

# CHINO BASIN WATERMASTER



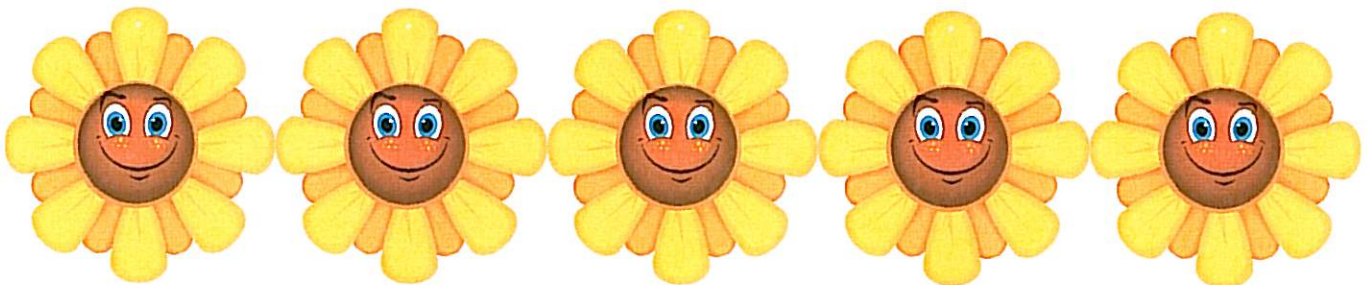
## NOTICE OF MEETINGS

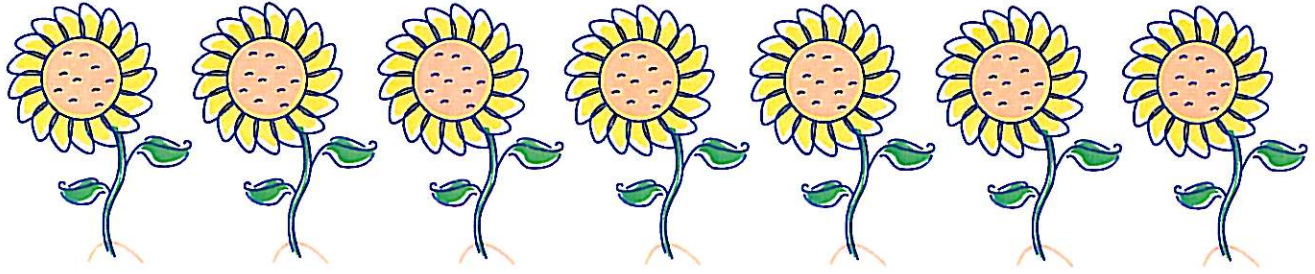
Thursday, September 3, 2009

1:00 p.m. – Appropriative & Non-Ag Pool Meeting

*AT THE CHINO BASIN WATERMASTER OFFICES*

*9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
(909) 484-3888*



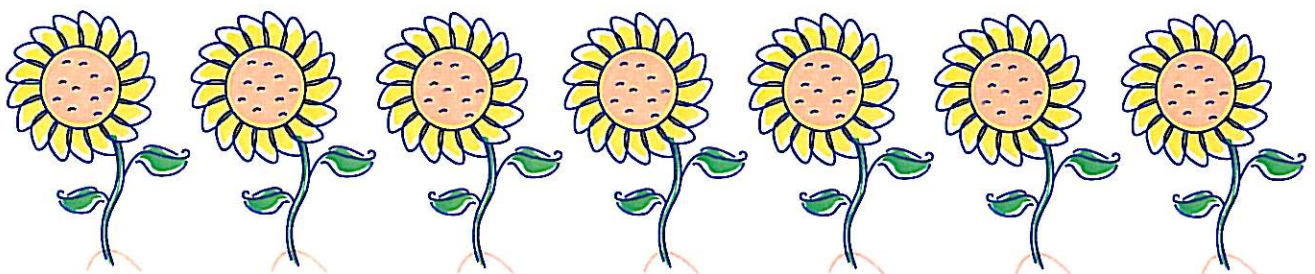


# **CHINO BASIN WATERMASTER**

**Thursday, September 3, 2009**

1:00 p.m. – Appropriative & Non-Ag Pool Meeting

## **AGENDA PACKAGE**



**CHINO BASIN WATERMASTER  
JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING  
WITH**

*Mr. Ken Jeske, Chair, Appropriative Pool  
Mr. Mark Kinsey, Vice-Chair, Appropriative Pool  
Mr. Bob Bowcock, Chair, Non-Agricultural Pool  
Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool*

**1:00 p.m. – September 3, 2009**

**At The Offices Of  
Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730**

**AGENDA**

**CALL TO ORDER**

**AGENDA - ADDITIONS/REORDER**

**I. CONSENT CALENDAR**

**Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.**

**A. MINUTES**

1. Minutes of the Special Appropriative Pool Meeting held July 30, 2009 *(Page 1)*
2. Minutes of the Special Non-Agricultural Pool Meeting held July 30, 2009 *(Page 5)*
3. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held August 13, 2009 *(Page 7)*

**B. FINANCIAL REPORTS**

1. Watermaster Visa Check Detail for the month of July 2009 *(Page 15)*
2. Combining Schedule for the Period July 1, 2009 through July 31, 2009 *(Page 17)*
3. Treasurer's Report of Financial Affairs for the Period July 1, 2009 through July 31, 2009 *(Page 19)*
4. Budget vs. Actual July 2009 *(Page 21)*

**II. BUSINESS ITEM**

**A. AD-HOC COMMITTEE**

Discussion of the Formation of an Ad-Hoc Committee to Review the Chino Basin Watermaster Policy Manual *(Page 23)*

**B. WATER AUCTION PRESENTATION**

Presentation on Water Auction Strategies - oral

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Auction Update
2. Court Transition Process



**B. FINANCIAL REPORT**

1. Financial Changes
2. Assessment Package Workshop

**C. ENGINEERING REPORT**

1. Recharge Master Plan Update
2. State of the Basin Report

**D. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. Open Meeting Rules Update

**IV. INFORMATION**

1. Newspaper Articles (*Page 25*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

**VIII. FUTURE MEETINGS**

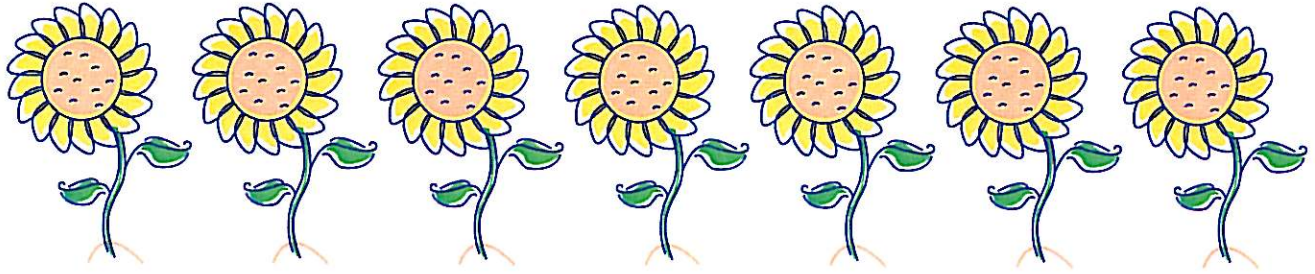
September 1, 2009	9:00 a.m.	Special GRCC Meeting @ CBWM
September 3, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
September 9, 2009	2:00 p.m.	Assessment Package Workshop @ CBWM
September 10, 2009	9:00 a.m.	MZ1 Technical Committee Meeting @ CBWM
September 15, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
September 17, 2009	8:30 a.m.	Tentative CBWM Hearing @ San Bernardino Court
September 24, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
September 24, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
September 24, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
September 24, 2009	1:00 p.m.	Recharge Master Plan Workshop @ CBWM
September 28, 2009	11:00 a.m.	Golf Tournament @ Oak Quarry
September 28, 2009	5:00 p.m.	Strategic Planning Kick-Off Reception @ Oak Quarry
September 29, 2009	7:30 a.m.	Strategic Planning Conference @ Etiwanda Gardens

**NEW CHINO BASIN WATERMASTER MEETING SCHEDULE TAKES EFFECT IN OCTOBER:**

October 1, 2009	1:00 p.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
October 8, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
October 15, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
October 15, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
October 22, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM
October 22, 2009	1:00 p.m.	Recharge Master Plan Workshop @ CBWM

