



# CHINO BASIN WATERMASTER



## NOTICE OF MEETINGS

Thursday, March 4, 2010

1:00 p.m. – Appropriative Pool Meeting

*AT THE CHINO BASIN WATERMASTER OFFICES*

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





# **CHINO BASIN WATERMASTER**

**Thursday, March 4, 2010**

1:00 p.m. – Appropriative Pool Meeting

## **AGENDA PACKAGE**



**CHINO BASIN WATERMASTER  
APPROPRIATIVE POOL MEETING**

1:00 p.m. – March 4, 2010

*Mr. Mark Kinsey, Chair, Appropriative Pool  
Mr. John Mura, Vice-Chair, Appropriative Pool*

**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 Joint Appropriative and Non-Agricultural Pool Meeting held February 4, 2010  
(Page 1)

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of January 2010 (Page 27)
2. Watermaster Visa Check Detail for the month of January 2010 (Page 31)
3. Combining Schedule for the Period July 1, 2009 through January 31, 2010 (Page 33)
4. Treasurer's Report of Financial Affairs for the Period January 1, 2010 through January 31, 2010 (Page 35)
5. Budget vs. Actual July 2009 through January 2010 (Page 37)

**C. INTERVENTION INTO THE AGRICULTURAL POOL**

Intervention of Rafael Treto into the Agricultural Pool (Page 39)

**II. BUSINESS ITEMS**

**A. NON-AGRICULTURAL POOL INFORMATION REQUEST – FOR DISCUSSION ONLY**

Provide Input to Staff Regarding Non-Agricultural Pool Information Request Regarding Construal of Purchase and Sale Agreement (Page 43)

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Peace II SEIR

**B. ENGINEERING REPORT**

1. 2010 Basin Plan Amendment
2. Recharge Master Plan Update

**C. CEO/STAFF REPORT**

1. Legislative Update
2. Recharge Update
3. ALCOA Monitoring Wells
4. Turner Basins/Guasti Park Task Force

**IV. INFORMATION**

1. Newspaper Articles (*Page 49*)

**V. POOL MEMBER COMMENTS**

**VI. OTHER BUSINESS**

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

1. Potential Non-Agricultural Pool Litigation

**VIII. FUTURE MEETINGS**

Thursday, March 4, 2010	1:00 p.m.	Appropriative Meeting @ CBWM
Thursday, March 4, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, March 4, 2010	3:30 p.m.	MZ1 Technical Committee Meeting @ CBWM
Thursday, March 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, March 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, March 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, March 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, March 25, 2010	1:00 p.m.	Recharge Master Plan Workshop @ CBWM

**Meeting Adjourn**





# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### A. MINUTES

1. Appropriative & Non-Agricultural Pool Meeting held on February 4, 2010



**Draft *Verbatim* Minutes**  
**CHINO BASIN WATERMASTER**  
**JOINT APPROPRIATIVE & NON-AGRICULTURAL POOL MEETING**  
February 4, 2010

The Annual Joint Appropriative and Non-Agricultural Pool Meeting were held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on February 4, 2010 at 1:00 p.m.

**APPROPRIATIVE POOL MEMBERS PRESENT**

Mark Kinsey, Chair	Monte Vista Water District
Ken Jeske	City of Ontario
Robert DeLoach	Cucamonga Valley Water District
Josh Swift	Fontana Water Company
Robert Young	Fontana Union Water Company
Charles Moorrees	San Antonio Water Company
Raul Garibay	City of Pomona
John Mura	City of Chino Hills
Dave Crosley	City of Chino
Shaun Stone	City of Upland
Ben Lewis	Golden State Water Company
Tom Harder	Jurupa Community Services District

**NON-AGRICULTURAL POOL MEMBERS PRESENT**

Bob Bowcock	Vulcan Materials Company (Calmat Division)
Mohammed El-Amamy	City of Ontario
Brian Geye	Auto Club Speedway
Steve Arbelbide	California Steel Industries
Jorge Rosa	Southern California Edison
David Starnes	Swan Lake Mobile Home Park
Roger Han	Praxair

**WATERMASTER BOARD MEMBERS PRESENT**

Michael Camacho	Inland Empire Utilities Agency
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**Watermaster Staff Present**

Kenneth R. Manning	Chief Executive Officer
Sheri Rojo	CFO/Assistant 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
Mark Wildermuth	Wildermuth Environmental Inc.

**Others Present**

David DeJesus	Three Valleys Municipal Water District
Kevin Sage	Vulcan Materials Company
Dennis Poulsen	California Steel Industries
Allen Hubsch	Hogan & Hartson LLP
Marguerite Battersby	Sheppard Mullin Richter & Hampton LLP
Eunice Ulloa	Chino Basin Water Conservation District
Marty Zvirbulis	Cucamonga Valley Water District

Chair Kinsey called the Joint Appropriative and Non-Agricultural Pool Meeting to order at 1:00 p.m.

**Mark Kinsey:** Are there any changes or reordering to the agenda?

**Ken Manning:** Yes Mr. Chairman item two B, we had anticipated we were going to receive the contract from Dr. Sunding prior to today's meeting as it is stated in the agenda. We have not received that as yet so I am asking that it be held over for next month.

**Mark Kinsey:** Okay

#### AGENDA - ADDITIONS/REORDER

**Allen Hubsch:** I also have a point of order I would like to ask the chair of the Non-Ag Pool if there is a quorum present of the Non-Ag Pool.

**Bob Bowcock:** Yes I believe that the Non-Agricultural Pool has a quorum.

**Allen Hubsch:** I would like the minutes to reflect there is a quorum of the Non-Ag Pool present.

**Ken Manning:** For the purposes of the meeting does it only take one?

**Bob Bowcock:** I think that is right.

**Ken Manning:** Okay.

#### I. CONSENT CALENDAR

##### A. MINUTES

1. Minutes of the Annual Non-Agricultural Pool Election Meeting held January 7, 2010
2. Minutes of the Annual Appropriative Pool Election Meeting held January 7, 2010
3. Minutes of the Annual Joint Appropriative & Non-Agricultural Pool Meeting held January 7, 2010
4. Minutes of the Special Non-Agricultural Pool Conference Call Meeting held January 18, 2010

##### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of December 2009
2. Watermaster Visa Check Detail for the month of December 2009
3. Combining Schedule for the Period July 1, 2009 through December 31, 2009
4. Treasurer's Report of Financial Affairs for the Period December 1, 2009 through December 31, 2009
5. Budget vs. Actual July through December 2009

##### C. CHINO BASIN WATERMASTER ANNUAL AUDIT

Chino Basin Watermaster Annual Audit Performed by Mayer Hoffman McCann P.C.

*Appropriative Pool: Motion by DeLoach, second by Crosley, and by unanimous vote  
Moved to approve Consent Calendar item A2, A3 through C, as presented*

**Allen Hubsch:** We also would like to take some things off the consent calendar and add some items. I would like to take IA3, IA4, and all of IB off the consent calendar. And we would like to add the following items. The first one is Non-Ag Pool information requests. Second is payment of fees of counsel and consultants. Third is transcript of January 18 hearing. Fourth is preservation of documents and electronic information. And fifth is transfer of the Non-Ag Pool stored water on the books of Watermaster. We would like that to be on the agenda for the Non-Ag Pool.



