

**Minutes**  
**CHINO BASIN WATERMASTER**  
**ANNUAL WATERMASTER BOARD MEETING**  
*January 22, 2009*

The Annual Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 22, 2009 at 11:00 a.m.

**WATERMASTER BOARD MEMBERS PRESENT**

Ken Willis, Chair	City of Upland
Bob Kuhn	Three Valleys Municipal Water District
Charles Field	Western Municipal Water District
Jim Curatalo	Cucamonga Valley Water District
Michael Whitehead	Fontana Water Company
Michael Camacho	Inland Empire Utilities Agency
Bob Bowcock	Vulcan Materials Company
Paul Hofer	Agricultural Pool
Geoffrey Vanden Heuvel	Agricultural Pool

**Watermaster Staff Present**

Ken Manning	CEO
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior 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.

**Others Present**

Jennifer Novak	State of California Dept. of Justice, CIM
Bob Feenstra	Ag Pool – Dairy
Jeff Pierson	Ag Pool – Crops
Rick Hansen	Three Valleys Municipal Water District
David DeJesus	Three Valleys Municipal Water District
Robert DeLoach	Cucamonga Valley Water District
Mark Kinsey	Monte Vista Water District
Ken Jeske	City of Ontario
Robert Tock	Jurupa Community Services District
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Marty Zvirbulis	Cucamonga Valley Water District
Mohamad El Amamy	City of Ontario
Terry Catlin	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District
Rich Atwater	Inland Empire Utilities Agency
Martha Davis	Inland Empire Utilities Agency
Steven Lee	Reid & Hellyer
Eunice Ulloa	Chino Basin Water Conservation District

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

**PLEDGE OF ALLEGIANCE**

**PUBLIC COMMENTS**

No public comments were made.

**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**INTRODUCTIONS - CALENDAR YEAR 2009 WATERMASTER BOARD MEMBERS**

Bob Bowcock	Non-Agricultural Pool
Michael Camacho	Inland Empire Utilities Agency
James Curatalo	Cucamonga Valley Water District
Charles Field	Western Municipal Water District
Paul Hofer	Agricultural Pool (Crops)
Bob Kuhn	Three Valleys Municipal Water District
Geoffrey Vanden Heuvel	Agricultural Pool (Dairy)
Michael Whitehead	Fontana Water Company
Ken Willis	City of Upland

**RECOGNITION OF OUTGOING WATERMASTER BOARD MEMBERS**

1. Mr. Jim Bowman  
Mr. Bowman thanked staff, legal counsel, and Board members for an outstanding job on the Peace II efforts.

**I. CALENDAR YEAR 2008 OFFICERS – Action**

**A. ELECTION OF OFFICERS**

1. Nominations will be heard for Watermaster Board Chair
2. Nominations will be heard for Watermaster Board Vice-Chair
3. Nominations will be heard for Watermaster Board Secretary/Treasurer

**Election Results:**

Mr. Ken Willis, Board Chair  
Mr. Bob Kuhn, Board Vice-Chair  
Mr. Jim Curatalo, Board Secretary/Treasurer

**II. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Watermaster Board Meeting held December 18, 2008

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of December 2008
2. Watermaster Visa Check Detail
3. Combining Schedule for the Period July 1, 2008 through November 30, 2008
4. Treasurer's Report of Financial Affairs for the Period October 1, 2008 through November 30, 2008
5. Budget vs. Actual July 2008 through November 2008

**C. LOCAL AGENCY INVESTMENT FUND**

Resolution 09-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

**D. LEVYING REPLENISHMENT & ADMINISTRATIVE ASSESSMENTS**

Resolution 09-03 – Resolution of the Chino Basin Watermaster Levying Replenishment and Administrative Assessments for Fiscal Year 2008-2009

**E. NOTICE OF INTENT**

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

**F. INDEPENDENT FINANCIAL AUDIT**

Mayer Hoffman McCann P.C. Independent Watermaster Financial Audit

*Motion by Field, second by Curatalo, and by unanimous vote*

***Moved to approve Consent Calendar A through F, as presented***

**II. BUSINESS ITEM**

**A. BUDGET TRANSFER**

Mr. Manning offered background on this item which has been on a previous agenda. Mr. Manning stated this item comes to you with an 80% no vote from the Advisory Committee meeting this morning; the Agricultural Pool representatives voted yes. This recommendation of a no vote from the Advisory Committee means the Board has no position to vote on this item. Chair Willis stated that as noticed in the Watermaster by-laws even if this committee voted unanimously the item would not stand. Chair Willis stated with this being brought forward as it is, this item will be removed. Mr. Bowcock stated he did talk about the item at length at the Advisory Committee meeting this morning and in listening to the Appropriators, there were some very good points brought up. Mr. Bowcock noted he personally witnessed no less than three attempts to reach attempts to reach out to the Agricultural Pool to make this issue go away. Mr. Bowcock commented on how unfortunate this situation is to have caused such a rift between the Pools, because there are solutions out there. Mr. Bowcock urged the participants in all Pools to work through this sad affair quickly. Chair Willis asked Mr. Bowcock and Mr. Vanden Heuvel to be on a committee to try and resolve this situation and to have a meeting take place here at the Watermaster office with the parties involved to come up with a solution. Both Mr. Bowcock and Mr. Vanden Heuvel stated they would work on getting this resolved.