**Meeting Adjourn**



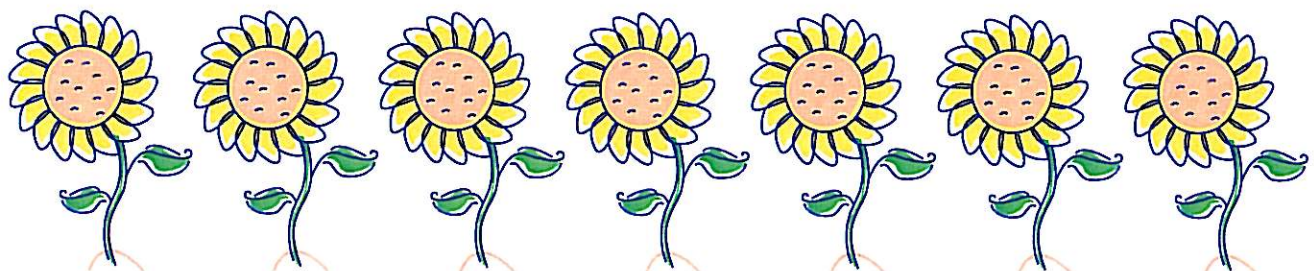


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Special Appropriative Pool Meeting – July 30, 2009
2. Special Non-Agricultural Pool Meeting – July 30, 2009
3. Joint Appropriative and Non-Agricultural Pool Meeting – August 13, 2009



**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**SPECIAL APPROPRIATIVE POOL MEETING**  
July 30, 2009

The Special Appropriative Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 30, 2009 at 3:30 p.m.

**APPROPRIATIVE POOL MEMBERS**

Mark Kinsey, Vice-Chair	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Mohamed El Amamy	City of Ontario
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Anthony La	City of Upland
Robert Tock	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company

**AGRICULTURAL POOL MEMBERS**

Bob Feenstra	Ag Pool – Dairy
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**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
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

**Others Present**

Marty Zvirbulis	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
Bob Bowcock	Vulcan Materials Company (Calmat Division)
David Penrice	Aqua Capital Management

Chair Kinsey called the Special Appropriative Pool meeting to order at 3:34 p.m.

**AGENDA - ADDITIONS/REORDER**

It was noted the confidential session would take place first.

The regular open special Appropriative Pool meeting was convened to hold its confidential session at 3:35 p.m.

The closed session was convened at 4:04 p.m.

Chair Kinsey stated the Appropriative Pool is now back in open session and in closed session the Appropriative Pool took action to approve the stipulation between the Appropriative Pool and the Non-Agricultural Pool regarding financial benefits derived from the auction. Mr. Manning stated the Non-Agricultural Pool needs to hold its meeting directly after this meeting followed by the Advisory Committee and Watermaster Board meeting at 5:00 p.m. today.

I. **BUSINESS ITEM – DISCUSSION/POSSIBLE ACTION**

A. **WATERMASTER AUCTION**

This item was discussed in closed session.

*Motion by DeLoach, second by El-Amamy, and by unanimous vote*

***Moved to approve the Stipulation between the Appropriative Pool and the Non-Agricultural Pool, as presented***

B. **ANALYSIS FOR PLAN B**

Mr. Manning stated this item is on the agenda because discussion needs to begin to provide Watermaster staff the guidance as an alternative to the auction Mr. Manning noted there is a deadline to complete this auction by December 27, 2009 if this does not occur then there are other things that need to take place. Staff wants to make sure there is a plan in place that can be implemented very quickly and to date there has been no discussion on a Plan B. Mr. DeLoach stated the Appropriative Pool through the terms of the Peace II Agreement will take possession of the water. Counsel Slater stated the default is really not a default because there is a pre-negotiated process to be followed. The water will be made available for the parties to buy and there will be an opportunity for the local market to occur if all the producers exercise their option rights. This is the alternative plan that the Appropriators negotiated in December, 2007. It has been the primary goal however to pursue the auction. Counsel Slater stated if the auction does not occur then Plan B will come into play. Once Plan B is set into motion there will be different variations on how the parties might seek to acquire the water under a subset of the total members of the Appropriative Pool purchasing the water, then holding it for some subsequent use under a Storage & Recovery Agreement in the identified quantities. Chair Kinsey stated some of the goals for today would be to see if the Pool could reach consensus on some kind of Plan B approach should the auction not take place or close by December 27, 2009. Mr. DeLoach stated if the auction fails it does not mean there is not money out there for water of this nature that it could not be marketed or sold at a later date. Mr. DeLoach stated then pursuant to the Peace II Agreement, the Appropriative Pool takes possession of the water which is then held in a storage account and then Watermaster can redo the auction at a later date. Mr. Manning stated that would be one way of administering that provision. Mr. Manning stated if this is the way to Appropriative Pool would want to handle this matter then possibly a Memorandum of Understanding (MOU) would need to be drafted that would memorialize the transaction to guarantee a certain amount of water and that would have to be committed to well in advance. Mr. Manning stated staff needs direction because if something needs to be drafted, clarification needs to come quickly. Counsel Slater stated if the desire is to transfer title of the water to the Appropriative Pool then there will need to be some legal instrument that indicates the water is being held in a storage account with a Storage & Recovery Agreement or is the water being spun out for the individual producers to hold in their local accounts and then there is a call to bring it back. Staff needs to know the approval process for the Storage & Recovery Agreement. Chair Kinsey stated there will be a financial obligation involved that each agency needs to be aware of and then there is the mechanics of doing this including where the water is held. Counsel Slater stated with this being a local storage agreement there is no broad benefit requirement and with a Storage & Recovery Agreement there would be. A lengthy discussion regarding this matter ensued. Mr. Manning stated from an accounting perspective it would be simplistic that the best thing to do would be to create a separate storage account for this water alone even though it would be allocated out in certain percentages; this is what needs to be agreed to by the parties. Chair Kinsey noted there is still a purchase obligation. Mr. Manning stated staff would need to have those terms clarified. Counsel Fife stated there will need to be some allocations of costs so that the money can be collected. A discussion regarding Plan B



ensued. Mr. DeLoach inquired as to how much direction needs to be given today to Watermaster staff. Mr. Manning stated what is needed is direction from the Appropriative Pool to have counsel draft the instrument necessary that will outline the terms as they are seen. This will give something tangible to hand out next time to be able to say yes or no to keep or change this maneuver around. A lengthy discussion regarding this matter including costs to the Appropriators ensued. Counsel Fife stated with regard to the export issue, staff and counsel has asked for approval for the 36,000 acre-foot block and allowing it to be exported and it has been made very clear that it is a onetime occurrence and it will not create precedent. Mr. Manning stated this block of water needs to be kept isolated. A discussion regarding the various variables ensued.

*Motion by Kinsey, second by La, and by unanimous vote*

***Moved to direct Watermaster to prepare a draft MOU for the Appropriative Pool to consider and then a brief analysis or explanation of what the mechanism is to implement that MOU with the idea of the water being held collectively in trust for future possible Storage & Recovery programs, as presented***

**II. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**III. OTHER BUSINESS**

No comment was made regarding this item.

**IV. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to the Appropriative Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

This item was taken first.

**V. FUTURE MEETINGS**

August 5, 2009	10:00 a.m.	CBWM Stored Water Auction Administration Workshop
August 11, 2009	9:30 a.m.	CBWM Hearing @ San Bernardino Court
August 13, 2009	8:00 a.m.	MZ1 Technical Committee Meeting @ CBWM
August 13, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
August 18, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 18, 2009	8:00 a.m.	IEUA DYY Meeting @ CBWM
August 27, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
August 27, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Special Appropriative Pool meeting was dismissed by Chair Kinsey at 4:22 p.m.

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

Minutes Approved: \_\_\_\_\_

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**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**SPECIAL NON-AGRICULTURAL POOL MEETING**  
July 30, 2009

The Special Non-Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 30, 2009 at 4:30 p.m.

**NON-AGRICULTURAL POOL MEMBERS**

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Mohamed El Amamy	City of Ontario

**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
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

**Others Present**

Mark Kinsey, Vice-Chair	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Dave Crosley	City of Chino
Raul Garibay	City of Pomona
Anthony La	City of Upland
Robert Tock	Jurupa Community Services District
Charles Moorrees	San Antonio Water Company
J. Arnold Rodriguez	Santa Ana River Water Company
Robert Young	Fontana Union Water Company
Mike McGraw	Fontana Water Company
Bob Feenstra	Ag Pool – Dairy
Marty Zvirbulis	Cucamonga Valley Water District
Rick Hansen	Three Valleys Municipal Water District
David Penrice	Aqua Capital Management

Chair Bowcock called the Special Appropriative Pool meeting to order at 4:30 p.m.