**Ken Jeske:** Right, I was going to say that that's not pertinent to the Appropriative Pool meeting, although, the Non-Ag Pool

**Allen Hubsch:** So perhaps it should be at the end.

**Ken Jeske:** So that would be that request and I take it it's coming from counsel of the Non-Ag Pool. Is that an official action yet or do you need the... I am trying... Well, we are used to a certain format of speakers up here so now we have a new person. I don't know, or I believe I know, who he represents, I am not sure everybody at this dais or in the room does. So it probably would be good to identify who is speaking and on whose behalf and if you need to take action maybe you need to make it very clear what pool agenda and then...

**Bob Bowcock:** Okay, we.....

**Ken Jeske:** And then it may be necessary just to looking at the audience. I was just talking to some reps for one of the Non-Ag Pool members that it might be good to make sure we get a roll call of who is here and not here of the Non-Ag Pool.

**Bob Bowcock:** We can either do the roll call or I think everyone signed in with Sherri Lynne. It's whatever the group preference is.

**Ken Jeske:** I know since the request is for minutes and transcripts I just want to make sure you know.

**Bob Bowcock:** Correct. Thank you.

**Mark Kinsey:** I would have one question is that we follow provisions of the Brown Act and these are items being requested to be added and my understanding of the Brown Act is urgency items. Now is the Non-Ag Pool free to do that.

**Allen Hubsch:** These are all discussion items. They are not items that the pool will be asked to act on.

**Members:** Talking that can't be heard clearly enough to write down.

**Bob Bowcock:** And insomuch as for the record, um the counsel verbalized the request, um, as the chairman of the Non-Ag Pool I will make that request as stated by counsel. That's it, it's official.

**Mark Kinsey:** Okay for the Appropriative Pool we have consent calendar items IA, B, and C – do I have a motion to approve.

*Appropriative Pool: Motion by DeLoach, second by Crosley, and by unanimous vote  
Moved to approve Consent Calendar item A2, A3 through C, as presented*

**Bob Bowcock:** I think we are going to sort of a...

**Ken Jeske:** Now item 4A when you said A, Mr. Chair, item 4 is not is not an Appropriative section item A4 so the Appropriative Pool did want...

**Bob Bowcock:** Yea you got to remove my stuff from yours.

**Ken Jeske:** And the Appropriative committee part of it, which is what...

**Bob Bowcock:** Yes, right, yes. Now, my turn?

**Mark Kinsey:** Yea.



**Bob Bowcock:** Okay we are going to lob back and forth and hopefully we will get it right. Um, counsel has removed the items as stated, um and um I will let him articulate his position on those.

**Allen Hubsch:** All right with respect to the minutes of the Non-Ag Pool meeting on January 7<sup>th</sup>, ah we have concern that the minutes are not accurate. We have asked for a tape recording, a copy of the tape recording of the January 7 meeting, ah we understand that tape has been destroyed. Um, the share of the Appropriative committee just mentioned that the, um, this body is subject to the Brown Act. Ah the Brown Act requires recordings be maintained for a minimum of 30 days before they are destroyed. Um, we would like some questions of staff regarding the destruction of that tape. We would like to know when that tape was destroyed.

**Ken Manning:** I am not sure. I will be honest; I do not know the exact date. It was as soon as the minutes were produced.

**Allen Hubsch:** And when were the minutes produced?

**Ken Manning:** I don't have that in front of me exactly.

**Allen Hubsch:** Who would know when the minutes were produced?

**Ken Manning:** I would have to consult with my administrative assistant. Although I think she has provided some information. I do not have that information. I can get that to you.

**Allen Hubsch:** Is there somebody present who would know?

**Ken Manning:** My administrative assistant is the one who handles the minutes.

**Allen Hubsch:** And who's that?

**Ken Manning:** That would be Sherri Lynne Molino.

**Allen Hubsch:** Can we ask her?

**Michael Fife:** We would have to look into this. This is not a deposition. I mean, we will look into it and we will have an answer for you.

**Ken Manning:** We will get you an answer.

**Allen Hubsch:** We have been asking actually for a week now about that tape.

**Robert DeLoach:** You will get your answer; thank you staff.

**Allen Hubsch:** This is an item from the Non-Ag Pool.

**Mark Kinsey:** Yea.

**Michael Fife:** I will give you the same answer. You will get your answer.

**Allen Hubsch:** Can you tell me when we will get our answer?

**Michael Fife:** When we have the answer.

**Allen Hubsch:** How long does it take to get an answer like that?

**Michael Fife:** I don't know.

**Allen Hubsch:** Do you get a sense of our frustration in not getting answers to questions like this. Well I recommend the minutes of the January 7 hearing not be approved based on the fact that, ah, the tape recording was destroyed in violation of the Brown Act. I'd also point out that Mr. Fife has sent me the document retention policy for Watermaster which states that tapes are destroyed after they are transcribed and, ah, is there a transcription available of that tape.

**Ken Manning:** Minutes are available, which Watermaster has, traditionally, going back as long as I can tell. We have interpreted the policy that was adopted in 1992, and practiced since 1992, and minutes approved by the Overlying Non-Ag Pool since 1992 have been for minutes. Not exact word for word transcription. That we interpret as a term that would be used in court. We interpret that term as minutes and that is the way it has always been at Watermaster – been traditional.

**Allen Hubsch:** Point out the word transcription in the document retention policy. The minutes. The tape was destroyed before the minutes were approved. The tape was destroyed without a transcript and the tape was destroyed earlier than 30 days after the meeting in violation of the Brown Act.

**Michael Fife:** The tape was destroyed following transcription. Following 17 years of Watermaster practice to which nobody in 17 years has complained. We followed normal and customary procedure. It's transcribed the way all meetings are transcribed and the tape was destroyed following transcription in the same way every tape for every meeting for 17 years has been done

**Allen Hubsch:** The fact that something's done wrong for 17 years is not an excuse. Ugh, either a violation of the law or of your own policy.

**Ken Manning:** Is that an editorial or a question?

**Michael Fife:** We are not here to be preached at.

**Allen Hubsch:** Right, but understand my client was preached at in the closed session and told that the Rules and Regulations of this body are essentially a court order.

**Ken Manning:** So you are divulging what went on in closed session.

**Allen Hubsch:** My client tells me that he said he would disclose that to his counsel and there is no objection to that during closed session.

**Michael Fife:** I don't have any recollection of that.

**Ken Manning:** I don't either.

**Allen Hubsch:** If the Rules and Regulations are in fact a court order they should be complied with and the Rules and Regulations require that Watermaster comply with the Brown Act.

**Michael Fife:** No, that's not true.

**Allen Hubsch:** The Rules and Regulations state that the Brown Act will be followed except as otherwise provided herein.

**Ken Manning:** Yes.

**Michael Fife:** And we have a Watermaster policy adopted in 1992 that tells us...

**Allen Hubsch:** And that policy is not inconsistent; that policy says that the tapes be destroyed after a transcription. The Brown Act...



**Michael Fife:** If the Non-Agricultural Pool would like to change Watermaster's policy then you should make a recommendation to the Board.

**Allen Hubsch:** We would like Watermaster to follow its policy, not change it.

**Michael Fife:** Watermaster's staff has followed the proper policy for 17 years.

**Allen Hubsch:** I would recommend that the minutes not be approved.

**Bob Bowcock:** Okay the minutes are going to be unapproved by the Non-Agricultural Pool.

**Ken Manning:** That's fine.

**Ken Jeske:** Was that a vote?

**Bob Bowcock:** Would you like a vote?

**Ken Jeske:** I don't know. I am just curious how everything seems to be as far as I have heard following the strict rule of some type of rule of order. By keeping the minutes you should probably... At least when I chaired the committees and was working with a different chair of the Non-Ag we were pretty clear about following votes if there was more than one party present.

