

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

March 27, 2008

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on March 27, 2008 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Ken Willis, Chair	City of Upland
David DeJesus	Three Valleys Municipal Water District
Al Lopez	Western Municipal Water District
Sheila Mautz	City of Ontario
Kathy Tiegs	Cucamonga Valley Water District
Terry Catlin	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Bob Feenstra	Agricultural Pool

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	Brownstein, Hyatt, Farber & Schreck
Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental, Inc.
Andy Malone	Wildermuth Environmental, Inc.

Others Present

Dave Crosley	City of Chino Basin Watermaster
Mohamad El-Amamy	City of Ontario
Mark Kinsey	Monte Vista Water District
David DeJesus	Western Municipal Water District
Bill Kruger	City of Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District
Robert Tock	Jurupa Community Services District
Jeff Pierson	Ag Pool – Crops
Sandra Rose	Monte Vista Water Company
Jennifer Novak	Ag Pool – State of California
Raul Garibay	City of Pomona
Hank Stoy	Visitor
Nii Addy	Inland Empire Utilities Agency
Dean Martin	Inland Empire Utilities Agency

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

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

No additions or reorders were made to the agenda.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held February 28, 2008

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of February 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2007 through January 31, 2008
4. Treasurer's Report of Financial Affairs for the Period January 1, 2008 through January 31, 2008
5. Budget vs. Actual July 2007 through January 2008

Motion by Bowcock, second by Catlin, and by majority vote – Cucamonga Valley Water District abstained and the City of Ontario abstained from the minutes

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

II. BUSINESS ITEMS

A. SEMI-ANNUAL STATUS REPORT

Mr. Manning stated this item was in the meeting packet last month as an information item in order to receive comments on the report prior to it being placed on the agenda for action. This Semi-Annual Status Report covers the periods from July 2007 to December 2007. Once this report is approved it will be filed with the court.

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

Moved to approve the Semi-Annual Status Report and to file the report with the court, as presented

B. PURCHASING POLICY

Mr. Manning stated this item was presented last month, however, it was pulled from the agenda for revisions and is being brought back today for approval with some of the suggested revisions made to it.

Motion by Catlin, second by DeJesus, and by unanimous vote

Moved to approve the Watermaster Purchasing Policy and Procedures, as presented

C. CHINO BASIN FACILITIES IMPROVEMENT PROJECT, PHASE I, BOND REFINANCE

Mr. Manning stated Inland Empire Utilities Agency (IEUA) notified Watermaster three weeks ago that they were refinancing the Chino Basin Facilities Improvement Project, Phase I, bonds. Watermaster has participated in the Phase I Facility Bond Improvement Program which was a variable rate bond and has previously been producing very well as far as saving money. Due to changes in the variable rates, IEUA felt it necessary to refinance these bonds so they remain in favor of both parties. Watermaster has provided the necessary documents to IEUA to start the refinance process. Mr. Martin handed out information regarding the 2002 variable rate demand bond refinancing. A discussion ensued with regard to Mr. Martin's presentation. Mr. Martin was asked if Watermaster would be asked to approve or sign any document. Mr. Martin indicated the same type of closing certificate of Chino Basin Watermaster would need to be signed again in order for Inland Empire Utilities Agency to file the document with the bank. It was decided by the committee members this matter needed to be reviewed further by Watermaster's legal counsel before a decision is made. A lengthy discussion ensued along with several questions presented which were answered by Counsel Slater and Mr. Martin. It was decided by the board members

this matter needed to be reviewed further by Watermaster's legal counsel before a decision is made and a conference call needed to be scheduled for April 31, 2008 at 3:30 p.m. for a final review and a call for a vote.

Motion by Willis, second by Tiegs, and by unanimous vote

Moved to have legal counsel further investigate the bond refinancing with Inland Empire Utilities Agency and to schedule a Watermaster Board conference call on March 31, 2008 at 3:30 p.m. to review and call for a vote, as presented

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. Non-Agricultural Water Proposal

Mr. Manning handed out a memorandum regarding Overlying Non-Agricultural Pool Stored Water Sale Options. Mr. Manning stated staff has asked legal counsel to put together this memo to begin the thinking process regarding this matter. Counsel Slater reviewed the memo which briefly recaps three avenues generally available to directly market approximately 40,000 acre-feet of groundwater presently held in storage within the basin and available to Watermaster under the court approved agreement to, create a storage and recovery opportunity. The three options are as follows: 1) Request for Proposal, which will pursue a selective request for proposals, 2) No Reserve Auction, which would provide for a no reserve auction, and 3) Price Floor Auction, which could auction some or all of the stored water – all three options were reviewed/discussed in detail.

2. SWRCB Permits

Counsel Slater stated a meeting did take place with the State Board regarding Watermaster's Water Rights Permit recently and a follow up communication will take place on a continued basis until the permit process is complete. Counsel Slater stated the State Board was going to be discussing the permit situation at their last board meeting but that did not happen. Counsel Slater will keep the parties up to date on this matter.

3. Hanson Aggregates

Counsel Slater noted there was a closed session held regarding this item at the last Watermaster Board meeting. This item pertains to the dispute over the damages that occurred at the Lower Day Basin. Counsel and staff have agreed with Hanson Aggregates to take this to a mediation session which will begin on April 3, 2008.