**AGENDA - ADDITIONS/REORDER**

**I. BUSINESS ITEM – DISCUSSION/POSSIBLE ACTION**

**A. WATERMASTER AUCTION**

Discussion and Possible Action Regarding a Stipulation with the Non-Agricultural Pool

*Motion by Bowcock, second by El-Amamy, and by unanimous vote*

***Moved to approve the Stipulation between the Appropriative Pool and the Non-Agricultural Pool, as presented***



**II. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**III. OTHER BUSINESS**

No comment was made regarding this item.

**IV. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to the Appropriate Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action

No confidential session was called to order.

**V. FUTURE MEETINGS**

- |                 |            |  |
|-----------------|------------|--|
| August 5, 2009  | 10:00 a.m. | CBWM Stored Water Auction Administration Workshop  |
| August 11, 2009 | 9:30 a.m.  | CBWM Hearing @ San Bernardino Court                |
| August 13, 2009 | 8:00 a.m.  | MZ1 Technical Committee Meeting @ CBWM             |
| August 13, 2009 | 10:00 a.m. | Appropriate & Non-Agricultural Pool Meeting @ CBWM |
| August 18, 2009 | 9:00 a.m.  | Agricultural Pool Meeting @ IEUA                   |
| August 18, 2009 | 8:00 a.m.  | IEUA DYY Meeting @ CBWM                            |
| August 27, 2009 | 9:00 a.m.  | Advisory Committee Meeting @ CBWM                  |
| August 27, 2009 | 11:00 a.m. | Watermaster Board Meeting @ CBWM                   |

The Special Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 4:32 p.m.

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

Minutes Approved: \_\_\_\_\_

**Draft Minutes**  
**CHINO BASIN WATERMASTER**  
**JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**  
August 13, 2009

The Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on August 13, 2009 at 10:00 a.m.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Ken Jeske	City of Ontario
Mark Kinsey	Monte Vista Water District
Robert DeLoach	Cucamonga Valley Water District
Robert Tock	Jurupa Community Services District
Mike McGraw	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
Ron Craig	City of Chino Hills
Dave Crosley	City of Chino
J. Arnold Rodriguez	Santa Ana River Water Company
Anthony La	City of Upland

**NON-AGRICULTURAL POOL MEMBERS PRESENT**

Kevin Sage	Vulcan Materials Company (Calmat Division)
Mohamed El Amamy	City of Ontario

**Watermaster Board Members Present**

Jim Curatalo	Cucamonga Valley Water District
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**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Asst. General Manager
Ben Pak	Senior Project Engineer
Danielle Maurizio	Senior Engineer
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present**

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Scott Slater	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

**Others Present**

David De Jesus	Three Valleys Municipal Water District
Marty Zvirbulis	Cucamonga Valley Water District
Doug La Belle	City of Chino Hills Consultant
Josh Swift	Fontana Water Company
John Mura	City of Chino Hills
Eunice Ulloa	Chino Basin Water Conservation District
Marv Shaw	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Sandra Rose	Monte Vista Water District

Chair Jeske called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 10:02 a.m.

## **AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

### **I. CONSENT CALENDAR**

#### **A. MINUTES**

1. Minutes of the Joint Appropriative and Non-Agricultural Pool Meeting held July 9, 2009

#### **B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of July 2009
2. Watermaster Visa Check Detail for the month of June 2009
3. Combining Schedule for the Period July 1, 2008 through June 30, 2009
4. Treasurer's Report of Financial Affairs for the Period June 1, 2009 through June 30, 2009
5. Budget vs. Actual July 2008 through June 2009

*Motion by DeLoach, second by Garibay, and by unanimous vote – Non-Ag concurred  
Moved to approve Consent Calendar item A through B, as presented*

### **II. BUSINESS ITEM**

#### **A. NOTICE OF INTENT TO PURCHASE**

Mr. Manning stated as part of the Peace II Agreement in the purchase of the Overlying Non-Agricultural water one of the requirements was to issue an official notice of Intent to Purchase. This is the water that is the subject of the auction. Counsel Fife stated the issuance of the notice which states the first payment of the water must be tendered to the Non-Agricultural Pool within 30 days of the issuance of the notice. The intent is to use the proceeds from the auction to make that payment. Staff has proposed to put the purchase date out as far as possible and still be in compliance with the Purchase and Sale Agreement due to not knowing the exact date of the auction; the proposed date is December 18, 2009. Counsel Fife stated the primary issue is that the notice has to identify how the water will be used. The discussions have been that the auction will be for 36,000 acre-feet. The agreement in Peace II stated that the Appropriative Pool would be able to purchase all water in storage as of June 30, 2007. On June 30, 2007 there is actually 38,652 acre-feet in that account. The question is what amount the Appropriative Pool wants to use for the auction. The notice indicates the entire amount because staff has not been given direction otherwise. Mr. Manning stated in the preparation of the due diligence package which will go out as part of the auction will need to have the acre-feet of water identified. A discussion regarding this item ensued.

*Motion by DeLoach, second by Crosley, and by unanimous vote – Non-Ag noted this was for information only*

*Moved to place the 2,652 acre-feet toward an account dedicated to desalter replenishment and the balance of 36,000 acre-feet toward the auction process and to approve the Notice of Intent to Purchase to reflect distribution of water as noted in motion, as presented*

#### **B. MEMORANDUM OF UNDERSTANDING**

Mr. Manning stated this item has commonly been referenced as Plan B. Staff is looking for discussion and possible direction as to what staff is being asked to do. Staff would entertain a motion to allow staff to draft an alternative plan to the auction. Mr. Kinsey stated at the last Appropriative Pool meeting there was consensus as to the approach that would be taken in the event of a failed auction. That process would be for the Appropriative Pool to acquire the water based on pre-agreed to formula and have Watermaster hold it in trust based on the belief that it would be auctioned off at a later date within a defined time period. Mr. Kinsey inquired as to what is needed from this Pool to draft the MOU. Mr. Manning stated based upon those terms, Watermaster staff will draft an MOU based on the terms specified. A discussion regarding this matter ensued. Mr. Kinsey inquired as to how long this water might be held in trust to allow an



auction or an alternative use for the water to be developed. It was decided the water will be held for 3 years in trust and will be recorded and held separately for all accounting purposes. It was asked that the MOU be drafted and would be distributed as soon as possible for review. A discussion regarding export and storage ensued.

*No motion was made.*

### C. MEETING SCHEDULES

Chair Jeske stated this item was put on the agenda by the Appropriative Pool chair and is a potential outcome of a series of meetings that have been informally held by Appropriators. This issue was raised a few times by various parties during the discussions regarding governance. The Pool members have spent time discussing improvements that could be recommended to the governance system to help make the processes work better. Chair Jeske noted this item and the next item regarding open meeting rules are the recommendations from those informal meetings/discussions. Chair Jeske stated this item has been discussed with the CEO of Watermaster to make sure there is no staff impact at Watermaster. Chair Jeske stated by amending the schedules of meetings which would provide some more separation between the different levels of policy making at Watermaster so there would be opportunity for discussion and/or revisions of materials that are made at one meeting prior to being submitted to the Watermaster Board. Chair Jeske stated the first recommendation would be to move the Appropriative Pool up a week. The second recommendation would be to move the Advisory Committee meeting up two weeks. A discussion regarding these recommendations ensued. Mr. Manning stated another recommendation at those informal meetings was to move Watermaster staff to the audience as well as our engineering consultant to allow four more seats for Appropriators at the table to allow for additional dialogue. Mr. Manning noted the separate and distinct agenda packets that were sent out this month for the Pools. This meeting packet change will allow for changes to be made to the individual packets to properly reflect amendments/recommendations made at prior meetings. A discussion regarding the scheduling of meeting dates including having the CEO reviewing the package agenda with the each appropriate chair ensued.