**Bob Bowcock:** Inasmuch as the Non-Agricultural Pool is present in number I would call for a motion to. Well, to not approve the minutes of January 7 – the Non-Ag portion. Well, the minutes in their entirety as the Non-Ag Pool.

**Allen Hubsch:** I believe separate minutes were prepared for the Non-Ag portion of the meeting. So the minutes of the Non-Ag Pool....

**Bob Bowcock:** Correct – correct. Ok if they choose. The motion was made by the Speedway. Call for a second. Second by Steve Arbelbide. All in favor from the Non-Agricultural Pool. The minutes are unapproved.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by majority vote, Ontario vote no*

***Moved to not approve Consent Calendar item A through B, as presented***

**Allen Hubsch:** The minutes....the next item is the minutes of the Non-Ag Pool meeting on January 18<sup>th</sup>. I have requested that a transcript be prepared of the January 18<sup>th</sup> meeting minutes and I have not received a response. Staff did distribute on the table letters that I sent in the last few days to Watermaster staff and that's one of the requests that was made and I have not received a response.

**Michael Fife:** Let's get the sequence proper. You did not submit these in the last few days; we got them 48 hours ago. Watermaster's practice is that when a party asks for verbatim minutes – we prepare them. So we will prepare them.

**Allen Hubsch:** So I move then... so I recommend that we wait to hold that item until the next meeting after the transcript is prepared.

**Bob Bowcock:** Can I have a motion please. The same, second, Steve. The minutes of the 18<sup>th</sup> are also unapproved.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by majority vote, Ontario vote no*

***Moved to ask for verbatim minutes for item A1, as presented***

**Allen Hubsch:** Item IB1 and IB5, in particular, of the IB items.

**Ken Manning:** Are there going to be a lot of questions on the finances, and if there is I am going to ask Sheri Rojo, my CFO, to come up here and sit at the podium so that we can have a more detailed conversation without her having to pop up and down with the microphone.

**Allen Hubsch:** That sounds fine. I don't know whether she's the person to answer the questions.

**Ken Manning:** I am certain she is.

**Allen Hubsch:** She might be. Alright, terrific.

**Sheri Rojo:** Starting with page 13 of the packet for questions?

**Allen Hubsch:** Well, I have some questions. I received an email response from Michael Fife yesterday which was not included in the package of correspondence that stated that the Watermaster's procedure for paying for all consultants including outside counsel is that a budget has to be submitted together with the request for payment and that payment is not made until the budget is approved and assessments are levied and collected. And we have some questions about IB1 which is the set of items being paid. Is the cash disbursement.... Could you...hopefully this is easy. Can you tell me how many of these payments are for consultants including counsel?

**Sheri Rojo:** No I can't. I would have to go through and add them up for you and get that information.

**Allen Hubsch:** I am not asking for the total amount just which names are consultants or outside counsel.

**Sheri Rojo:** Consultants or outside counsel and you want how many or you want which ones they are.

**Allen Hubsch:** Which ones.

**Sheri Rojo:** Park Place Computer Solutions is a consultant. Applied Computer Technologies is a consultant. I would have to look into Goldman Communications; I am not sure of that charge. James Johnston is a consultant. Brownstein, Hyatt, Farber & Schreck is an attorney. Rauch Communications is a consultant. Reid & Hellyer is an attorney. Black & Veatch Corporation is a consultant. Wildermuth Environmental Inc. is a consultant. And that's what I come up with.

**Allen Hubsch:** Are all of these consultants, fees, and cash disbursements in line with the budget that has been approved for them?

**Sheri Rojo:** Yes.

**Allen Hubsch:** There are no items that are over budget.

**Sheri Rojo:** No.

**Allen Hubsch:** On the Brownstein, Hyatt, Farber & Schreck invoice, how is that allocated? I only see one item on the budget. The approved budget is for in the amount of \$10,000.00 dollars. And yet that item appears to be over budget.

**Sheri Rojo:** Really! Let me take a look at my budget.

**Allen Hubsch:** It's item 6067 on the budget in the detail.

**Sheri Rojo:** Oh yea, that's for administrative purposes for general counsel. You need to look in the OBMP section of the budget; more specifically account 6907.3.



**Allen Hubsch:** And what's the difference between those two account numbers?

**Sheri Rojo:** One is for administrative legal consulting and one is for Watermaster Board requested work.

**Allen Hubsch:** And, um, administrative expenses are not Watermaster Board request work?

**Sheri Rojo:** They may or may not be. We budget.... I think what we normally put in there is if there is any staff issues or things that aren't related to regular engineering stuff.

**Allen Hubsch:** Well let's take the \$41,458 dollar payment in December. How is that allocated between these two budget items?

**Sheri Rojo:** There's nothing in the 6067 account. None of that expense has been allocated to administrative legal.

**Allen Hubsch:** It's all been allocated to...

**Sheri Rojo:** 6907.3.

**Allen Hubsch:** Which is the management plan?

**Sheri Rojo:** Correct.

**Allen Hubsch:** So what is the \$10,000 in the administered in expenses for?

**Sheri Rojo:** The budget line item?

**Allen Hubsch:** Yea.

**Sheri Rojo:** As a placeholder in case we need any legal work done for administrative purposes.

**Ken Manning:** Mr. Chairman, and this is just a suggestion is that the questions that are being asked are procedural and as a matter of fact we make it a common practice around here to educate people on how Watermaster works all the time. We just got done with a meeting with our new board member. I might suggest that you ask your attorney to make an appointment with us within the next few days. We will be glad to walk through these items with him; on the record or off.

**Allen Hubsch:** I would be happy to do that but I am getting the sense that we are not going to get the information so we are going through, unfortunately, the demonstration of asking the questions in public so there is no....

**Ken Manning:** This was just a suggestion.

**Bob Bowcock:** I intended to intercede as little as possible but for the benefit of the audience that is watching this unfold; there has been a series of emails that have probably led to this activity. Where counsel doesn't feel confident he's going to get the answers to the questions he's been posing because of the responses from counsel. So that's in line with why he is asking the questions the way he is asking the questions. I would encourage us to participate in that process; thank you Ken. And I need to go back and fix something when you are done.

**Allen Hubsch:** Okay. Um well I guess I would recommend not approving the budget or the disbursements on the grounds we need to follow up and get answers to our questions.

**Bob Bowcock:** Okay what I will do then based on the recommendation of legal counsel is I will call for a motion not to approve item B1, 2, 3, 4, and 5 at this time until we can get the answers to the questions as they are appropriate and I will call for a motion. I have a first, second, second Mr. Arbelvide. And I will

now call all those in favor aye? Majority ayes. All those opposed? Mohammad El-Amamy, City of Ontario, opposed. Majority carries. The second thing I would like to do is go back and fix what I did before inasmuch as this is a new format. I kind of glossed over the last two votes and for that I apologize and will allow Sherri Lynne to correct them. Earlier we had a first and second motion on not approving the minutes of the 7<sup>th</sup> of January. I won't call for a motion and a second again; however, I would like to reflect a proper count of the vote. I offered those to say aye and many did and those opposed? Mohammad El-Amamy, City of Ontario, opposed. City of Ontario is on record as opposed. Any abstentions? I have no abstentions. And I need to go back and fix the same thing item IA4 the minutes of the January 18<sup>th</sup>, those were recommended not to be approved by virtue of the fact that the transcript is yet to be prepared. With that I called for a motion and I received a second. A vote was taken; however, I did not allow for the opportunity for no's or abstentions. All those in favor were aye. Opposed? Mohammad El-Amamy, City of Ontario, opposed. Ontario is on record as opposing. Any abstentions? There are no abstentions. Thank you for allowing me to make that correction. That brings us to item IC. Did we pull that?

