorporate reporting monthly on the status of our replenishment obligations. Mr. Manning stated that he has already spoke to Counsel Slater on how staff is going to approach this issue and staff feels they do need to discuss with the parties the ramifications of non-implementations of the Peace II Agreement. A time will be set aside shortly to review those ramifications with the parties either at a workshop or incorporate the discussion into our regular meeting. Chair Willis inquired to the date the workshop will be held in July and Counsel Slater stated that has not yet been discussed. A brief discussion ensued with regard to the hearing location. Mr. Vanden Heuvel inquired if the Watermaster has an obligation to notify the Regional Board with regards to the desalter commitment of the court and Mr. Manning stated that we do indeed need to notify them and that has already been taken care of.

2. Court Hearing Update

This item was discussed/reviewed under item no. 1 - Attorney Manager Process/Discussion of Peace II Agreement.

B. WATERMASTER ENGINEERING CONSULTANT REPORT

1. Evaluation of the Cumulative Effects of Transfers Pursuant to the Peace Agreement

Mr. Wildermuth stated he was going to combine this item with item no. 2 – Hydraulic Control since both items are related to each other. Mr. Wildermuth stated that Watermaster has an obligation every two years, ending in odd years, to prepare an analysis of the balance of recharge and discharge in every area and sub area of the basin as well as to evaluate the cumulative effect of transfers. As of July of 2005 those analyses have been completed as best as they could be at that time but because of the negotiations under Peace II, that work was put on hold. An administrative draft report was produced which sat un-acted upon on until now. Since then, a lot of model work to analyze the balance of recharge and discharge in the basin in support of the Peace II process has taken place. That work is now complete and the final touches with maps and such are being completed and will be forthcoming. Internally there will be an administrative review of the draft that effort and shortly the report will be out for review by all parties. Inside of that report is the analysis of cumulative effect of transfers which can't be looked at independently because both the hydraulic control and the cumulative effect of transfers are used by Watermaster to figure out a supplemental water recharge plan. The purpose of the balance of recharge and discharge is for Watermaster to look at how the basin is functioning relative to pumping and to try and design a supplemental water recharge plan to bring the basin into balance hydrologically. This is an issue that came up also during the Peace I discussions by the Management Zone 1 pumpers. There is an excerpt in the meeting packet for review which is basically the same excerpt released in July of 2005. The accumulative effect of transfers has resulted in the avoidance of about 26,000 acre-feet of wet water recharge; that is primarily a result of transfers among parties and using water from storage accounts. The market system put into place by the Judgment which allows parties to buy water from under-producers and move it to over-producers has been a good thing overall. The conclusion is that there has been no material physical injury from the transfer process and the actual transfer process has been of benefit to the basin.

2. Hydraulic Control Update

This item was discussed/reviewed under item no. 1 – Evaluation of the Cumulative Effects of Transfers Pursuant to the Peace Agreement.

C. CEO/STAFF REPORT

1. 85/15 Update
Mr. Manning noted this is a notification item only and this item is being addressed at the Appropriative Pool meetings by a request from the Appropriative Pool Members.
2. Volume Vote Update
Mr. Manning noted this is a notification item only and this item is being addressed at the Appropriative Pool meetings by a request from the Appropriative Pool Members. Once this item has been resolved
3. Department of Water Resources Grant Financing Update
Mr. Manning stated that staff fully expects that next month the Pools, Advisory Committee, and Watermaster Board will be dealing with a contract wherein terms will be discussed relative to the financing of the Department of Water Resources (DWR) Grant – a grant that totals over \$10M; that is a 50/50 split between Chino Basin Watermaster (CBWM) and Inland Empire Utilities Agency (IEUA). Included at the back table is a handout which is a breakdown of the projects that are included within this DWR grant, it is a \$5M dollar grant with a \$5M dollar match; half paid by CBWM and half paid by IEUA, meaning that Watermaster is agreeing to contribute \$2.5M towards this grant. The terms of repayment are presently being worked out with IEUA.
4. San Diego County Water Authority RFP for Groundwater Conjunctive Use Project
Mr. Manning stated that the San Diego County Water Authority has released their RFP and staff has had the opportunity to review that proposal and staff is inclined to submit a proposal. Mr. Manning noted that San Diego is anxious to have Watermaster involved and staff feels they are willing to discuss terms with us.

Added Item:

Mr. Manning noted that available on the back table is an additional handout regarding supplemental and storm water recharge; it was asked at a past meeting that parties be kept informed on a monthly basis of how we are doing on recharge. As was noted by Mr. Treweek, we appear to be on target for our recharge goals with more supplemental than storm water at this point in time. This chart will be made available with updates each month.

Added Item:

Mr. Manning stated a Personnel Committee meeting will be scheduled in April 2006.

Added Item:

Mr. Manning stated a delegation from Watermaster in co-sponsorship with SAWPA and IEUA attended meetings in Sacramento last week. In attendance at those meetings were Mr. Anderson, Mr. Willis and Mr. Vanden Heuvel. At that event there were great opportunities for us to talk to members of legislature, staff, and committee staff about issues which are related to our interests here in the Chino Basin and including the upcoming bond issue. The time there was productive and a real opportunity was granted to lend an ear to the parties who could be of influence as the issues develop. Mr. Vanden Heuvel noted it was very timely for us to be in attendance; it was a great opportunity for the various SAWPA agencies and the Inland Empire to collectively tell our story. Chair Willis stated he felt it was interesting that some of the pending legislation is interested in exploring the idea of funding and/or shoring up the islands in the Delta but not in doing any kind of conveyance system around the channel. Mr. Manning stated at the legislative briefing there were also representatives attended from Cucamonga Valley Water District, both Mr. DeLoach and Mr.

Neufeld were present; representatives from Western Municipal Water District and Mr. Rossi made a presentation, along with Eastern Municipal Water District who was able to make some pertinent comments.

IV. INFORMATION

1. Newspaper Articles

There were no comments made regarding this item.

V. BOARD MEMBER COMMENTS

Ms. Rose stated that she would be very interested in some sort of Watermaster Board orientation class/workshop as to what the board's responsibilities are, what our role is, what our authority is, etc. and noted how beneficial this would be to her personally coming onto this board as a new member. Chair Willis stated that is a very insightful request and has indeed recently spoke to Watermaster staff about setting something along those lines up for the board members. Chair Willis asked if Mr. Manning could head that gathering up and noted that Mr. Neufeld expressed an interest in participating also. Ms. Rose asked a time frame for this orientation and it was noted staff would try and pull something together for the end of April. Mr. Lopez stated he wanted to echo the compliments that given regarding the efforts that where made on behalf of legal counsel to get the nine member board reappointment through the system.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

February 23, 2006	9:00 a.m.	Advisory Committee Meeting
February 23, 2006	11:00 a.m.	Watermaster Board Meeting
March 9, 2006	9:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
March 21, 2006	9:00 a.m.	Agricultural Pool Meeting @ IEUA
March 23, 2006	9:00 a.m.	Advisory Committee Meeting
March 23, 2006	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 11:40 a.m.

Secretary: _____

Minutes Approved: March 23, 2006