*Motion by DeLoach, second by Craig, and by unanimous vote – Non-Ag concurred with the stipulation to review the schedule*

***Moved to change the Appropriative and Non-Agricultural Pool meeting to the first Thursday of every month at 1:00 p.m. starting at the September meeting, as presented***

*Motion by DeLoach, second by Kinsey, and by unanimous vote – Non-Ag concurred*

***Moved to recommend to the Advisory Committee members to move their meeting up one week to the third Thursday of the month starting at the October meeting, as presented***

### D. OPEN MEETING RULES

Chair Jeske stated part of the discussion from the informal meetings dealt with open meeting conduct through the process. Mr. Manning stated there are references throughout the Judgment and other pertinent documents regarding the Brown Act or some other source to be followed by Watermaster. There is no clear statement that Watermaster must follow the Brown Act. Chair Jeske noted during the discussions a lot more was learned about the actual Brown Act and what it pertains to which goes far beyond conducting a meeting. Several items contained in it just do not apply to Watermaster and because of our unique nature some things just can't be applied. Chair Jeske stated because of these discussions were that Watermaster should come up with its own standards for meeting rules and then run those through the process. The committee instructed staff and counsel, if needed, to begin working on open meeting rules and bring back recommendations through the open process. A discussion regarding this matter ensued. Mr. Manning stated this is perfect timing to do start on this request because staff has already

begun, as mentioned at other meetings, a Watermaster Policy Manual and this would blend in perfectly with that.

*Motion by Kinsey, second by DeLoach, and by unanimous vote – Non-Ag concurred*

***Moved to approve staff and counsel to begin working on open meeting rules, as presented***

#### **E. DYY EXTENSION**

Mr. Manning stated this item has been through the Watermaster process previously and is being brought back before this committee again for consideration. Last May this item was on the agenda and discussed at length and at that meeting this committee asked it be tabled to allow meetings to take place with the Metropolitan Water District (MWD) to possibly get an extension of time. This extension would allow discussions to take place regarding a different concept for storage programs within the Chino Basin. Those discussions have taken place with MWD in person and with several phone calls regarding the potential extension of time. MWD is not in the position at this time to give an extension on the existing proposal that requires Watermaster to take action on this storage approval before September 1, 2009. Staff is cognizant of the fact that there are two existing issues within the agreement between the three municipal water districts that are inconsistent with the Peace Agreement. Two items are the losses issue and the quid pro quo of storage for subsidy. Discussions have taken place with some of the parties regarding those issues and Watermaster staff feels those issues can be solved internally and discussions to do that have begun. Watermaster staff is recommending the Appropriative Pool and the Non-Agricultural Pool approve the establishment of the storage program as requested by the three municipal water districts as outlined in the May, 2009 staff report and documents and authorize staff to implement those documents prior to the September 1, 2009 deadline. Mr. Manning stated discussions will continue with MWD and the three municipal water districts. This would allow Watermaster to not jeopardize the LRP subsidies for the Desalter Authority. A lengthy discussion regarding this issue ensued. Counsel Fife noted a hearing with Judge Wade is scheduled for September 17, 2009 and any last documents that need approval could be done prior to Judge Wade retiring. Mr. Kinsey discussed conditional approval for this document from the Watermaster Board and a discussion ensued. Chair Jeske noted the issues raised during discussions are the LRP credits, storage and losses, and the quantity cap which would change the 100,000 acre-feet to 150,000 acre-feet. Mr. DeLoach formed a motion and a discussion regarding that motion ensued. Counsel Fife noted Watermaster is going to need assistance from Inland Empire Utilities Agency to work with MWD on this matter.

*Motion by DeLoach, second by Crosley, and by majority vote – Non-Ag concurred – Kinsey voted no*

***Moved to approve the application including the extension on the program to 150,000 acre-feet with the workout to resolve these issues prior to the Watermaster Board meeting and if not worked out by that meeting, it will be worked out by the September 17, 2009 court hearing, as presented***

### **III. REPORTS/UPDATES**

#### **A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

##### **1. August 11, 2009 Hearing**

Counsel Fife stated the August 11, 2009 hearing took place and went very well. The hearing concerned the ongoing status report of the OBMP, Program Elements 7, 8, and 9, and the approval of the Watermaster's motion to approve the template Storage & Recovery Agreement. A proposed order was submitted which was worked out in advance and the judge did sign the revised order as submitted and notice was provided to the parties. Counsel Fife stated a few items did come up at the hearing because of losing Judge Wade to retirement regarding transitioning into another judge. Counsel Fife commented on Judge Wade's recommendations for the new judge transition. There is another hearing scheduled for September 17, 2009 if it is needed and can be cancelled if it is not needed. Counsel Fife

offered comment on a case management order that would be submitted to Judge Wade which would serve as a signal to the next judge. This case management order could let the court know where Watermaster is on various matters. This order will go through the Watermaster process.

2. Auction Update

Counsel Fife stated since this auction is on such a tight time frame an auction update will be kept on all the agendas so the parties know what is happening. FTI was hired and there was a workshop with FTI to cover how the auction will proceed in a logistical fashion. A due diligence package and marketing materials are now being put together that can be sent out to potential bidders. A strategy is being worked on as to how to go about the marketing of the auction with FTI. Staff is looking at the auction being held in the last week of October. A discussion regarding the auction and the bidders ensued. Mr. Manning offered comment on possible potential bidders and what the due diligence package will look like.

**B. ENGINEERING REPORT**

1. Recharge Master Plan Update

Mr. Wildermuth stated Wildermuth Environmental staff is working diligently on the Recharge Master Plan. A meeting with Black & Veatch took place last month to go over a plethora of supplemental water recharge projects and those will be brought back through the Watermaster process in September. Mr. Wildermuth stated with regard to the modeling work that has been being worked on to optimize recharge and pumping is almost complete. A new Material Physical Injury report has been created for Peace II so that it could be used in CEQA.

2. Balance of Recharge & Discharge Discussion

Mr. Wildermuth stated Watermaster is obligated to do the balance of recharge and discharge report every other year and Wildermuth staff will be working with Watermaster staff on trying to get a memo distributed for discussion next month. Mr. Wildermuth noted after discussions have taken place and any changes that need to be made are done, it will then be finalized. Mr. Wildermuth stated Watermaster has complete control and discretion on supplemental recharge in the Chino Basin pursuant to the Peace Agreement and there are certain issues in the Peace Agreement that Watermaster has to contend with. One of those issues is the 6,500 acre-foot MZ1 recharge commitment every year. That amount accrues annually if it is not satisfied in MZ1 area; then the balance of recharge and discharge has to be done after that.

Mr. Wildermuth stated Wildermuth Environmental produced Task 5 memorandum which talked about the projected groundwater production in the basin using the parties' projections from last year. Those projections have been analyzed to figure out what the replenishment requirements are going to be under various scenarios, including the recharge of recycled water. The last version was produced in April and it has subsequently been modified but did not get reprinted. Comments have been received from Inland Empire Utilities Agency in July from the April release and now that those have been received staff will be working to complete this task. A discussion on Mr. Wildermuth's report ensued.

**C. FINANCIAL REPORT**

1. Year End Project/Budget Update

Ms. Rojo advised the pools that all water activity reports had been sent out plus some have already been received back. We are looking to receive back all of the water Activity Reports by the end of the week and staff is looking forward to the holiday the assessment package workshop in early September.

3. Year End Audit Update

Ms. Rojo Stated that Watermaster's fiscal year ended June 30, 2009 and our annual audit is currently under way. If anyone has any questions or issues regarding Watermaster's financial activities, please see Ken Manning.

**D. CEO/STAFF REPORT**

1. Legislative Update

Mr. Manning stated now that the state budget has been approved, it appears there is certain consensus that the water issues are taking front and center stage in Sacramento. There are five separate bills that have been developed as part of a master water plan to resolve Delta issues and water problems in the State of California. Those five bills are being reviewed starting next week with a joint committee meeting between the assembly and senate. This first meeting will be the start of a series of meetings and will take approximately four weeks to resolve. There are still discussions on what the joint committee will look like in terms of who will sit on the committee. A discussion regarding this matter ensued and Mr. Manning noted he will send out the five bills to all the parties later today.

Mr. Manning stated he had an opportunity to meet face-to-face with former Senator Mike Machado and Tom Zukerman who represent interests in the Delta. Mr. Manning commented on the topics discussed at this meeting.

2. Recharge Update

No comment was made regarding this item.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to the Appropriative and Non-Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

No confidential session was called.