**Allen Hubsch:** No.

**Bob Bowcock:** We did not pull IC so I will turn it back over to my co-chair and allow him to call the remaining items on the consent calendar.

**Mark Kinsey:** Well the Appropriative Pool took action with the exception of IA1 and IA4.

**Bob Bowcock:** Okay, so they are my things, okay. Then the Appropriative Pool will come back in and I will call for a motion on the rest of the consent calendar. We will go with the same first and the same second all those in favor aye – opposed, none – abstentions, none.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by unanimous vote  
Moved to approve Consent Calendar item C, as presented*

## II. BUSINESS ITEM

### A. CHINO BASIN WATERMASTER DRAFT POLICY MANUAL

**Mark Kinsey:** Okay, business item IIA.

**Ken Manning:** Yea, Mr. Chairman, Watermaster as you know we have made reports back to the Pools, Advisory Committee, and the Board over a number of months now. Watermaster has in its process of trying to streamline the organization and get the documents into one sequence of events and a sequence that allows us to make this organization as efficient as possible and has tried to put together a draft policy manual. As I had mentioned in the staff report, at the same time a group of Appropriators were discussing issues of Watermaster governance. Both of those committees – both the Watermaster staff committee and the Watermaster Appropriator subcommittee on governance ended up merging their products together into this one document that we refer to as the Policy Manual. What we are attempting to do here and Sheri is going to give you a little presentation on it as a summary. We are not inventing anything; what we are trying to put into one folder all of the series of documents that make up what Watermaster does. And with that I am going to turn it over to Sheri and she is going to go through the documents, the PowerPoint presentation that we gave at the workshop on this document and then we can answer questions and talk a little bit more about it.

**Sheri Rojo:** Thank you. As just a follow up, we had our policy manual workshop January 25<sup>th</sup>; the policy manual is in your package as a rough draft. I have to tell you I started in 2003, drafting a policy manual but I realized it was a really monstrous task and put it on the shelf and kept dusting it for several years until now when we dusted it off and brought it forward again. To make the policy manual a little bit more manageable, what we did was we broke it down into four sections. The sections are made to be added to over time. The first section deals with purpose of the organization. The second is the governance structure and policies. The third is CEO and office staff policies. The fourth one is financial policies. We have already identified several policies that we would like to add to the manual. And even another chapter that we would like to add as well. So, like, for water transactions type of policies and basic water policies



we have here and how we operate. Now the policy manual's design is a rough draft. It's designed in sections and in pieces, so each policy is a standalone document. So it can be removed, updated, revised, and put back in. And then it is an open ended document to where we can just keep adding policies to that and then staff would also add into it procedures as well as the policy. Now the policies that you have in the document are listed in a table of contents in the front part of it; listed by policy number on page 57 of the document. Now what's important to note is that none of the policies are new in the manual, that the only new policies are the ethics policy to comply with the AB1234 requirement and then we did come up with a surplus policy; we didn't really have one for our old assets. And then some administrative or procedural changes; most notably I think on the minutes will reflect who's actually absent instead of just listing the people who are here. So that was pretty much it as far as new policies. And then all the rest of the documents pretty much articulate what we are already doing and why. We have identified a couple of things that we would like to update internally so as far as there is a document for budgets and it says according to the Judgment, the Judgment reads that we will bring a budget to the Advisory Committee in March and we usually do that in May. It's in the policy now but that is something we would like to bring forward and change in the future. Several members of the Pools and all the different Pools have had a chance to look at the policy manual and several people did show up at the workshop and provided some comment. There has been a couple of comments subsequent to the workshop that deal mostly with some typo's types of things and sometimes we refer to confidential session and sometimes it's a closed session, so for consistency purposes we will go through the document and update that. But the policy manual is in the package for your consideration and comment. And with that I would be happy to entertain any questions.

**Mark Kinsey:** I would open it up for any discussions from the Appropriative Pool members.

**Ken Jeske:** Mr. Chair, this effort although started quite some time ago by staff really generated out of discussions. They came up at this level primarily spearheaded by your agency, Monte Vista Water District and Chino Hills on the topic of governance. The Appropriators had a series of meetings on governance and the five year review period. And out of those discussions, determined that having proper protocol policy and procedures, it could fit the needs of doing that review and with that in mind then a draft document was produced, updated by a group of parties to include all of their concerns. I myself even went to couple of Ag Pool meetings and listened to their advice and input. Their Pool and the Non-Agricultural Pool both selected a person to review and provide input into it and that was done. And then it came back to the workshop that was held a week or two ago.

**Ken Manning:** Yes.

**Ken Jeske:** Which then puts this document in front of us with the hope that it not only provides good direction for the committees, the Board, and staff to follow, but also good direction on the governance issue that was initially raised five or ten years ago by Ontario and Cucamonga and then re-raised by two other parties. And I think we need to acknowledge also the effort that Doug LaBelle and the City of Chino Hills put in into coordinating a lot of the meetings in getting a lot of the things put together in this. At the workshop it was discussed that we should an input meeting; schedule the first half of the document which was sections one, two, and three.

**Ken Manning:** Staff is only recommending one and two. But that's up to discussion.

**Ken Jeske:** One and two for the first meeting and then three and four for the second meeting. It probably depends on how those discussions go to do it in two parts. Because it was fairly thoroughly gone through so with that it is kind of the framework for doing this. I don't know if the Non-Ag Pool had any further comments. It seems to me there is one thing that I looked at this just in hearing the earlier conversations and that would be in policy 2.8 and in policy 4.15 there is a couple of sections there that deal with tapes and the retention of tapes. At the workshop it was recommended to go with the wording you had before you, that may not be the best way to handle it. It may be better to have a defined period of time in which the tapes are retained; now such as 30 or 60 days at which time they could then be destroyed after minutes are produced and it may be important to clarify the wording. If you intend to transcribe or even to



do minutes, those are two different things; by word but maybe not by practice for 17 years. So that's probably one item that we would as staff to take a look at before it came back.

**Ken Manning:** Mr. Jeske is correct and there are a number of... that's not the only place where Watermaster in going through this process and some of the parties have pointed out there are some inconsistencies with what is actually something that should occur and staff doesn't disagree with that. It just would be improper for staff to make a judgment about changing policy without having that process go through, so we listed what we have, but I will be the first one to tell you that staff would very much recommend that in the future would change that policy to 30 or 60 days. No problem with that, it is just policy today.

**Mark Kinsey:** Is there any other questions from any other Appropriative Pool members? What's the pleasure of the group? Is it to take action to adopt the format as well as section one and two or is it just to provide another opportunity for comment and... Dave.

**Dave Crosley:** Mr. Chairman, I suggest that any action that we contemplate taken today would be limited to format only and that the specific sections of the document come back for consideration and possible action at future meetings.

**Robert DeLoach:** What are you describing as format Dave?

**Dave Crosley:** Well...appearance, layout, and numbering.

**Robert DeLoach:** Okay, I will second that.

**Mark Kinsey:** I hear a motion and a second to approve only in format. Any Appropriative Pool members opposed? Motion passes unanimously.

