

**Minutes**  
**CHINO BASIN WATERMASTER**  
**ANNUAL WATERMASTER BOARD MEETING**

*January 25, 2007*

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 25, 2007 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
Jim Bowman	City of Ontario
Al Lopez	Western Municipal Water District
Bob Kuhn	Three Valleys Municipal Water District
Kevin Sage	Vulcan Materials Company
Geoffrey Vanden Heuvel	Agricultural Pool, Dairy
Paul Hofer	Agricultural Pool, Crops

**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
Mark Wildermuth	Wildermuth Environmental Inc.

**Others Present**

Rosemary Hoerning	City of Upland
David De Jesus	Three Valleys Municipal Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Jeff Pierson	Crops
Terry Catlin	Inland Empire Utilities Agency
Hank Stoy	Rancho Cucamonga Resident
Teri Layton	Santa Ana River Water Company

The Watermaster Board Meeting was called to order by Chair Willis at 11:05 a.m.

**PLEDGE OF ALLEGIANCE**

**AGENDA - ADDITIONS/REORDER**

Mr. Manning stated the Advisory Committee meeting was held at 9:00 a.m. this morning but absent a quorum due to a lack of Agricultural representation, there was no action taken on the Consent Calendar items; those items will be placed on the February agenda for consideration. Counsel Slater stated regarding the Consent Calendar there are five separate sub-headings, of these items listed today there are some can be acted upon independently by the Watermaster Board without advice of the Advisory Committee. There is a custom that items are usually acted upon by the Watermaster Board through the Pools and Advisory Committee recommendations. Counsel Slater stated it would be at the Board

members' discretion to take action on Consent Calendar items A, B, C, and D and then conditionally approve item E, sending it the Advisory Committee for action at the February meeting. A discussion ensued regarding this matter and it was decided the Watermaster Board would only vote on Consent Calendar items A & B at this time and would have the remainder of the items brought back after the Advisory Committee members had a chance to review and vote at the February meeting.

**PUBLIC COMMENTS**

No public comments were received.

**INTRODUCTIONS - CALENDAR YEAR 2007 WATERMASTER BOARD MEMBERS**

John Anderson	Inland Empire Utilities Agency
Bob Bowcock	Non-Agricultural Pool (Vulcan Materials Company)
Jim W. Bowman	City of Ontario (Appropriative Pool)
Charles Fields	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Sandra Rose	Monte Vista Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Ken Willis	West End Consolidated Water Company

**RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS**

1. Mr. Paul Hamrick

*Motion by Anderson, second by Hofer and by unanimous vote*

***Moved to have Mr. Manning attend Jurupa Community Services next board meeting and personally present Mr. Hamrick his recognition plaque, as discussed***

**I. CALENDAR YEAR 2007 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. **Nominations will be heard for Watermaster Board Chair**  
*Ken Willis representing West End Consolidated Water Company was appointed for his second term as the 2007 Watermaster Chair by unanimous vote*
2. **Nominations will be heard for Watermaster Board Vice-Chair**  
*Bob Kuhn representing Three Valleys Municipal Water District was appointed as the 2007 Watermaster Vice-Chair by unanimous vote*
3. **Nominations will be heard for Watermaster Board Secretary/Treasurer**  
*Sandra Rose representing Monte Vista Water District was appointed for her second term as the 2007 Watermaster Board Secretary/Treasurer by unanimous vote*

**II. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held December 21, 2006

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2006
2. Combining Schedule for the Period July 1, 2006 through November 30, 2006
3. Treasurer's Report of Financial Affairs for the Period November 1, 2006 through November 30, 2006
4. Profit & Loss Budget vs. Actual July 2006 through November 2006

*Motion by Vanden Heuvel, second by Kuhn, and by unanimous vote*

***Moved to approve Consent Calendar Items A through B, as presented***

The Consent Calendar items C, D, and E will be carried over for vote on the February agenda due to no quorum at the Advisory Committee meeting.

**C. CHINO BASIN WATERMASTER INVESTMENT POLICY**

Resolution 07-01 - Resolution of the Chino Basin Watermaster, San Bernardino County, California, re-authorizing the Watermaster's Investment Policy

**D. LOCAL AGENCY INVESTMENT FUND**

Resolution 07-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

**E. NOTICE OF INTENT**

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

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Santa Ana River Water Right Application

Counsel Slater stated there was a recent meeting held at the State Board offices which was attended by Ken Manning, Ken Willis, Michael Fife, and Mark Wildermuth along with some of the State Water Resources Control Board staff. The meeting was viewed as success from the standpoint of communication and making sure the State Board fairly understood the nature of our project. The State Board did decline the unanimous request of the parties to hold a pre-hearing workshop; nonetheless we did have ample time at the meeting to meet with them and it is anticipated we will be able to meet with them again after the notice goes out. It was noted at that meeting that the State Board is expected to issue a Notice of a Hearing at the end of January. This could involve a lengthy State Board process and our involvement in that process is likely to be required at any level regardless of what becomes of the sole protest against our application that was filed by the Department of Fish and Game (DFG). We have an interest in the proceedings and we would likely want to proceed and participate in the hearing process even if DFG were to dismiss its protest against the Chino Basin Watermaster. Chair Willis stated the recent meeting was very useful mainly because of the new staff at the State Board who are reviewing the water right applications. A brief discussion ensued with regard to the application process.