**VIII. FUTURE MEETINGS**

August 11, 2009	9:30 a.m.	Watermaster Hearing @ San Bernardino Court
August 13, 2009	8:00 a.m.	MZ1 Technical Committee Meeting @ CBWM
August 13, 2009	10:00 a.m.	Appropriative & Non-Agricultural Pool Meeting @ CBWM
August 18, 2009	9:00 a.m.	Agricultural Pool Meeting @ IEUA
August 27, 2009	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
August 27, 2009	9:00 a.m.	Advisory Committee Meeting @ CBWM
August 27, 2009	11:00 a.m.	Watermaster Board Meeting @ CBWM

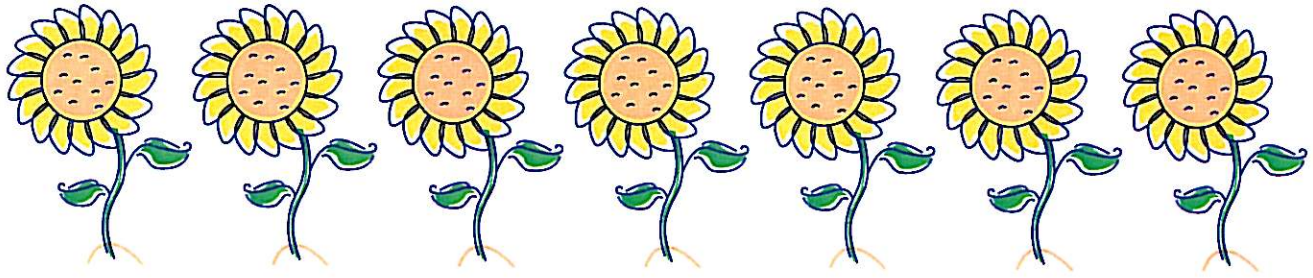
The Appropriative Pool meeting was dismissed by Chair Jeske at 11:50 a.m.

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

Minutes Approved: \_\_\_\_\_



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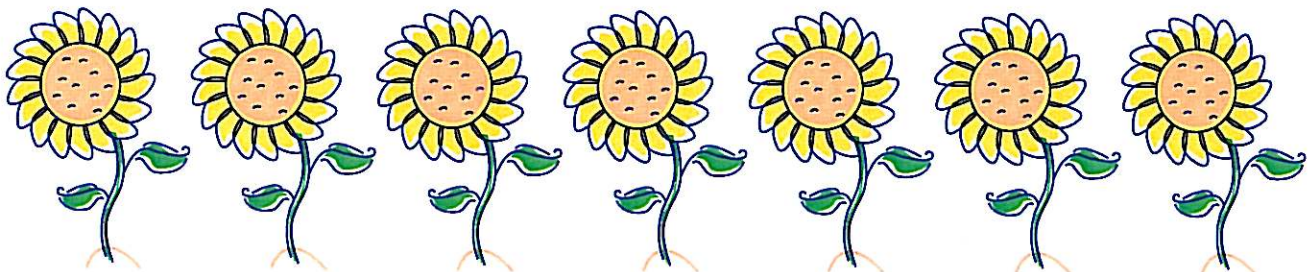


# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Check Detail for the month of July 2009
2. Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2009 through July 31, 2009
3. Treasurer's Report of Financial Affairs for the Period July 1, 2009 through July 31, 2009
4. Profit & Loss Budget vs. Actual July 2009



10:10 AM  
08/28/09

CHINO BASIN WATERMASTER  
Check Detail  
July 2009

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Check	13436	7/21/2009	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	4024...	6/30/2009		6909.1 · OBMP Meetings	-1,112.55
				6175 · Vehicle Fuel	-37.57
				6312 · Meeting Expenses	-46.47
TOTAL					-1,196.59

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CHINO BASIN WATERMASTER  
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
 FOR THE  
 PERIOD JULY 1, 2009 THROUGH JULY 31, 2009

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL	APPROPRIATIVE POOL	AGRICULTURAL POOL	NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	SB222 FUNDS	GROUNDWATER OPERATIONS FUNDS	EDUCATION FUNDS	GRAND TOTALS
Administrative Revenues	111,000	-	-	-	-	-	-	-	-	-	111,000
Administrative Assessments	111,000	-	-	-	-	-	-	-	-	-	111,000
Interest Revenue	-	-	-	-	-	-	-	-	-	-	-
Mutual Agency Project Revenue	-	-	-	-	-	-	-	-	-	-	-
Grant Income	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	111,000	-	-	-	-	-	-	-	-	-	111,000
Administrative & Project Expenditures	25,267	-	-	-	-	-	-	-	-	-	25,267
Watermaster Administration	6,292	-	-	-	-	-	-	-	-	-	6,292
Watermaster Board-Advisory Committee	-	-	-	-	-	-	-	-	-	-	-
Pool Administration	-	3,233	9,608	692	-	-	-	-	-	-	13,533
Optimum Basin Mgmt Administration	147,807	-	-	-	-	-	-	-	-	-	147,807
OBMP Project Costs	209,436	-	-	-	-	-	-	-	-	-	209,436
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Education Funds Use	-	-	-	-	-	-	-	-	-	-	-
Mutual Agency Project Costs	-	-	-	-	-	-	-	-	-	-	-
Total Administrative/OBMP Expenses	31,559	3,233	9,608	692	-	-	-	-	-	-	402,335
Net Administrative/OBMP Expenses	79,441	(357,243)	-	-	-	-	-	-	-	-	(277,802)
Allocate Net Admin Expenses To Pools	-	(59,585)	(17,868)	(1,988)	-	-	-	-	-	-	(79,441)
Allocate Net OBMP Expenses To Pools	357,243	366,150	80,350	(89,257)	-	-	-	-	-	-	714,486
Allocate Debt Service to App Pool	-	-	-	-	-	-	-	-	-	-	-
Agricultural Expense Transfer*	-	72,090	(72,090)	-	-	-	-	-	-	-	-
Total Expenses	381,889	-	-	(90,554)	-	-	-	-	-	-	402,335
Net Administrative Income	(381,889)	-	-	90,554	-	-	-	-	-	-	(291,335)
Other Income/(Expense)	-	-	-	-	-	-	-	-	-	-	-
Replenishment Water Assessments	-	-	-	-	-	-	-	-	-	-	-
Interest Revenue	-	-	-	-	-	-	-	-	-	-	-
Water Purchases	-	-	-	-	-	-	-	-	(1,003,000)	-	(1,003,000)
Balance Adjustment	-	-	-	-	-	-	-	-	-	-	-
Groundwater Replenishment	-	-	-	-	-	-	-	-	(1,003,000)	-	(1,003,000)
Net Other Income	-	-	-	-	-	-	-	-	(1,003,000)	-	(1,003,000)
Net Transfers To/(From) Reserves	(1,294,335)	(381,889)	-	90,554	-	-	(1,003,000)	-	-	-	(1,294,335)



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**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JULY 1 THROUGH JULY 31, 2009**

<b>DEPOSITORIES:</b>			
Cash on Hand - Petty Cash		\$	500
Bank of America			
Governmental Checking-Demand Deposits		\$	944,795
Zero Balance Account - Payroll			
Local Agency Investment Fund - Sacramento			<u>10,394,199</u>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	7/31/2009	<b>\$</b>	<b>11,339,494</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>	6/30/2009		<u>11,365,542</u>
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$</b>	<b><u>(26,048)</u></b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets: Accounts Receivable	\$	143,051
Assessments Receivable	-	
Prepaid Expenses, Deposits & Other Current Assets	(5,495)	
(Decrease)/Increase in Liabilities	1,161,047	
Accounts Payable	(30,316)	
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(1,294,335)	
Transfer to/(from) Reserves		
<b>PERIOD INCREASE (DECREASE)</b>	<b>\$</b>	<b><u>(26,048)</u></b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 6/30/2009	\$ 500	\$ 470,843	\$ -	\$ 10,894,199	\$ 11,365,542
Deposits	-	254,361	-	-	254,361
Transfers	-	394,650	105,350	(500,000)	-
Withdrawals/Checks	-	(175,059)	(105,350)	-	(280,409)
Balances as of 7/31/2009	\$ 500	\$ 944,795	\$ -	\$ 10,394,199	\$ 11,339,494
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ 473,952</b>	<b>\$ -</b>	<b>\$ (500,000)</b>	<b>\$ (26,048)</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JULY 1 THROUGH JULY 31, 2009**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
7/24/2009	Withdrawal	L.A.I.F.	\$ (500,000)				
<b>TOTAL INVESTMENT TRANSACTIONS</b>			<b>\$ (500,000)</b>	<b>-</b>			

\* The earnings rate for L.A.I.F. is a daily variable rate; 1.51% was the effective yield rate at the Quarter ended June 30, 2009.