*Appropriative Pool: Motion by Crosley, second by DeLoach, and by unanimous vote  
Moved to approve the Policy Manual only in format, as presented*

**Bob Bowcock:** Okay, so that I am clear. We are approving format and I will start out by saying there is a tremendous amount of effort that has gone into this document. Thank you, Ken Jeske for heading that up; we all participated. In light of the fact that, that so many of the rules and regulations and policies and procedures are presently being called into question; it is going to be prudent that we go back and look at some of these things. And I think that is fine and if today we are just approving it as to format, I like the format – I like the way it's laid out and it makes it a whole lot easier for us to delve into. So if that's what we are doing, I would make a recommendation to my committee and then see a motion that we join you in approval of the format so that we have something to work on over the next couple of months so that we get it to be a document that we can all live with. So with that I will seek a motion – okay the same motion maker, my consistent second, thank you sir, all those in favor aye. Any opposed, none and any abstentions, none. Thank you.

*Non-Agricultural Pool: Motion by Geye, second by Arbelbide, and by unanimous vote  
Moved to approve Consent Calendar item C, as presented*

#### B. DR. DAVID SUNDING CONTRACT

NOTE: This item was pulled from the agenda.

**Mark Kinsey:** Okay we previously removed Business Item IIB so we are now down to Reports & Updates legal counsel.

**Bob Bowcock:** Staff, excuse me, would you like to take business items that we added to our agenda at this time or in a different... to me it would appear that this is where you would probably like to see them or would you like to do them.



**Ken Manning:** That is something between the two chairmen's to work out the sequence of events.

**Bob Bowcock:** They are business items we added to our agenda.

**Robert DeLoach:** You stated them but I am not sure you took a motion and a second to add them.

**Bob Bowcock:** I can go back and fix it.

**Mark Kinsey:** I believe that legal counsel said they would be discussion items really not business items.

**Bob Bowcock:** We would like to discuss them. I would like to take advantage of the full audience of Non-Ag Pool members while they are here.

**Mark Kinsey:** As you wish Bob.

**Bob Bowcock:** Okay, thank you very much. We will go ahead and hopefully we can help Sherri Lynne numerically or what was our quantity because I am going to add them to our agenda as C, D, E, were there five?

**Allen Hubsch:** Five.

**Bob Bowcock:** There are five but to start with C and go chronologically from C.

**Somebody:** That's up to you guys.

**Bob Bowcock:** Again, thank you.

**Allen Hubsch:** The first item is Non-Ag Pool information requests and these are requests that were made February 2<sup>nd</sup> by a letter from me to Scott Slater. I would like to find out the status of some of these items; whether they exist and whether we are likely to see them. The first is the Rules and Regulations of the Non-Agricultural Pool Committee and the Rules and Regulations of the Appropriative Pool Committee. Do they exist?

**Michael Fife:** Yea obviously.

**Allen Hubsch:** And where are they, because we have been asking for them for close to two weeks verbally; which led us to think we needed to put it in writing.

**Michael Fife:** Okay, I don't recall a request two weeks ago. I think a request was made by CSI's attorney and she got them within 24 hours. I have not had a request from you but we did have a request, as you said two days ago, and we are gathering the information you requested.

**Allen Hubsch:** Did you get the Non-Ag Pool Committee Rules and Regulations.

**Marguerite Battersby:** The Non-Ag Pool. That is all I asked for.

**Ken Manning:** We have never a request for Appropriative Pool rules and regs.

**Allen Hubsch:** Okay. Um, well then I will get them from Peg that's fine, thank you the Non-Ag and the Appropriative Pool Committee Rules and Regulations? They exist?

**Michael Fife:** Yes, they exist.

**Allen Hubsch:** So, we can presumably, can get them – they are readily accessible?

**Michael Fife:** Sure.

**Ken Manning:** In fact they are online, I think.

**Robert DeLoach:** They are online.

**Allen Hubsch:** Can you tell me where?

**Michael Fife:** As are just about everything you have asked for actually.

**Allen Hubsch:** I have looked but I grant you there is a lot there.

**Ken Manning:** We will help you maneuver through it when you come in. That is no problem.

**Allen Hubsch:** Okay. Transcripts of meetings of the Board and Committee – actual transcripts prepared pursuant to the records retention policy. Are there any?

**Michael Fife:** Yes, and as I have told you, they are all online. You can get them anytime you want. You have asked staff to produce them for you so that you don't have to go online and we are doing that.

**Allen Hubsch:** That's transcripts of Board meetings?

**Michael Fife:** All minutes of all meetings – all approved are online.

**Allen Hubsch:** All approved:

**Michael Fife:** All approved.

**Allen Hubsch:** There is a distinct difference between a transcript and a minute. A minute is a summary. I could read you a sentence from a transcript of you speaking to the judge in this matter in which you describe to him that you arrange for transcripts of the court hearings. When you were talking to the judge you seemed to understand what the word transcript means. When you are talking to me, you apparently think that a transcript means a minute – a summary.

**Michael Fife:** I guess I am not as educated as you. We prepare minutes according to policy.

**Allen Hubsch:** Okay.

**Michael Fife:** You have been told that many times.

**Allen Hubsch:** I'll take that, that there are no transcripts. Um, I have asked for transcripts of court hearings. There are, I admit, transcripts of court hearings on the website but only back to April of 2009 and I would like them back to the Peace II Agreement discussions. And since the December 11, 2009, transcript has you stating that your firm arranges for the preparation of the transcripts, I assume they are readily available?

**Michael Fife:** Yes, and we are gathering all of them for you.

**Allen Hubsch:** We have also asked for all invoices from your firm and I assume those are readily available either from your firm or from staff?

**Michael Fife:** We are considering that request. There are attorney client privilege issues and we will get back to you on it.

**Allen Hubsch:** And who is the holder of the privilege?

**Michael Fife:** Our client.



**Allen Hubsch:** And who is the client?

**Michael Fife:** The Chino Basin Watermaster.

**Allen Hubsch:** Okay, well I submit that we are a Pool committee of the Chino Basin Watermaster pursuant to the Judgment and we would like to find out what your position is reasonably quickly on that. We asked for a copy of....

**Ken Manning:** Are you reading from just the letter you sent.

**Allen Hubsch:** Yes.

**Ken Manning:** I just want it noted we have put that letter out for the audience if you want to follow along.

**Allen Hubsch:** We asked for a copy of the notice that staff says was given of the August 27, 2009, Board meeting from the senders email so we can see who that was sent to. I assume that email still exists?

**Michael Fife:** The notice – you want our service list?

**Allen Hubsch:** No, we want to see the email that was sent. We understand that staff claims that notice was given to an email with respect to the August 27, 2009, agenda and that staff sends it read receipts. That staff retains the read receipts and we would like to see who that email was sent to; specifically the people as well as their email addresses to see the read receipts.

**Michael Fife:** It is sent to the service list. The service list we will...

**Allen Hubsch:** I don't need an explanation – we want to see the email.

**Michael Fife:** Okay, if I can't give you an explanation, your request is being considered.

**Allen Hubsch:** We also asked for copies of the consensus pursuant to which members of the Non-Ag Pool agreed to receive notice by email or a court order pursuant to which Watermaster staff was authorized to give notices by a court order or by email. I assume you are looking at that as well?

**Michael Fife:** Yes.

**Ken Manning:** I just want to assure you that Watermaster is going to produce all that stuff for you. The Overlying Non-Ag Pool is an agency or group that we deal with just like we deal with anybody here at Watermaster and so I appreciate your reaffirmation of the request; but Watermaster is going through all of that stuff and I will tell you quite a bit of that is online and we will help you maneuver through that site.

**Allen Hubsch:** That would be great.

**Ken Manning:** And you can pull down what you want; but we are producing that information. Just 48 hours was a little too quick to get it to you today.

**Allen Hubsch:** I understand that perhaps some of it would take longer and I am not sure why, considering how readily available some of it should be; why none of it could be provided. Or none of it could be provided.

