

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

October 25, 2007

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 25, 2007 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	West End Consolidated Water Company
Bob Kuhn	Three Valleys Municipal Water District
Terry Catlin	Inland Empire Utilities Agency
Jim Bowman	City of Ontario
Sandra Rose	Monte Vista Water District
Charles Field	Western Municipal Water District
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

Watermaster Staff Present

Sheri Rojo	CFO/Asst. General Manager
Gordon Treweek	Project Engineer
Sherri Lynne Molino	Recording Secretary

Watermaster Consultants Present

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

Others Present

Dave Crosley	City of Chino Basin Watermaster
Mark Kinsey	Monte Vista Water District
Jeff Pierson	Ag Pool – Crops
Rich Atwater	Inland Empire Utilities Agency
Kevin Sin	City of Pomona
Robert Tock	Jurupa Community Services District
Jack Safely	Western Municipal Water District
David DeJesus	Three Valleys Municipal Water District

The Watermaster Board Meeting was called to order by Chair Willis at 11:06 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 Watermaster Board Meeting held September 27, 2007

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of September 2007

2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through August 31, 2007
4. Treasurer's Report of Financial Affairs for the Period August 1, 2007 through August 31, 2007
5. Profit & Loss Budget vs. Actual July 2007 through August 2007

Motion by Rose, second by Bowman, and by unanimous vote

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

II. BUSINESS ITEMS

A. INTERVENTION – FUJI NATURAL FOOD INC.

Ms. Rojo stated staff is bringing forward the Fuji Natural Food intervention request and noted it was brought forward to this committee back in August and at that time it was recommended by the Advisory Committee to hold it over for further investigation. Staff did do some further investigation into this company and it was decided Fuji Natural Food should enter into the Agricultural Pool. Fuji Natural Food Inc. grows food hydroponically and uses approximately 600 acre-feet of water a year. They have been in operation since the early 1980's however; we did not know about their existence nor did they never intervene into the Judgment. This item was approved unanimously by the three pool committee members earlier this month with a separate motion being made by the Non-Agricultural Pool. The Advisory Committee had a no vote from the Non-Agricultural Pool. Ms. Rojo noted the Non-Agricultural Pool's motion was to approve the intervention into the Chino Basin Watermaster Agricultural Pool with the caveat that Chino Basin Watermaster staff conduct a complete audit of the pools to determine if parties are properly assigned. Mr. Bowcock offered comment regarding the motion made at the Non-Agricultural pool meeting and the comments made at this morning's Advisory meeting. Mr. Bowcock stated he did not want to stop the intervention, but that his intentions were to make sure parties intervening into the Judgment are being properly placed into the correct pools. Mr. Vanden Heuvel stated the Agricultural Pool is protective of their pool and would not be in favor of an investigation into parties that are already placed into the Agricultural Pool. Mr. Vanden Heuvel inquired as to the time frame of the look back for which parties were placed into their perspective pools. Mr. Hofer stated he is in agreement with what Mr. Vanden Heuvel stated and noted the Agricultural Pool would not like to see these rule changed now. Mr. Pierson stated on behalf of the Agricultural Pool he would like to understand what Director Bowcock is attempting to do with his suggestion of pool investigations. Mr. Pierson asked that Mr. Bowcock come to the next Agricultural Pool meeting to give a more detailed explanation of what outcome he is wanting from his request. Mr. Bowcock stated his request for inquiry was actually to protect the Agricultural Pool. A discussion regarding the number of years for the look back ensued. Counsel Slater stated the Watermaster proposed adopted policy is for a four year look back arrangements unless it is equivalent to fraudulent look back. Ms. Rojo commented on establishing guidelines on a go forward basis and noted staff is aware of other interventions that we will bring forward as well; staff will work with the parties to create some sort of guidelines in the near future.

Motion by Vanden Heuvel, second by Rose and by unanimous vote

Moved to approve Fuji Natural Food, Inc. intervention into the Chino Basin Watermaster Agricultural Pool party, as presented

B. PEACE II AND MZ1 LONG TERM PLAN

Counsel Slater stated the stipulation has already been approved with the City of Chino Hills and was filed with the court and there were conforming changes that are required with regard to the plan. There are also conforming changes that occur to the Peace II documents. Counsel Slater stated he will move through each segment of the documents allowing time for digestion and comment. Counsel Slater stated the Advisory Committee decided at their meeting this morning to approve this set of items in one motion which this Board can also do or if chosen can break apart each document with separate motions. Counsel Slater reviewed the discussions that took place at the last Watermaster Board meeting in September. Counsel

Slater stated a memo was distributed this week that said we had reached closure on the process. The prior week a notice was sent out regarding the principles and those principles were attached in the meeting packet. The principles provided methodology for addressing capital and O&M costs and they relate to future recharge facilities; the principles were supported unanimously by all members and are included in the document. Counsel Slater commented on the recycled water portion in the suite of documents and of equities related to the benefits and burdens of desalted water. Counsel Slater stated after two years the parties really wanted an assurance that they were done and to know that come 2008 they are not going to come up with a new issue which will pull at the thread of the Agreement. Counsel Slater stated everyone who participated in the process said they are done and we are not going to raise these issues again for the balance of the initial term of the Peace Agreement which will get us to 2030. Counsel Slater stated Peace I and II are completed. Counsel Slater offered comment with regard to Inland Empire Utilities Agency's (IEUA) involvement; and referred to paragraph 7 of the memorandum. IEUA is pledging its support but it wants to have some resolution of certain protocols related to carrying out the Peace II objectives. Since the time that the principles were approved staff has met with IEUA and have an understanding in writing allowing the Peace II process to move forward with an understanding that Watermaster and IEUA will independently sit down and work on cost procurement protocols and public bid requirements along with addressing outstanding invoices and some offsets related to services rendered in the last 12 to 24 months. Mr. Catlin commended Watermaster staff and counsel for a job well done on producing this suite of documents.