**INVESTMENT STATUS  
July 31, 2009**

<u>Financial Institution</u>	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 10,394,199			
<b>TOTAL INVESTMENTS</b>	<b>\$ 10,394,199</b>			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,



Sheri M. Rojo, CPA  
Chief Financial Officer & Assistant General Manager  
Chino Basin Watermaster

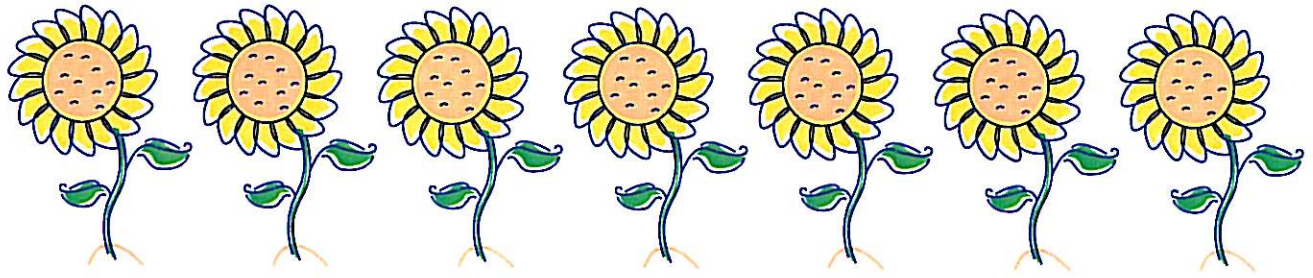
CHINO BASIN WATERMASTER  
Profit & Loss Budget vs. Actual  
July 2009

	<u>Jul 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies		148,410	-148,410	
4110 · Admin Asmnts-Approp Pool		7,185,411	-7,185,411	
4120 · Admin Asmnts-Non-Agri Pool		155,427	-155,427	
4700 · Non Operating Revenues		191,540	-191,540	
4900 · Miscellaneous income	111,000			
<b>Total Income</b>	<u>111,000</u>	<u>7,680,788</u>	<u>-7,569,788</u>	<u>1%</u>
<b>Gross Profit</b>	111,000	7,680,788	-7,569,788	1%
<b>Expense</b>				
6010 · Salary Costs	35,300	487,838	-452,538	7%
6020 · Office Building Expense	1,781	102,500	-100,719	2%
6030 · Office Supplies & Equip.	1,122	43,500	-42,378	3%
6040 · Postage & Printing Costs	4,950	84,300	-79,350	6%
6050 · Information Services	13,571	148,500	-134,929	9%
6060 · Contract Services		98,000	-98,000	0%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	46	17,000	-16,954	0%
6140 · WM Admin Expenses		3,000	-3,000	0%
6150 · Field Supplies		2,800	-2,800	0%
6170 · Travel & Transportation	2,547	37,800	-35,253	7%
6190 · Conferences & Seminars	540	26,500	-25,960	2%
6200 · Advisory Comm - WM Board	1,743	18,078	-16,335	10%
6300 · Watermaster Board Expenses	4,549	43,823	-39,274	10%
8300 · Appr PI-WM & Pool Admin	3,233	23,069	-19,836	14%
8400 · Agri Pool-WM & Pool Admin	2,434	25,114	-22,680	10%
8467 · Ag Legal & Technical Services	7,174	98,000	-90,826	7%
8470 · Ag Meeting Attend -Special		12,000	-12,000	0%
8471 · Ag Pool Expense		65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	692	6,677	-5,985	10%
6500 · Education Funds Use Expens		375	-375	0%
9500 · Allocated G&A Expenditures	<u>-50,524</u>	<u>-488,230</u>	<u>437,706</u>	<u>10%</u>
<b>Subtotal G&amp;A Expenditures</b>	45,092	872,374	-827,282	5%
6900 · Optimum Basin Mgmt Plan	135,556	1,399,371	-1,263,815	10%
6950 · Mutual Agency Projects		10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	<u>12,251</u>	<u>148,448</u>	<u>-136,197</u>	<u>8%</u>
<b>Subtotal OBMP Expenditures</b>	147,807	1,557,819	-1,410,012	9%
7101 · Production Monitoring	18,174	107,047	-88,873	17%
7102 · In-line Meter Installation	3,974	56,179	-52,205	7%
7103 · Grdwtr Quality Monitoring	21,268	214,362	-193,094	10%

CHINO BASIN WATERMASTER  
 Profit & Loss Budget vs. Actual  
 July 2009

	<u>Jul 09</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7104 · Gdwtr Level Monitoring	44,020	366,956	-322,936	12%
7105 · Sur Wtr Qual Monitoring	434	43,912	-43,478	1%
7107 · Ground Level Monitoring	1,544	550,059	-548,515	0%
7108 · Hydraulic Control Monitoring	28,990	567,022	-538,032	5%
7109 · Recharge & Well Monitoring Prog		9,152	-9,152	0%
7200 · PE2- Comp Recharge Pgm	119,289	1,478,560	-1,359,271	8%
7300 · PE3&5-Water Supply/Desalte	4,783	96,003	-91,220	5%
7400 · PE4- Mgmt Plan	2,878	91,985	-89,107	3%
7500 · PE6&7-CoopEfforts/SaltMgmt	13,448	163,727	-150,279	8%
7600 · PE8&9-StorageMgmt/Conj Use	8,424	29,550	-21,126	29%
7690 · Recharge Improvement Debt Pymt	-96,063	1,131,233	-1,227,296	-8%
7700 · Inactive Well Protection Prgm		5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	38,273	339,782	-301,509	11%
Subtotal Special Project Expenditures	209,436	5,250,595	-5,041,159	4%
<b>Total Expense</b>	<u>402,335</u>	<u>7,680,788</u>	<u>-7,278,453</u>	<u>5%</u>
<b>Net Ordinary Income</b>	-291,335	0	-291,335	100%
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
5100 · Other Water Purchases	1,003,000			
9999 · To/(From) Reserves	-1,294,335			
<b>Total Other Expense</b>	<u>-291,335</u>			
<b>Net Other Income</b>	<u>291,335</u>			
<b>Net Income</b>	<u>0</u>		<u>0</u>	<u>0%</u>

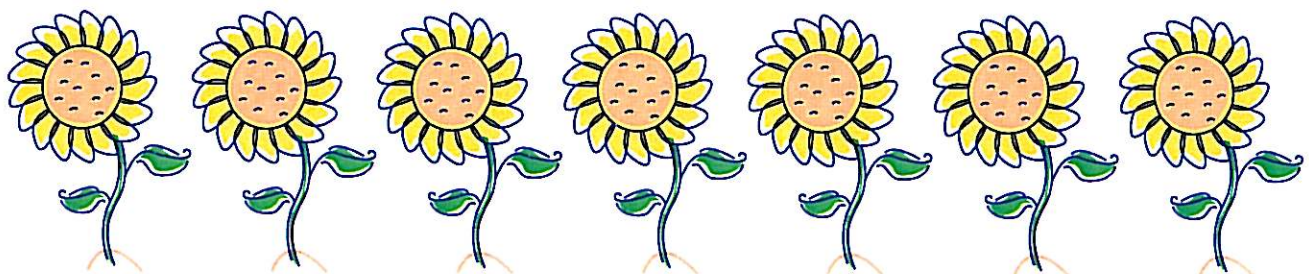




# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

### A. AD-HOC COMMITTEE





# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** September 3, 2009

**TO:** Appropriative Pool

**SUBJECT:** Establishment of an Ad-Hoc Committee to Review the Chino Basin Watermaster Policy Manual

### Summary

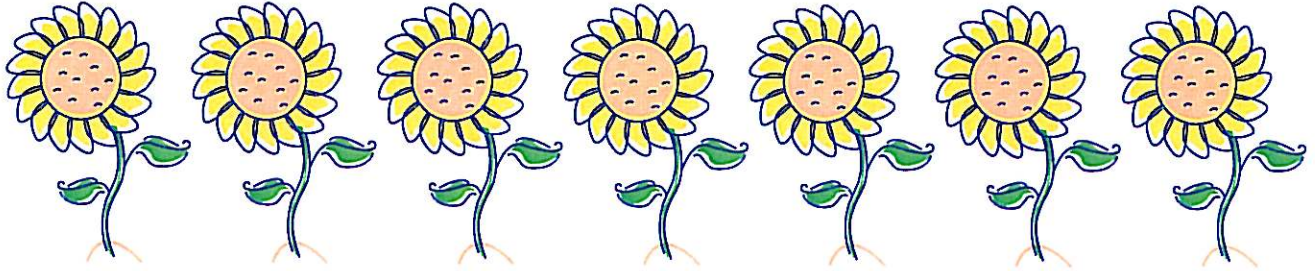
Chino Basin Watermaster operates using a variety of decisions, rulings and procedures that are documented in many different venues. Those venues include the Judgment, the Rules and Regulations, the Peace Agreement, the Peace II Agreement, pooling plans as well as policies and established rules common to public agencies. Over the past six months Watermaster staff has constructed a single document that combines all of the existing policies, rules and procedures into one booklet that will assist current and future Watermaster employees and parties understand how Watermaster operates without having to search for the source of guidance within the multitude of documents.