**Michael Fife:** 48 hours and it was not even 48 hours, we got mid-afternoon on Tuesday and this is mid-afternoon on Thursday. Staff has jobs – they have things to do.

**Allen Hubsch:** I understand.

**Micahel Fife:** 48 hours is unreasonable to expect this much information. You will get it.

**Allen Hubsch:** Alright, looking forward to that. Thank you. Unless you have anything else on that item, I would go to the next one.

**Bob Bowcock:** Please.

**Allen Hubsch:** The next item is payments of fees of counsel and consultants. And, Mr. Fife, in response to the letter that I sent informing you that our firm had been retained as counsel by the Non-Ag Pool Committee and was looking for its fees to be paid in the same manner as the Ag Pool counsel and Watermaster counsel. You sent back a response that does not seem to be consistent with the way in which the way the fees of the Ag Pool counsel or Watermaster counsel are paid. You suggested that, among other things, the Non-Ag Pool should pay its own fees; it's our understanding that the Ag Pool is not paying all of the fees of its counsel. In fact, that the Non-Ag Pool and the Appropriative Pool are paying the lion's share collectively of the Ag Pool counsel fees. Am I mistaken about that?

**Michael Fife:** Only to the extent that I believe that the Non-Ag Pool and the Appropriative Pool pay all of the Ag Pool's legal fees.

**Allen Hubsch:** Well that would be even more than a lion's share wouldn't it?

**Several people talking at the same time.**

**Ken Jeske:** I am not sure how you are doing the accounting but the Ag Pool's attorney should be accounted for in the Ag Pool's financial statements and the Non-Ag Pool should be accounted for in the Non-Ag Pool's financial statements. The Appropriative Pool, if they were to hire consultants such as the one that was just postponed to next month (Dr. Sunding), should be shown in the financial statements for the Appropriative Pool. Now there is an agreement called the Peace I Agreement which provides that certain expenses of the Agricultural Pool are paid by the Appropriative Pool but the accounting methods should be similar. There is not that agreement between the Non-Ag Pool and the Agricultural Pool or the Appropriative Pool to pay Non-Ag Pool expenses.

**Robert DeLoach:** In fact the agreement the Appropriative Pool has with the Ag Pool is approved by the court.

**Ken Manning:** Right.

**Ken Jeske:** That's true, and as I say that, keep in mind that I represent Ontario and they are a higher percentage of the Non-Ag Pool than they are in the Appropriative Pool. So as I am listening to this, I guess my recommendation is that we be consistent in the accounting methods.

**Ken Manning:** Just to make it clear, the response that counsel gave to the attorney for the Overlying Non-Ag Pool, Allen Hubsch, was...he had responded with the policy that Watermaster has for the development of a category, a budget category and budget transfers, and delineated in order for Watermaster to make payment we would need first of all a budget adopted by the Overlying Non-Ag Pool party that outlines to Watermaster how much money it is that we would provide in a special assessment to the Overlying Non-Ag Pool parties, then we would assess those parties and then we would effectuate a budget amendment that would create both an income stream and an expense category within the budget. And then, and only then, would we authorize to make payment. So that is the process we follow that was adopted by Watermaster a couple years that I recall. Sheri wasn't it?

**Sheri Rojo:** It was last year.

**Ken Manning:** Early last year.

**Allen Hubsch:** Well I think our, um, primary concern is consistency. It appears that the Non-Ag Pool for several years has been paying a..... Well, let's put it this way, the Ag Pool's legal fees have been put into the budget and then spread out among all those paying assessments on a volume basis. And so the Non-Ag Pool has been paying the Ag Pool's counsel fees for years and I guess...you know I am not familiar



with all the facts, but it sounds like that was something that was not part of an agreement so it must be just a policy. Because it was only the Appropriative Pool that had agreed to pay those fees. We are asking now to have a treatment that is consistent with the Ag Pool and have our fees included in the budget and assessed on a volume basis.

**Michael Fife:** To the Appropriative Pool?

**Allen Hubsch:** Let me ask you this. They, I assume if we, um...seek court review.

**Ken Jeske:** I think the Appropriative Pool would be willing to enter into negotiations with the Non-Agricultural Pool. Everybody's aware the agreement between the Appropriative Pool and the Agricultural Pool was a two party agreement, and there were gives to the other pool with both regard. So if the Non-Ag Pool wants to enter into negotiations as to what they want to give up in exchange for paying their legal fees that would be up to the committee. And what I am hearing is that they are very open for that discussion. Otherwise, since we are in joint meeting, my suggestion to the Non-Ag Pool would be if they wanted to agendize this for their next meeting or add it to the agenda to talk about how they assess and pay and change their budget and pay the legal fees to the counsel that they asked in a special meeting to represent them. That would be the appropriate way to move forward and keep it within the pool. If you want to try to do an agreement like Peace III between the two Pools, I with all due respect counsel, you probably want to get paid soon. So I would suggest you keep it within the pool and then allow any other discussion to follow and then that way it would be much prompter for your contract and for your payment.

**Allen Hubsch:** I appreciate that and I've nothing against negotiation. I would say you know what we hear sitting here as the Non-Ag Pool is we get whipped sod both ways. Though the fact the transcripts haven't been prepared for 17 years is precedent. The fact that the Ag Pool's been paid by the Non-Ag Pool for years is not. We not only have to pay the Non-Ag Pool...I'm sorry...our pool not only has to pay the Ag Pool's fees, we have to pay our own. Then presumably when we seek court review...

**Ken Jeske:** I don't want to argue.

**Allen Hubsch:** Oh I'm not arguing with you, I'm...

**Ken Jeske:** It's part of an agreement. It's completely separate from the other issue on procedure precedents on minutes and transcripts. You guys can argue that out but...

**Allen Hubsch:** Right.

**Ken Jeske:** But if you want to start talking about payments between pools, as a party that's in both pools, and been around for a while, we know that takes a lot of discussion. I think if you consult with your clients' chair, he can advise you along those regards.

**Allen Hubsch:** Mr. Chairman, to just point out clarification, if I recall this is just a discussion item and we are not a...

**Bob Bowcock:** Yea, right we are not taking any action at this time no. I think that counsel is attempting to achieve consistency. It is the consensus of the Non-Ag Pool that we have not been receiving consistency in application of the policy and so as painful as this process seems, it's to seek consistency. So with that I will ask that and we are probably going to debate whether we meet consistently together on a go forward basis at a later time on this agenda. For right now we are meeting together and, you know, we are going to hear these as information items. It will be an item on the next agenda of the Non-Ag Pool.

**Allen Hubsch:** You ready to move on.

**Bob Bowcock:** Yep.



**Allen Hubsch:** Okay, the next item. The transcript of the January 18, hearing, I think we already discussed that in another context. We would like to get a transcript of that hearing. And we understand that it will be forthcoming. Preservation of documents and electronic information; we are preparing a what's called a litigation hold letter that will we will be transmitting shortly. There has been various oral requests for the preservation of various things like tapes and that have been expressed by various people, including Peg, and the chairman and other members of the pool; we are basically going to give you a blanket letter that says we would like you preserve everything including electronic information and to the extent that, that requires imaging of computers we are going to ask that you do that. Also we are concerned particularly because of the destruction of the January 7, tape that you will be following what you perceive to be your document destruction policy and not following and not preserving information for um...