4. Condition Subsequent Number 4

Counsel Slater stated by April 1, 2008 Watermaster needs to file a pleading which updates the court on our CEQA process on the Peace II items. A draft of this pleading was emailed yesterday for the parties to review.

B. ENGINEERING UPDATES

1. Condition Subsequent No. 3 Report

Mr. Wildermuth stated condition subsequent no. 3 was filed with the court and that report completed what the court wanted to see regarding this item. Mr. Wildermuth stated the Special Referee and her technical assistant are still reviewing this document.

2. Condition Subsequent No. 6 Report

Mr. Wildermuth stated this report was requested by the court and due July 1, 2008 in which the definition of Hydraulic Control be formally stated with the concurrence of the Regional Board. Discussions have begun with the Regional Board. Mr. Wildermuth stated it is anticipated Watermaster will be receiving a letter from the Regional Board that will be filed in court substantiating a definition of Hydraulic Control.

3. Hydraulic Control Monitoring Program Report for 2007

Mr. Wildermuth stated this is a requirement from the Regional Board. Mr. Wildermuth reviewed a map which depicted the surface water monitoring locations; this map was evaluated in detail. A lengthy discussion ensued with regard to Hydraulic Control.

4. MZ1 Technical Committee Recommended Scope & Budget for FY 2008/2009

Mr. Malone stated the OBMP/Peace Agreement stated that the MZ1 Technical Committee will formulate a long-term management plan (MZ1 Plan). The goal of that plan would be to minimize or abate future subsidence and fissuring. The MZ1 Monitoring/Testing Program from 2002-2006 developed "Guidance Criteria" in the managed area. The actual MZ1 Plan was approved by the Watermaster Board in October, 2007 and by the court in November, 2007. Mr. Malone reviewed several maps for the MZ1 managed wells in the area of subsidence. An evaluation of the proposed MZ1 activities for 2008/2009 and beyond was reviewed in detail. Mr. Malone reviewed the summary matrix of MZ1 goals, impediments, action items, implications, and prioritization. Other charts regarding conditions of the MZ1 areas were presented. A brief discussion ensued with regard to the MZ1 presentation.

C. FINANCIAL REPORT

1. Budget Update

Ms. Rojo updated the Board members on a change that will be seen in the next Assessment Package regarding the application of the 85/15 rule; a handout accompanied this update. Ms. Rojo stated the 2008/2009 budget is now being formed and there is a budget ad-hoc meeting taking place next to discuss the overall direction Watermaster needs to take regarding the projects and the resulting upcoming budget. The changes that are going to be made to the next budget were reviewed in detail; these changes will provide more clarity. Ms. Rojo stated the MZ1 Technical Committee is aware the budget is being formed and that committee is attempting to get their costs together to provide to staff for integration into the budget process.

D. CEO/STAFF REPORT

1. Legislative Update

Mr. Manning stated bill AB2046 Jones is a water supply assessment groundwater bill that would require water supply assessment and urban water management plans exclude the amount of groundwater projected to be pumped if the source of the groundwater has not been determined by the State Department of Health to have been treated in a treatment standard applicable to the proposed use. What they are doing is restricting the use for urban water management plans to use water that is impaired; this could have a real impact on groundwater basins. Mr. Manning discussed Prop 98 which is on the ballot in June this proposition essentially eliminates emanating domain from the availability of water for agencies water supply projects; this proposition also contains a portion regarding rent control. Mr. Manning stated he was in Sacramento yesterday and had a chance to hear some interesting topics including the potential for a bond measure, although, it does not appear that legislature is at a level of commitment to move forward on these types of difficult issues.

Added Comment:

Mr. Manning reminded those agencies that have not yet signed and returned the Peace II documents to Watermaster to please do so as quickly as possible.

2. Acquisition of Alcoa offsite wells in Chino Watershed Management Zone

Mr. Manning stated this item is something that Watermaster was just made aware of a few days ago. Alcoa has been talking with the Regional Board about discontinuing their operations and how they are going to deal with some of their obligations. The Regional Board contacted Watermaster staff about speaking to Alcoa regarding to possibly acquire some of their wells. The Alcoa wells are small but in a good location for Watermaster.

After review, Watermaster staff does think it would be prudent for Watermaster to acquire those wells. Wildermuth Environmental is working with the Regional Board on this matter and Mr. Manning stated he will keep the parties updated.

IV. INFORMATION

1. New Water Bond Unveiled to Restart Legislative Negotiations
No comment was made regarding this item.

2. Newspaper Articles
No comment was made regarding this item.

V. BOARD MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

VII. FUTURE MEETINGS

March 27, 2007	9:00 a.m.	Advisory Committee Meeting
March 27, 2007	11:00 a.m.	Watermaster Board Meeting
March 28, 2007	9:00 a.m.	Recharge Master Plan Meeting
April 10, 2008	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
April 15, 2008	9:00 a.m.	Agricultural Pool Meeting @ IEUA
April 24, 2008	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
April 24, 2007	9:00 a.m.	Advisory Committee Meeting
April 24, 2007	11:00 a.m.	Watermaster Board Meeting

The Watermaster Board meeting was dismissed by Chair Willis at 12:30 p.m.

Secretary: _____

Minutes Approved: April 24, 2008