Watermaster staff would like to have an Ad-Hoc Committee established that can work to review and make recommendations on content and format prior to submitting the policy manual through the Watermaster process for formal acceptance.

### Recommendation

Establish an Ad-hoc Committee to assist Watermaster staff in the formation and review of the Chino Basin Watermaster Policy Manual.

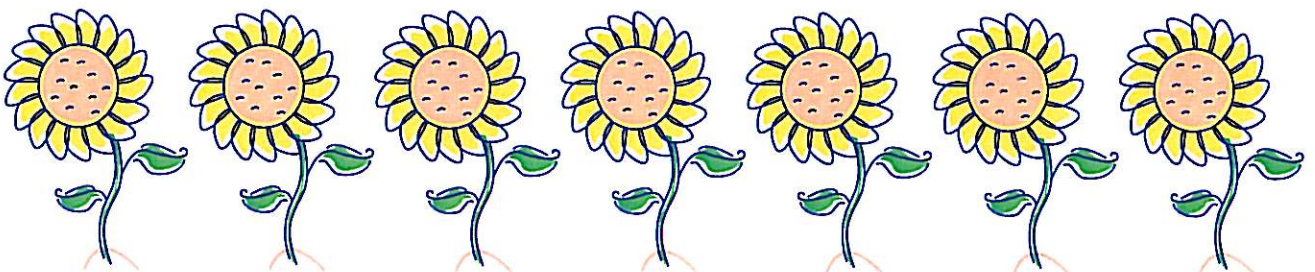
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# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Newspaper Articles





dailybulletin.com

## Cucamonga Valley customers to get hike in their water bills

Wendy Leung, Staff Writer

Created: 08/12/2009 04:52:33 PM PDT  
 RANCHO CUCAMONGA - Cucamonga Valley Water District customers will see their water bill increase by an average of \$4.16 starting Sept. 1.

Board members approved the rate hike on Tuesday after receiving five letters of protest and one letter of support.

Under Proposition 218, also known as the Right to Vote on Taxes Act, a majority of district customers, more than 28,000 property owners, need to submit a protest letter in order to strike down the rate hike.

Board members voted unanimously for the increase, calling the move a direct result of a major increase by the Metropolitan Water District, which sells imported water to Cucamonga Valley.

"I realize the time couldn't be worse with the housing market and so many people

losing their jobs," said board member Hank Stoy. "We have no choice."

An average household that pays \$97.66 every two months will now pay \$4.16 more.

This year, the local water agency reduced its operating budget by \$2.5 million and laid off 13 employees. But the cuts weren't enough to absorb the higher rates by Metropolitan, officials say.

Since 2004, MWD rates have remained either stagnate or increased by less than 6 percent. But in January, Metropolitan raised rates by about 17 percent and is raising it by another 17 percent next month.

"I'm disappointed that Metropolitan went a number of years without raising," said board member Kathy Tiegs. "They're raising it at one time rather than over a period of time which would've been more palatable."

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## Upland working toward water conservation education

Upland working toward water conservation education

Sandra Emerson, Staff Writer

Created: 08/12/2009 03:56:49 PM PDT

UPLAND - Alison Loukeh knows the water business.

Loukeh, a water conservation and education specialist, was hired by the city in May to lead the way for some of the city's water conservation efforts.

"What I've started on is not only watching legislation, what's coming up with the drought, what's going on with the state, but also how to make Upland more aware that we actually are in a drought and everybody needs to do their part," Loukeh said.

To enforce a water conservation ordinance implemented in the 1990s, Loukeh intends educate through public outreach.

Starting tonight, a booth will be set up during the Upland Farmer's Market at least twice a month. Loukeh will be there

sharing conservation tips and regulations the city is enforcing.

"Our focus is to reduce water use, not penalize people," Loukeh said.

The city's youth certainly won't be left out of any conservation education within the city. Loukeh will be working with the high schools in order to educate teens on water usage.


Homeowners associations, which are big water users, will be part of the education programs as well, Loukeh said.

State legislation is also a concern of the city's Public Works Department. Loukeh will be keeping an eye out for any new legislation that would affect the city's water.

The governor has called for water usage in the state to be reduced by 20 percent by 2020.

"We have looked at legislation, making sure we're in compliance with any law that comes up and we're ready," she said. "There's always legislation at the state level, so I watch that pretty closely to see how that effects us in the future."

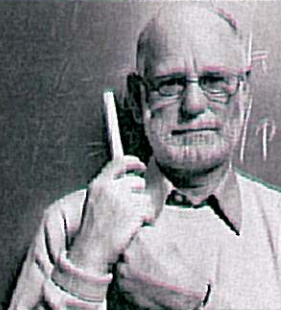
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The city has its own water rights, but gets a portion of its water from the San Antonio Water Company and West End Consolidated Water Co.

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Some water is imported in through the Metropolitan Water District, which is at a low due to restrictions in the Sacramento Delta area due to threatened to the Delta smelt fish population there.

The city is working on implementing a recycled water program, which will be used for golf courses, public right of way, schools and other public landscaping.

"It will be like adding tons of water to what is available to our community and it will be vital for the long term and that means decades into the future," said Councilman Ken Willis. "The sooner it can be accomplished the better, and I am certain that if we can get this up and running on schedule, it will be a huge benefit to our citizens."

The program is expected to be designed and ready to implement in a couple years.

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Conservation key

# City, agency officials find consensus on drought

Liset Márquez, Staff Writer

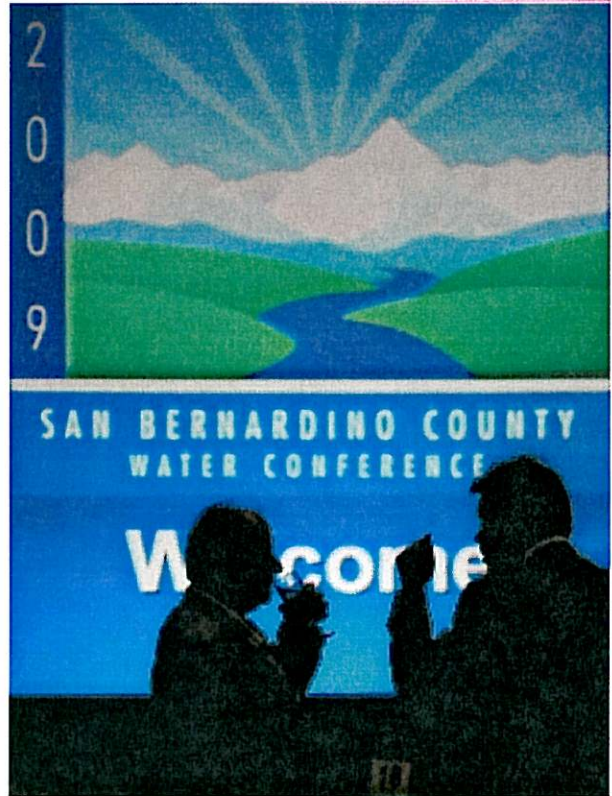
Created: 08/20/2009 08:57:12 PM PDT  
ONTARIO - Examining the real value of delivering water and identifying local conservation solutions will be key components in dealing with a drought in the midst of a recession, according to area water and city officials.

From offering cash incentives to installing recycled water lines, agencies are doing their share to conserve, said Scott Coler, president of the Building Industry Association's Baldy View Chapter.

The next step will be getting homeowners to do their part, said Tim Piasky, chief operating officer with Victory Homes.

The officials made the suggestions Thursday at the San Bernardino County Water Conference in Ontario.

"The only way to circumvent what is happening today is we need to get smarter and implement land use and



Fred Agudelo, with the Baldy View Chapter of the Building Industry Association, drinks a glass of water as he speaks with Jonathan Weldy of the Meridian Land Development Co. during a break at the San Bernardino County Water Conference on Thursday at the Ontario Convention Center. (Will Lester / Staff Photographer)

environmental conservation designs," said Josie Gonzales, San Bernardino County's

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5th District supervisor.

The building industry has responded to the call, implementing greener standards in new developments for the past five years, Piasky said.

When it comes to conservation, new home developments - which Piasky likened to a Toyota Prius - already meet green standards.

"The problem we have is the existing homes - it's like they are the Hummer. How do we improve it?" Piasky said.