**Ken Manning:** I am confused; are you asking me to follow policy or to do what you have asked?

**Allen Hubsch:** The law requires that once you are on notice of a controversy, that you stop following your document retention policy and you start preserving documents and electronic information. And we think we have given you adequate notice of the existence of a controversy and in fact, various people have expressed desire for you to start preserving information. We are working on a letter, unfortunately, we couldn't get it out in time but we will get it to you shortly. But this is, um, considered sort of a formal request that you preserve all electronic information and other documents. You are a special master of the court, you have a special duty to maintain information, a you are arguably a local agency and subject to the Brown Act, which also imposes duties – statutory duties for which there are substantial penalties for violation and. in addition, you know there is a dispute pending. So we would ask that...you will be getting a letter shortly but we want to go on record for everybody to hear that we are insisting on the maintenance and preservation of information.

**Bob Bowcock:** Specific, Sheri, oh do you need to be recognized?

**Sheri Rojo:** Yes, may I speak? Just to go back and clarify on page 17 of the package there's a notation in here where the Ag Pool expenses are listed and then they are shifted over to just the Appropriative Pool. So I want you to know that the Appropriative Pool is picking up the expenses of the Ag Pool.

**Ken Manning:** Yes, not the Non-Ag Pool.

**Sheri Rojo:** Yes, it is not split – someone said that.

**Bob Bowcock:** Okay, um, on the item that he has just concluded before we move onto the next item. For the benefit of the audience both by...because I know the Non-Ag Pool members that participated in the call on January 18<sup>th</sup>, have expressed this concern for those of you who that were, um, on that call and for those of you who missed it and then for the benefit of the Appropriators that are present. In that call, because some of the Appropriators participated in the call on the 18<sup>th</sup>; one of the members of the Non-Ag Pool, it was not myself, another gentlemen requested that the tapes be preserved that were in possession at that time and that was at 9:00 a.m. on January 18<sup>th</sup>. I followed up with an email requesting in writing at approximately 11:00 a.m. the same day. So the concern is, was the tape destroyed after the request of January 18<sup>th</sup>, and frankly it's a very serious matter for the Non-Ag Pool and of great concern. And it is a collective because they've all asked that I go on record about that specifically so, I would like to do that at this time.

**Allen Hubsch:** The next item is the transfer of the June 30, 2007 stored water which is the water that is at issue in the controversy that exists. We have been told verbally that that water has been moved out of the accounts of the Non-Ag Pool members but we have not seen any documentation of that. Um we don't know whether if it's true or not. We are also concerned because we have a period of time of which to bring an action to challenge or seek a court review of actions taken by the Watermaster, and yet we don't know exactly what action has been taken because we've only been told verbally what has happened. We would like to know what has happened to that water, when it was moved, whose account it's in?

**Sheri Rojo:** If I may, Mr. Chairman....



**Bob Bowcock:** This is my part.

**Sheri Rojo:** Okay, Mr. Chairman, each of the checks that were sent to the Non-Ag Pool parties included a reconciliation of what their balance is at the time and what their beginning balance will be on the next Assessment Package so that showed them what their storage account balance as of current. Just to let you know.

**Bob Bowcock:** When an Appropriator leases from one Appropriator to another Appropriator, when water is assigned from a Non-Ag Pool member to its purveyor its noticed in a, I don't know how many years we say we have been doing it for 19 years that way, in the Watermaster agenda packet. And I believe it's the question of the Non-Ag Pool when was that particular notice of transfer effective?

**Mark Kinsey:** It was negotiated in Peace II and that's the transfer, the provision, and the process was negotiated in Peace II. So if it's expected to be done line routine transfers that weren't subject to agreements but are...

**Allen Hubsch:** There were other agreements subject...

**Mark Kinsey:** If I buy water from Cucamonga, we do a deal, it goes through the process.

**Bob Bowcock:** There were other transfers associated with Peace II, that when they were...when they actually occurred were noticed just like that.

**Allen Hubsch:** Yea, our issue is we don't know where that water is, um, who's account it's in, when it happened, we have just been told that the water is no longer in the accounts of the Non-Ag Pool.

**Ken Manning:** Correct, and Watermaster will provide you with an explanation of the transfer policy. I think Mr. Kinsey just did a good job of providing some of that information, in terms of the way that Watermaster does its transactions. When a transaction, traditionally, when Watermaster feels a transaction was done behind closed doors or between agencies, then we will put that transaction in the agenda and it will be noticed amongst all the parties. When a transaction is done in the daylight and everybody sees it and everybody knows it, there is no need to do that and so in our estimation as staff when we feel that there needs to be provided open and transparent notice, we will provide it, when it doesn't because it's in the form of a court order, we do not. I will provide you a better explanation in writing when I get a chance to write it out, but that is in essence what it is.

**Allen Hubsch:** Well, that may be the policy but we are still left wondering when did it happen and whose account is it in.

**Ken Manning:** I will have to get back to with you because I don't know...to say it was midnight on a certain day; I'll get back to you with it.

**Bob Bowcock:** Anything else? Next item or does that conclude?

**Allen Hubsch:** I would like to return to one item which was the transcripts. We've asked for information about this January 7<sup>th</sup> tape and we would like the opportunity immediately following this meeting to inspect the computer on which the minutes for the January 7 meeting were prepared.

**Ken Manning:** You can make that request in writing and we would be glad to accept it.

**Allen Hubsch:** No, we want to see it immediately following this meeting so there is no chance for destruction.

**Michael Fife:** Not a chance.

**Ken Manning:** You can submit that request in writing and we will deal with it.

**Allen Hubsch:** And I would object to that and I would again suggest that the images of the relevant computer...the computer should be immediately imaged so that there can be no destruction.

**Ken Manning:** I have asked staff not to change anything on their computers or delete anything on their computers. It is as it was but I am not having you go through their computers. You can submit it but following this meeting you are not going to have that opportunity.

**Allen Hubsch:** You are going to do more than ask staff not to delete documents.

**Ken Manning:** I don't have to do...

**Allen Hubsch:** You have a legal duty once you are aware of the existence of controversy to take action to preserve information including electronically stored information.

**Ken Manning:** I appreciate that, that's your opinion.

**Allen Hubsch:** You are on notice.

**Ken Manning:** Solely duly noted.

**Bob Bowcock:** Okay I would turn it back to you for item number III.

**Mark Kinsey:** Okay, I would ask in the effort of being efficient that you keep the next reports or updates both legal counsel, engineering, and staff at a minimum amount necessary.

**Ken Manning:** We will do that expeditiously.

**Mark Kinsey:** These are things that will be talked about or seeing in the future so let's keep it very brief.

**Ken Manning:** We will do that.

### III. REPORTS/UPDATES

#### A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

##### 1. Santa Ana Critical Habitat Comment Letter

**Michael Fife:** So two items critical habitat comment letter; they are due Monday. We are preparing a letter. We have gotten a little bit behind because there have been other waiting matters to address. But we will have a comment letter out. We had previously told you we along with Western MUNI and Riverside asked for an extension; Fish and Wildlife did not grant the extension so comment letters are due Monday. We have seen a draft of the MUNI Western/Riverside letter and we are teeing off of that. We have also put in a request for a hearing. The other item Chino Airport...

##### 2. Chino Airport

**Michael Fife:** Just to let you know, we are continuing negotiations with the county over the remediation of the plume. We have sent a RCRA Notice of Intent to sue; this was done cooperatively with the county in order to help them deal with their insurance companies. The settlement discussions are very productive and we hope to have something concrete and satisfactory to report to you soon. I am happy to answer any questions.

