

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

October 26, 2006

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga CA, on October 26, 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
Bob Kuhn	Three Valleys Municipal Water District
Justin Scott-Coe	Vulcan Materials Company
Paul Hofer	Agricultural Pool, Crops
Paul Hamrick	Jurupa Community Services District
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Al Lopez	Western Municipal Water District

Watermaster Staff Present

Sheri Rojo	CFO/Asst. General Manager
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

Mark Kinsey	Monte Vista Water District
Jennifer Novak	Department of Justice – State of California
Rick Hansen	Three Valleys Municipal Water District
Rosemary Hoerning	City of Upland
Jeff Pierson	Ag Pool Representative
Dave Crosley	City of Chino
David De Jesus	Three Valleys Municipal Water District
Ken Jeske	City of Ontario
Ashok K. Dhingra	City of Pomona
Jim Taylor	City of Pomona
Bill Kruger	City of Chino Hills

The Watermaster Board Meeting was called to order by Chair Willis at 11:01 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

There were no additions or reorders made to the agenda.

I. CONSENT CALENDAR**A. FINANCIAL REPORTS**

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

B. GOVERNMENTAL SAVINGS ACCOUNT

1. Transfer from Bank of America Governmental Savings Account to the Bank of America Chino Basin Watermaster Governmental Checking Account

C. WATER TRANSACTION

1. **Consider Approval for Transaction of Notice of Sale or Transfer** – Santa Ana River Water Company leased and assigned Jurupa Community Services District the quantity of 2,000 acre-feet of corresponding Annual Production Right for Fiscal Year 2005-06. Date of application: August 23, 2006
2. **Consider Approval for Transaction of Notice of Sale or Transfer** – The transfer of Monte Vista Irrigation Company Fiscal Year 2006-2007 annual production rights in the Chino Basin to the Monte Vista Water District. The total quantity of water to be transferred is estimated at 1,300 acre-feet. Date of application: August 23, 2006

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

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

II. BUSINESS ITEMS**A. NEW YIELD ALLOWANCES FOR FY 05-06 ASSESSMENT PACKAGE**

1. New Yield Allowances for the FY 05-06 Assessment Package at 30% of Desalter Production
Ms. Rojo stated the business item listed references the new yield from the desalter production and reminded all the parties there is a workshop scheduled on this item tomorrow which will be conducted by Mr. Wildermuth at 1:00 p.m. Ms. Rojo noted all three pools deferred action until next month on this item and noted this item is not being presented as an action item today.

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

1. Storage and Recovery Negotiations
Counsel Slater stated counsel and staff has been meeting frequently with various interested parties with regard to their interest in storage and recovery in the Chino Basin. The three parties who have expressed an interest are San Diego County Water Authority, Castaic Lake Water Agency, and the Metropolitan Water District. An MOU was approved by this board over a year ago in which we opened up discussions with Castaic about the prospect of them storing water in our basin. The last time this board met the chair indicated there would be an ad-hoc committee set up to discuss the response to these interested parties and that meeting has been scheduled immediately following the next Appropriative and Non-Agricultural Pool meeting on November 9, 2006. This meeting is available to all who want to participate; Watermaster staff and counsel are looking for direction and input on how to approach the three parties. Counsel Slater stated it is apparent by the discussions with these three parties that they would fully use all of the

available storage, which was authorized under the Programmatic Environmental Impact Report. This is also consistent with the Peace Agreement.

2. Desalter Negotiations

Counsel Slater stated under the Peace II Term Sheet there was a set of discussions/negotiations that were contemplated between Watermaster's staff and Western Municipal Water District. Those meetings have been taking place in person and by telephone in which parties are trying to come up with the "project description" as to what the Western involvement would look like. Those discussions are still in progress.

3. Peace II Term Sheet

Counsel Slater stated Watermaster has effectively completed our own stakeholder process and we are now in the phase of receiving a technical review from Joe Scalmanini who is the special technical assistant to the referee. Mr. Scalmanini has been working with the Wildermuth Environmental office to get comfortable with the model, the input, the output, and how it operates. Watermaster staff and counsel have had numerous conversations with the special referee and her assistant in an effort to firm up how we are going to proceed. The view is that we have an existing OBMP that was approved and court ordered as a part of the Peace Agreement and if we are going to move forward on Hydraulic Control and the Basin Re-Operation, we are going to have to amend the OBMP. The amendment to the OBMP will need a project description; Watermaster staff and stakeholders would then be obliged to prepare a project description, which is effectively the Peace II Term Sheet translated into physical project. That physical project would then be the basis for a proposed amendment to the OBMP. After that we would then engage in a proposed study period, a CEQA review, and a negotiation period to take what is in the Peace II Term Sheet and translate that into a formal binding agreement, subject to court approval. A lengthy discussion ensued with regard to the Peace II Term Sheet.