2. Regional Salinity Cooperative Agreement

Counsel Slater stated this item is essentially at a standstill at this point in time; there are people still working on this item although there is nothing new to report. Mr. Vanden Heuvel asked counsel to give a more detailed description regarding this item. Counsel Slater stated this is the item regarding waste discharge permits and how the Regional Board is going to respond to various opportunities to address discharges. There was a question that was provoked by some of the state project contractors and the implications on our approach in the Chino Basin with regard to the Santa Ana River and Maximum Benefit and how those can be harmonized and integrated. There has been ongoing dialog regarding this issue for approximately a year. Mr. Vanden Heuvel inquired as to the participants in the Cooperative Agreement. Counsel Slater stated the primary is Mark Wildermuth and he has been involved since the beginning in various capacities trying to provide input. Mr. Manning stated approximately one year ago the Regional Board Executive Director, Jerry Thibeault, introduced the concept of waste discharge permits and the application which is being developed for the waste discharge permits for those people who are going to be recharging water into the watershed. There was much controversy over this permit making its way into their Regional Boards. It was decided amongst the parties that the Chino Basin should try and resolve this possibly a different avenue so that it did not entangle our Regional Board. The parties who are working together for this arrangement are the same parties that are SAWPA related along the Santa Ana River and

the have brought in Bill Dendy to act as a mediator to solve this problem. Mr. Manning stated the Chino Basin has Max Benefit so this issue does not relate to us; however, it is still very important to us because what they may create out of this process may affect us. Michael Fife and Mark Wildermuth are attending the meetings on our behalf to insure these proceedings do not jeopardize the Max Benefits that we have here within the Chino Basin. A lengthy discussion ensued with regard to this topic and its affects on our recharge capabilities.

3. MWD DYY Agreement

Counsel Slater stated there are three separate, but related discussions that are presently occurring regarding Watermaster's responsibility to attempt to implement broad based storage and recovery programs. There have been discussions progressing with Castaic Lake Water Agency, San Diego County Water Authority, and an interest in expanding the Metropolitan Dry Year Yield Program that we presently have in place. It is our hope to be able to bring back one, two, or possibly three separate arrangements that could be packaged together for consideration by the Watermaster parties. In order to allow that to happen we need to have some financial and facility investigations undertaken; a proposal for a cost sharing arrangement was considered and that required an estimate on our part. Dave Argo's firm, Black & Veatch, has prepared a proposed budget and we are now in the process of going to the three parties and asking them for a participation in the joint study. A lengthy discussion regarding this endeavor ensued.

4. Peace II Process

Counsel Slater stated we are anxiously awaiting the report from Mr. Scalmanini and noted we all are hopeful we will remain on schedule with the Peace II process. Counsel and staff has had a conversation with Anne Schneider, our Special Referee, who has suggested the schedule that we produced and distributed for your consideration at the last Board meeting, be the cornerstone of a briefing to the court to discuss our proposed schedule for completion of the various tasks. This will be a conditional approval due to the CEQA process still needing to be completed; the court would like us to make such a showing at the end of February/beginning of March in terms of a pleading and then a hearing would take place to update the court thirty days thereafter. Counsel Slater noted one of the items on the schedule is having the micro economic analysis completed which does require an expert to perform the study. Staff has been in contact with Dr. Sunding who did the macro analysis; Dr. Sunding is ready, willing and able to perform the study within our time constraints and has proposed a budget of approximately \$160,000 to complete the analysis. This cost figure has been shared through the Watermaster process and questions have been raised regarding the total funding and the desire to have some upfront scoping included. We are in the process of concluding the details with Dr. Sunding. A contract should be drawn up and ready to go through the Watermaster process soon.