**IV. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. February 2, 2009 Hearing

Counsel Slater stated there is a February 2<sup>nd</sup> and potentially a February 3<sup>rd</sup> hearing scheduled for Watermaster to respond to certain inquiries that the Judge had at the November, 2008, hearing. As the Board is aware legal counsel has been in the process of contacting the parties and fulfilling our commitment to prepare an outline with regard to testimony that each of our witnesses would provide at the hearing. Legal counsel and staff are trying to reduce the potential for conflict and create security to all the parties about what is going to be covered at the hearing. An outline was published as to what was intended to be shown to the Judge regarding our case. This outline also contained a list of prospective witnesses to display an open and transparent witness preparation process. This preparation has been very helpful in reducing the extent of conflict that may occur at this hearing. It will be important to have an efficient and streamlined hearing process in front of the court. There is a proposed revised pleading which summarizes that which has been noted here today on the back table. The witnesses are being offered by Watermaster and are Watermaster witnesses and designed to provide a representative sample by the people who are most knowledgeable about given subjects.

2. Hanson Aggregates Litigation

Counsel Fife stated a tentative settlement has taken place with Hanson Aggregates' and the final documents are still in the works. Calls have been placed to the Hanson Aggregates attorney to no avail and yesterday was told their legal counsel that has been working on this case no longer is working for the law firm. This has set things back slightly; however, the conceptual settlement that is in place is still good.

3. Sale/Auction of Overlying Non-Agricultural Water

Counsel Slater stated this item has not been to the Board previously in its present form and it is not before the Board for any specific action. However, this committee does need to be made aware of a process that is underway, and the intention is to implement an agreement. The context is that during the Peace II process Watermaster executed an agreement and that agreement was approved by the court which was a Purchase and Sale Agreement. That agreement allows Watermaster to purchase water which is presently held in storage and then to use that water in connection for one of two purposes; 1) Watermaster can exercise the option and buy water and use it for a Storage & Recovery Agreement or, 2) Watermaster can use it in connection with Desalter replenishment. The agreement has a two year shelf life; and that agreement would expire at the end of 2009. If Watermaster fails to exercise its option rights to purchase the water in this calendar year, that water would then default back and be made available to the Appropriators under another provision in the Peace II Agreement. There is great interest in trying to harvest the usage of this resource to generate funds that would be made available to the Watermaster and Watermaster families to deploy towards offsetting costs or to provide a broad benefit. After much investigation, the Price Floor Auction appeared to be the best way to move forward with this endeavor. Counsel Slater explained in detail what a price floor auction is and how it works. The process cannot be complete without the Board's approval of the concept and a Storage Agreement which will then in turn go to the court for approval. This must take place prior to going to auction. Counsel Slater stated this will come back to this Board in the form of an agreement, with a proposal for a Storage & Recovery agreement, an analysis of potential for material physical harm, and a proposal made to as to how the broad benefit requirement that is established into the Peace II agreement is satisfied. A lengthy discussion with regard to this matter ensued. Counsel Slater stated Watermaster does not have the expertise to run the actual auction and will need technical assistance. More will follow on this aspect. A discussion regarding the water which is being discussed and the actual bidding process ensued. Mr. Manning stated this item will come back as Counsel Slater noted.

**B. ENGINEERING UPDATES**

1. Progress Report on Recharge Master Plan

Mr. Wildermuth gave the presentation on the progress on the Recharge Master Plan. It was noted the start of this plan began in October, 2008, at the Strategic Planning Conference. The detailed scoping and scheduling are complete and the consultant team which includes Wildermuth Environmental, Black & Veatch, and Wagner Engineers. The technical work was started and the production optimization task was added in January, 2009. Mr. Wildermuth stated there will be eleven workshops to cover the key points and stakeholder input is necessary. Mr. Wildermuth expanded on the Content Management Website which went live in January, 2009. A discussion regarding Mr. Wildermuth's presentation ensued. Mr. Manning stated Watermaster, in the development of the Content Management Website process, made the commitment this would be an open and transparent process with the continuous scheduling of workshops. Mr. Manning noted by the end of next week the Content Management Website will be linked onto the Watermaster Website and will be titled "Recharge Master Planning."

2. Background and Conceptual Scoping of the Pumping Optimization Investigation

No comment was made regarding this item.

3. Oral Progress Report on other Wildermuth Environmental Activities  
No comment was made regarding this item.

**C. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated there is a detailed legislative report provided by Inland Empire Utilities Agency starting on page 151 of the meeting packet. There is a new administration in Washington DC and it is not known how that will affect us. The economic stimulus package will be a great topic of discussion in Washington over the next several months. There will be some funds put towards infrastructure and hopefully a portion of those funds will be channeled into the Chino Basin. Mr. Manning stated thus far there is no change in the state's \$42 billion dollars debt crisis and there appears to be no legislative remedy. There is still a great deal of discussion in Sacramento regarding a Water Bond.

2. Recharge Update

Mr. Manning stated a copy of the recent recharge activity is on the back table. Staff did record the single largest day of storm water capture in the Chino Basin history which was slightly over 1,500 acre-feet in one day. Since that one large storm in December there have not been many more significant storms; however, there are storms predicted to hit possibly today through the weekend. The drought issue is still critical in southern California in terms of rainwater.

**V. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**VI. BOARD MEMBER COMMENTS**

No comment was made regarding this item.

**VII. OTHER BUSINESS**

No comment was made regarding this item.

**VIII. FUTURE MEETINGS**

January 22, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
January 22, 2009	9:00 a.m.	Annual Advisory Committee Meeting
January 22, 2009	11:00 a.m.	Annual Watermaster Board Meeting
January 27, 2009	9:00 a.m.	GRCC Meeting
February 2 & 3, 2009		CBWM Hearing – San Bernardino Court
February 12, 2009	10:00 a.m.	Joint Appropriative & Non-Agricultural Pool Meeting
February 17, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 26, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
February 26, 2009	9:00 a.m.	Advisory Committee Meeting
February 26, 2009	11:00 a.m.	Watermaster Board Meeting

The Annual Watermaster Board meeting was dismissed by Chair Willis at 12:05 p.m.

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

Minutes Approved: February 26, 2009