4. Hanson Aggregates

Counsel Slater stated there has been some discussion and investigation regarding the responsibility for the clogging of our Lower Day recharge basin. Those discussions and investigations are continuing; there is a meeting scheduled for next Tuesday with Hanson Aggregate. A brief discussion ensued with regard to this matter.

5. Goodrich Subpoena

Counsel Slater stated there is paperwork on the back table regarding this item. A few months back Goodrich served Watermaster with a subpoena and asked for every document in Watermaster's possession. Counsel had a discussion with Goodrich and finally was able to convince them that it would be much more expeditious if they would submit their request as a document request through the normal Watermaster channels and then if they would also narrow it to something specific. Goodrich has now given us a list of the type of documents they want and a map on which they drew a circle around a specific area in which they are looking for information. In looking at the map they provided, about 75% of the information they are looking for is outside the Chino Basin and we tried to explain to them that this particular area in which they were seeking information is not something Watermaster collected. With regard to information being needed for the Fontana area, they will be advised that under our policy Watermaster does not give out this kind of information without specific written approval from the entity it would affect. Currently Mr. Wildermuth is working up a cost estimate for how much staff time it will take for Wildermuth to provide all this information. Once we have that cost estimate we will give that to Goodrich and will ask for some sort of deposit.

Added Item:

Counsel Slater noted there was a handout on the back table regarding the Santa Ana River Water Rights Applications. Counsel Slater stated the San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County, San Bernardino Valley Water Conservation District, City of Riverside, Chino Basin Watermaster, and Orange County Water District has water right applications pending before the State Water Resources Control Board. There are unresolved protests pending against each of the applications. Therefore, it will be necessary for the Division of Water Rights to schedule a hearing before the State Water Board to resolve the issues raised by the protests to determine the amount of water that may be available to each applicant, and to determine if water right permits should be issued. The Division intends to issue a hearing notice by the end of November.

B. WATERMASTER FINANCIAL REPORT1. Water Activity Report (WAR)

Ms. Rojo stated all the Water Activity Reports have been turned in and the Assessment Package is now being formulated. There is an Assessment Package Workshop scheduled for Monday, October 30, 2006 at 9:00 a.m.

2. Assessment Package

This item was discussed under the Water Activity Report.

C. CEO/STAFF REPORT1. Storm Water/Recharge Report

Ms. Rojo stated the monthly storm water recharge update is available on the back table for review. September had a lot of recharge activity.

2. Legislative/Bond Update

Ms. Rojo stated Mr. Manning went through an extensive review for all the current legislative at the Advisory Committee meeting and noted there were very informative reports in the meeting package regarding the updates.

3. Water Fair

Ms. Rojo stated the Water Fair was held October 14, 2006 and was a well attended event.

4. Strategic Planning Conference Recap

Ms. Rojo stated the Strategic Planning Conference went very well and a summary of all the different breakout sessions is being worked on presently; however, we are still meeting with some of the moderators to translate their notes. The exit interview that was handed out at the end of the conference is available on the back table; the overall rating of the conference was a 9.6 out of a possible score of 10.

5. Treatment of Desalter Forgiveness

This item will be discussed at the upcoming workshop on October 27, 2006 at 1:00 p.m.

Added Item:

Ms. Rojo stated she had one further item to add to her report concerning the Vulcan/San Antonio Assignment. There will not be a staff report coming out on this item because the application has been withdrawn from Watermaster.

IV. INFORMATION1. Newspaper Articles

No comment was made regarding this item.

V. COMMITTEE MEMBER COMMENTS

Chair Willis stated several parties attended a recent event which was put on by the Southern California Gas Company at the Energy Center in Downey. The entire program had to do with pervious concrete. Chair Willis stated it was extremely informative and interesting and encouraged all who could attend the upcoming Pervious Concrete event at IEUA on November 9, 2006 to do so.

VI. OTHER BUSINESS

Ms. Rojo noted due to the Thanksgiving holiday the next Advisory Committee and Watermaster Board meeting has been moved up one week to accommodate the Thanksgiving holiday as noted in the Future Meeting section of the agenda.

VII. FUTURE MEETINGS

October 24, 2006	9:00 a.m.	GRCC Meeting
October 26, 2006	9:00 a.m.	Advisory Committee Meeting
October 26, 2006	11:00 a.m.	Watermaster Board Meeting
October 27, 2006	1:00 p.m.	Induced Santa Ana River Recharge from Desalters
Workshop October 30, 2006	9:00 a.m.	Assessment Package Workshop
November 9, 2006	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
November 15, 2006	1:00 p.m.	Agricultural Pool Meeting @ IEUA
November 16, 2006	9:00 a.m.	Advisory Committee Meeting
November 16, 2006	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board Meeting Adjourned at 11:35 a.m.

Secretary: _____

Minutes Approved: November 16, 2006