**B. ENGINEERING UPDATES**

1. Rialto Request

Mr. Wildermuth stated a year ago the Regional Board was beginning to talk about writing permits for imported water recharge, the Regional Board engaged the Watermaster staff to have a discussion about. From those deliberations, one of the concerns that came up was granting people who are not part of the Optimum Basin Management Program (OBMP) process, access to the maximum benefit permit. After several discussions, the Regional Board issued its first draft recharge permit and in that draft it was stated you had to be an OBMP participant or you would not get access to the assimilative capacity in the Chino Basin. Subsequent to that draft issue, the City of Rialto's Wastewater Discharge Permit has come up for renewal. In that process the Regional Board noted that part of Rialto's planning was to serve recycled water, which would be on property overlying in the Chino Basin. The Regional Board has contacted the Inland Empire Utilities Agency (IEUA) and the Chino Basin Watermaster (CBWM) staff regarding this issue for comment. From that

request for comment, it was determined that in order for the City of Rialto to serve recycled water to the Chino Basin they have to get a letter from both IEUA and CBWM saying whatever the City of Rialto is doing is consistent with the OBMP. Mr. Wildermuth stated, to his knowledge, the City of Rialto has not participated monetarily or personally in the formation and adoption of the OBMP. This is an information item only at this time and parties may be asked to provide them with a letter in the near future. A lengthy discussion ensued with regard to Mr. Wildermuth's update on the Rialto request. Mr. Manning stated it is staff's recommendation since the City of Rialto has not participated in any of the costs necessary to achieve the Maximum Benefit there would have to be some sort of negotiations before a letter would be written granting them access including some sort of buy-in comparable with the proportional area that they are talking about; we will not automatically write them an acceptance letter. Mr. Manning stated staff has notified the Regional Board's staff that the Chino Basin Watermaster is not prepared at this time to write a letter because we do not have enough information on their request. A formal request that includes more details is now needed from the City of Rialto in order to proceed with their request.

### **C. FINANCIAL REPORT**

#### **1. Assessment Package Update**

Ms. Rojo stated following the inclusion of the Assessment Package in November 2006, it was realized at that time that there were some production and transfer/assignment corrections that the appropriators needed to make to the information they submitted. The Assessment Package has been on hold until those issues were taken care of. Those changes have been made and a copy is now available on the back table and will be brought forward through the Watermaster process in February for review and/or approval.

### **D. CEO/STAFF REPORT**

#### **1. Legislative Update**

Mr. Manning discussed the Governors new state report and in that report the Governor discussed infrastructure. There is a bill that is tied to a water bond that the Governor is proposing and that appears to be approximately a \$3.9 billion dollar proposal with \$2 billion dollars authorized in revenue bonds. Mr. Manning stated he has not heard what the senate and the house assembly will do with that when they get it. Mr. Manning stated on the federal level there is some discussions going on in Washington right now regarding creating a new tax related mechanism to assist in financing certain kinds of water infrastructure projects including water recycling, desalting, and groundwater remediation. That involves authorization of the tax credit bonds which is similar to what congress did with the renewable energy project in 2005; this is not tied to appropriative dollars. This just might finance several of the projects which are being discussed for California and projects here in the Chino Basin. Updates will be given on these and several more changes in the upcoming months.

#### **2. Recharge Update**

Mr. Manning stated Chino Basin Watermaster recharge efforts are right on target with approximately 5,500 acre-feet of monthly recharge. We are expecting at the end of January/beginning of February a shut down on the Rialto line from Metropolitan Water District who will be doing some repairs. The shut down could last as long as four weeks.

#### **3. Cyclic Storage Account**

Mr. Manning stated he has asked Inland Empire Utilities Agency to negotiate with Metropolitan Water District for an extension of the existing cyclic storage account. Our existing cyclic storage program runs through the end of this year. The provisions within the cyclic storage call for Watermaster to buy the water out of cyclic storage if we do not have an extension beyond 2007. Our balance in that account presently is zero. We are putting water into the Dry Year Yield as a temporary hold until the cyclic storage account is taken care of with the extension.

4. AGWA February 5, 2007

Mr. Manning stated this is notification regarding the upcoming Association of Groundwater Agencies which is holding their annual conference on February 5, 2007 at the Ontario Convention Center and it is an all day event. This conference will be discussing a number of subjects that are relevant to all of your agencies and Mr. Manning encouraged all who could attend should. A copy of the flyer is available on the back table.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. BOARD MEMBER COMMENTS**

The Board members welcomed Jim Bowman to his seat on the Watermaster Board. Mr. Bowman noted his appreciation and stated he looked forward to getting to know the members and the issues at hand.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. FUTURE MEETINGS**

January 23, 2007	9:00 a.m.	GRCC Meeting
January 25, 2007	9:00 a.m.	Annual Advisory Committee Meeting
January 25, 2007	11:00 a.m.	Annual Watermaster Board Meeting

The Annual Watermaster Board Meeting Adjourned at 12:05 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: February 22, 2007