Counsel Slater stated the next step in the process would be to pick up the conforming changes that were required out of the City of Chino Hills stipulation as it related to the MZ1 Long Term Plan. There are two documents that reflect those changes; the Peace II Agreement and the Amendment to Exhibit G to the Judgment. These documents have been vetted through the many lawyers and principles and as of this morning, there is agreement on all pieces. Counsel Slater referred to handout 8.4 which is the completed version of section 8.4 of the Peace II Agreement; this has been signed off by all parties including the City of Chino Hills.

Counsel Slater stated the next item with regard to context is a revised Project Description that included some technical nits. A discussion ensued with regard to the documents presented this morning.

Motion by Willis, second by Bowman and by unanimous vote

Moved to authorize the approval of the proposed principles for Socio-Economic measures and to approve the conforming changes into the Peace II Legal Instruments to reflect the MZ1 stipulation as well as the Socio-Economic accommodation, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Peace II Documents – Transmittal Pleading re November 29, 2007 Hearing

Counsel Slater stated this item is to bring forth the pleadings to actually transmit the package we just approved to the court and to set a stage for the hearing on November 29, 2007. There is a proposed pleading and a copy is on the back table which is the vehicle that transmits the suite of documents that has been released for several days; we have received comments on this pleading and we are now ready to file the documents. As an attachment is the declaration of Mark Wildermuth; the declaration is intended to provide a narrative explanation on the Modeling Report. The declaration does inform the reader and ultimately the court on what we are doing. The attachment to the declaration is the Wildermuth Modeling Report which has been on the Watermaster ftp site for several days. Mr. Wildermuth has also been making interim presentations regarding the results for several weeks; there is also an executive summary. This report is final for purposes of decision making and Mr. Wildermuth does point out in his declaration that as we get more data. The model will continually be refined. A discussion ensued with regard to the

Wildermuth Modeling Report. Mr. Wildermuth commented on the questions presented to him regarding the report. A discussion regarding mitigation ensued and Counsel Slater read the portion in the documents regarding mitigation. A discussion regarding operating safe yield ensued. Counsel Slater stated the parties have a commitment under the Peace Agreement to address safe yield in 2011. Mr. Wildermuth offered comments on how safe yield was calculated for the Judgment and discussed historic safe yield calculations. Counsel Slater stated staff is seeking a motion to file the pleading, documents, allowing counsel to make grammatical corrections.

Motion by Vanden Heuvel, second by Rose and by unanimous vote

Moved to file Watermaster Pleading, Mark Wildermuth's Declaration, and the Wildermuth Modeling Report and to allow counsel to make grammatical changes to the documents, as presented

2. Subsidence Long Term Plan November 15, 2007 Hearing

Counsel Slater referred to the pleading titled Watermaster's Clarification RE: Special Referee's comments RE: Subsidence Management Plan which is on the back table. Counsel Slater stated if staff felt that it was necessary to clarify the record with regard to some of the comments that were made in the referee's report. Staff is proposing that we file this pleading and it requires no further action from the court or from the referee.

Motion by Vanden Heuvel, second by Catlin and by unanimous vote

Moved to file motion regarding the Special Referee's comments on the Subsidence Long Term Plan, as presented

B. FINANCIAL REPORT

1. Water Activity Reports Update

Ms. Rojo stated the Water Activity Reports have all been mailed out and staff is working on processing the receipt of those submitted and clarifying issues as they have been communicated

C. CEO/STAFF REPORT

1. Legislative Update

No comment was made regarding this item.

2. Recharge Update

Ms. Rojo noted the Recharge handout is available on the back table for review.

3. Strategic Planning Report

Ms. Rojo noted the Strategic Planning Conference was well attended, and items discussed included follow up action items from the previous Strategic Planning Conference as well as new topics and issues.

IV. INFORMATION

1. Newspaper Articles

No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

Due to the Thanksgiving holiday, the next Watermaster Board meeting will be November 15, 2007.

VII. FUTURE MEETINGS

October 23, 2007	9:00 a.m.	GRCC Meeting
October 25, 2007	9:00 a.m.	Advisory Committee Meeting
October 25, 2007	11:00 a.m.	Watermaster Board Meeting
November 8, 2007	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting
* November 13, 2007	9:00 a.m.	Agricultural Pool Meeting @ IEUA
* November 15, 2007	9:00 a.m.	Advisory Committee Meeting
* November 15, 2007	11:00 a.m.	Watermaster Board Meeting

* Notes a date change due to the Thanksgiving holiday

The Watermaster Board meeting was dismissed by Chair Willis at 12:20 p.m.

Secretary: _____

Minutes Approved: November 15, 2007