Improving older homes would mean retrofitting pipelines and installing low-flow toilets as well as shower heads.

"Older homes (are) difficult because you have to tear up streets to put in purple pipelines," said Ken Willis, an Upland councilman who served as a moderator of a panel discussion.

Even if cities can't afford to install new piping for recycled water, most homeowners can still do their part to conserve water by cutting in half how much they water their lawns, said Celeste Cantu, general manager of the Santa Ana Watershed Project Authority.

"We still have not a drop to waste," Cantu said. "If we move our households on that scale, then we'll be just fine."

In Upland and Ontario, homeowners and businesses have made small strides and cut water consumption by about 15 percent, said Rich Atwater, general manager of the Inland Empire Utilities Agency.

State water agencies are not only facing limitations in how much water can be imported because of environmental regulations, but they are also in the middle of a state of emergency for California's water supply.

Gov. Arnold Schwarzenegger declared the emergency last year, urging everyone to cut use by 20 percent.

In 2003, the Inland Empire Utilities Agency began a program where it stored excess water, which reduced the amount of water imported by half, Atwater said.

The move has helped the agency during the drought.

A "cash for grass" program put on by the Mojave Water Agency has resulted in three quarters of a million square feet of

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turf being removed in the Apple Valley area, said Scott Weldy, general manager of the Apple Valley Ranchos Water Co.

The Mojave agency gives 50 cents per square foot to replace lawn for low water-use landscaping.

"All the tools are available to promote conservation. We have to educate our constituents on what exactly the problem is," Weldy said.

Atwater said the IEUA has also implemented the program.

Officials in Apple Valley decided to implement tiered water rates to promote conservation, Weldy said.

That was three years ago. Since then, there has been a drop in water consumption, he said.



Lorri Gray, lower Colorado regional director for the Bureau of Reclamation, speaks at the 2009 San Bernardino County Water Conference on Thursday at the Ontario Convention Center. (Will Lester / Staff Photographer)

Cantu said she agrees in implementing a tiered system because it helps homeowners "live within our water budget - it's not wastewater," she said.

The price of water increases with each tier.

The system gets people to pay attention if they have to pay the full value of delivering water, Cantu said.

"It is the most economical way to get significant water savings," she said. "Water is underrated - everyone takes it for granted."

The conference was created three years ago by the county and the Building

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Industry Association in order to start a dialogue about water supply, Coler said.

promote conservation.

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**MAKING STRIDES**

Gov. Arnold Schwarzenegger wants use cut by 20 percent. How some local communities are working toward that goal:

- Upland and Ontario homeowners and businesses have cut water consumption by about 15 percent.
- The Inland Empire Utilities Agency has reduced the amount of water it imports by half through a program in which they store excess water for use during drought.
- Mojave Water Agency and IEUA have a "Cash for grass" program, giving 50cents per square foot to replace lawn for low water-use landscaping. So far 750,000 square feet of turf has been removed in the Apple Valley.
- City officials in Apple Valley implemented tiered water rates to

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## Wise water use urged

### Conservation seen as way to cut costs

Matt Wrye, Staff Writer

Created: 08/20/2009 06:41:04 PM PDT

Cash-strapped businesses and consumers looking to save on overhead might want to consider a tip: Use less water.

The price of water is going up, and there's no stopping it for the foreseeable future - unless conservative measures are taken to battle drought conditions.

That's what business leaders and water experts said Thursday at the San Bernardino County Water Conference at the Ontario Convention Center.

While the recession is forcing consumers and businesses to drastically cut their spending, rising water rates could squeeze them that much more.

Some policy-shapers argue that a "tiered" water-rate pricing system - where water gets exceptionally expensive the more you use - is the best way to make water users realize its value in fueling the economy.

"If we were to price it more appropriately, people would pay more attention," said Celeste Cantu, general manager of the Riverside-based Santa Ana Watershed Project Authority, which

focuses on protecting the quality of Santa Ana River water.

Conservation efforts have proven successful, but pricier water rates could give customers the extra nudge needed to take conservation to the next level.

"Our water is undervalued - everyone takes it for granted," Cantu said. "(Tiered pricing) is the most economical way to save water."

Water rates are rising for several reasons, but the two main culprits are a supply decrease at the wholesale level, coupled with higher infrastructure transport costs for wholesalers.

"They have to raise rates to offset the loss of revenues," said Rob Sears, territory manager for Measurement Control Systems, a Santa Ana-based high-tech water meter distributor.

He said wholesale rates have recently jumped 20percent to 30percent for businesses across Southern California.

"The trend everywhere is up," Sears said. "I don't know anyone who's able to hold their rates down."

The economic connection goes further than just higher water rates.

The long-term availability of water is raising eyebrows at land use and planning commission meetings in San Bernardino County, according to Kirby Brill, general manager of the Apple Valley-

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based Mojave Water Agency.

He said retail and residential builders play huge roles in creating local jobs and attracting peripheral development, but some city officials are starting to question whether enough water is available to support projects - a move that could limit economic growth.

Tim Piasky agrees but thinks water agencies should shape their strategies differently.

The chief operating officer for Arcadia-based Victory Homes said California's drought issue demands a federal response. Billions in stimulus dollars have been set aside for green energy projects, but water conservation seems to be mostly left out of the equation.

"On the existing-home side of things, we're still inefficient (water wise) compared to new homes," Piasky said. "It'd be a boost to the economy if we had those water dollars."

Even with water issues at hand, the Inland Empire is still a target for economic growth, he said.

"Where else are you going to go?" Piasky said. "The area has been set up for it."

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## WATER CONFERENCE

# Wise water use urged

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By Matt Wrye Staff Writer

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Will Lester Staff Photographer

David Schroeder, a water conservation specialist with the Chino Basin Water Conservation District, speaks with Upland Councilman Ray Musser during a break at the the San Bernardino County Water Conference on Thursday at the Ontario Convention Center.

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## For water's sake, regulate softeners

Rich Atwater

Created: 08/26/2009 07:37:00 PM PDT

An extraordinary coalition of business, agriculture, environmental and local governments have come together to support Assembly Bill 1366 (Feuer/Caballero/A. Strickland), which will provide our community with the authority to protect our water quality from the salinity impacts caused by a specific type of residential water softener - the self-regenerating devices that require the use of bags and bags of salt to make the equipment work.

As California struggles through the third year of drought and moves forward with discussions about how to solve problems in the San Francisco Bay Delta, we need to tackle all aspects of our water crisis. For years, however, state law has unduly constrained local water agencies from determining how best to address one significant water supply and quality issue - excess salinity in some surface and groundwater supplies caused, in part, by residential self-regenerating water softeners. AB 1366 takes a measured approach to solve this problem.

Current law gives local and regional agencies wide latitude to regulate salinity inputs from every other source - agricultural, commercial and industrial, except home water softeners. Never mind that one typical self-regenerating home

water softener can dump up to 30 pounds of salt into the sewer system each month, contributing salinity that can make water recycling cost-prohibitive.

It is time to change the law that continues to place the interests of one industry over the interests of all other businesses, agriculture and, significantly, ratepayers.

The experience of the Santa Clarita Valley in northern Los Angeles County underscores why.

The Sanitation District instituted a voluntary rebate program followed by ban on residential use of self-regenerating water softeners, with reimbursement for any units that were removed.

The result: The vast majority of Santa Clarita's water softeners are now gone. As a result, the salt added has dropped by almost half.

Had the Sanitation District been forced to remove the equivalent amount of salt through advanced wastewater treatment upgrades with reverse osmosis desalination - as has occurred elsewhere in California - ratepayers would have paid more than 30 times as much as the rebate and reimbursement program cost.

The lesson of Santa Clarita is clear - expanding the options of publicly accountable local agencies in dealing with salinity issues, as AB 1366 aims to do, can save ratepayers millions of dollars.

Here in the Inland Empire our residents and

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businesses have invested hundreds of millions in the development of our local recycled water and groundwater supplies to drought proof our economy. With the state now predicting dramatic reductions in California's future water supplies due to problems in the Delta and climate change, we must take action to protect the water supplies we have. This means we need to support the passage of AB 1366 and start using non-salt-based water softening devices.

*Rich Atwater is general manger of Inland Empire Utilities Agency, which is a co-sponsor of AB 1366. Other co-sponsors are: Metropolitan Water District of Southern California, Irvine Ranch Water District, the Water Replenishment District of Southern California, and the WateReuse Association. The agency offers a residential self-regenerating water softener rebate of up to \$2,000 with free disconnection and removal. For more information, please visit [www.ieua.org](http://www.ieua.org) .*

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