**Mark Kinsey:** Any questions? Engineering report?

#### B. ENGINEERING REPORT

##### 1. Recharge Master Plan Progress Report

**Ken Manning:** Mark, I have asked him to make a very brief report on progress.



**Mark Kinsey:** Is this something we are going to see at the Advisory Committee meeting?

**Ken Manning:** This is just a verbal; this is not a presentation.

**Mark Wildermuth:** Good afternoon. Let's talk about water for a moment. The Recharge Master Plan is progressing. There is a lot of fundamental engineering working being done now; it's not hydrology, its pipelines, excavation, as we are working all those costs out. What we expect to do is in March, following a board meeting, is to have a final workshop in preparation of the draft report and we are going to present all the financial information regarding this project. Come back and tell you what their yield is, what they cost, and what they cost per acre-foot and again that project requires authorization staff.... We intended to deliver the draft report on April 1<sup>st</sup> for everyone to take a look at. We expect to do two workshops, one in April and one in May which will not be like the kind we have had which have been more to inform you on technical progress and interim results but more to discuss the whole Recharge Master Plan in one piece. So we can have two months of discussion and then we will be finalizing it, we think, after the main workshop so it can be approved, filed, or whatever Watermaster's process step is before it gets to the court before the end of June. With that I will take any questions.

**Mark Kinsey:** Any questions of Mark? We are looking forward to seeing it. Mr. Manning.

### C. CEO/STAFF REPORT

#### 1. Legislative Update

**Ken Manning:** I will forgo the legislative update. Very simply...no money!

#### 2. Recharge Update

**Ken Manning:** Recharge update you have on the back table; well, hopefully you grabbed it. You notice that November and December were both very good months for recharge both in the area of storm water and recycled water. And so are the storms that were supposed to be hitting this last week were not... did not pan out but January I expect is going to be a very good month as well; so just a heads up on that. We have been doing a very good job on that and I want to again thank IEUA, our staff, county, and Conservation District for a great job for getting water into the ground.

#### 3. GAMA Report

**Ken Manning:** GAMA Report; I had mentioned at the last board meeting that I had just received a copy, I don't have it with me, but the GAMA Report that we had originally talked to you about a couple of years ago that was done by the USGS is now out on the street and I put out on the back table for you, a Watermaster summary of all the findings in there. In essence, there was not anything startling in there, there wasn't anything that we did not know, there wasn't anything in there that we should be alarmed about. It is nice to know that the USGS and their reporting has taken a little more user friendly approach to the way they send out their announcements, in terms of their results. They made it very clear in there that they were not talking about drinking water standards and I thought that was very good. So that was of note. Also, just as a last... today I had asked Danni Maurizio on staff to send out the annual letter that we are now sending out that is asking Appropriators, it will be followed up with a formal letter, letting Appropriators know that we are looking for water to help us in the fulfillment of our cumulative unmet replenishment obligation and if they have water that they would like to sell, we would buy it. In the email it talks about the terms and we will be following that up with a formal letter, but that went out today. You should have received that in your offices. With that, that is all.

**Mark Kinsey:** Okay. We have informational and newspaper items in your package. Do I have any other Pool Member comments?

### IV. INFORMATION

#### 1. Newspaper Articles

No comment was made regarding this item.

V. POOL MEMBER COMMENTS

**Bob Bowcock:** Mine is real short. I will just go on the record requesting a transcript of this meeting.

**Allen Hubsch:** Is there any confusion about what is meant by a transcript?

**Michael Fife:** Perhaps you better clarify.

**Allen Hubsch:** We want what is normally considered a transcript. The same thing that you prepare for the court when you tell the court that you are preparing a transcript.

**Michael Fife:** Sorry, I have never prepared a transcript for a court in my life.

**Ken Manning:** We will, in the spirit of what you have asked, do a word for word.

**Allen Hubsch:** You prepare a transcript of the court proceedings for the court.

**Ken Manning:** We will be glad to do word for word minutes; you can call it what you want.

**Mark Kinsey:** Well, okay, a follow up question to that is, is that is going to take time of staff so maybe....

**Bob Bowcock:** They are not your staff, they are Watermaster staff.

**Mark Kinsey:** Right, but this situation is, the Non-Ag Pool and their attorney is making a unique request and that is okay but maybe it is best suited to either have you reimburse us for that or have someone else do the transcription for you.

**Michael Fife:** I will note that the information requests that have come from the Non-Ag Pool will consume a great deal of staff time and most of the documents are available online. The Non-Ag Pool has also requested a verbatim transcript of the January 18<sup>th</sup> Non-Ag Pool meeting. We did provide them a tape of that meeting already but again, that will consume staff time as well because that was a rather lengthy meeting.

**Robert DeLoach:** Can we supply them with a tape of this meeting in lieu of transcripts or what we are calling transcripts?

**Allen Hubsch:** We are happy to get a tape...the problem with the tape is that, um, Sherri Lynne keeps notes of who's speaking and she also understands and recognizes their voices so we actually thought the same thing that we could do a transcript and what we found is we can't; there are too many people speaking.

**Ken Manning:** So what you are saying is our tapes are no good?

**Allen Hubsch:** They are only useful to somebody who recognizes the voice and I think that is pretty clearly what I said.

**Mark Kinsey:** Okay.

**Allen Hubsch:** I would also say that the Rules and Regulations of Watermaster which we've been informed are the equivalent of a court order to say that Watermaster staff will make all documents and information available for the cost of duplication.

**Ken Manning:** That is true, we have that policy and I think we revised that policy about two years ago to reflect .50 cents a page.

**Michael Fife:** Not for parties.



**Ken Manning:** Excuse me, not for parties.

**Michael Fife:** We have not suggested we are going to charge you for any of the copies we are making.

**Mark Kinsey:** Mr. DeLoach you had a...

**Robert DeLoach:** I think this should be considered at some point... for several years now, we decided because the Non-Ag Pool had trouble getting a quorum that these meetings, that we have joint meetings. In light of the current controversies that exist, it may be best that we separate those into individual meetings. Particularly because the Appropriative Pool stands here unrepresented by legal counsel; Mr. Fife does not work for the Appropriative Pool, he works clearly for the Watermaster Board of Directors. The inference to Watermaster is not the Board, that is the entire process of committees, Advisory Committee, Pools, and Board. So if it needs to be agendized, Ken, to make that happen I would respectfully request that it be done so. If it is as simple as just, from this point forward, having separate meetings then I would recommend so.

**Ken Manning:** In my recollection of reading, it is simply a request of either one of the Pools to request to have separate meetings, then that is what occurs.

**Robert DeLoach:** It would be great to come back together and meet again at some point, but in light of where we stand today I think it would be in our mutual interest to have separate meetings. Secondly, related to that, I am not sure how you are going to work out this issue the enormous staff time involved in securing everything the Non-Ag Pool legal counsel is requesting. But on a go forward basis it would seem to me that you, the Non-Ag Pool, may want to retain a court recorder/transcriber whatever the appropriate term is and pay for that service because that is something Watermaster does not do and I have been in this basin since 1989 and we have never done anything like that. If we are going to go down that practice then that is a change obviously. But you may want to consider that.

**Mark Kinsey:** Okay. I do hear one item that you mentioned Robert, which I think is relevant to the Appropriative Pool and I am... and I would kind of concur with your recommendation to perhaps consider separating the meetings. The Non-Ag Pools' interests right now are different than the Appropriative Pool interests. I concur with the fact there's no legal counsel representing us and it seems like we can conduct more productive meetings if they are separate. I certainly recommend that we consider doing that. Now I would like to think that the Non-Ag Pool would agree to a different time rather than 1:00 o'clock on the first Thursday of the month since there is a lot more individuals associated with the Appropriative Pool so... unless there is any opposition from the Non-Ag, I mean, Appropriative Pool for the time being I think it would be much more productive.

**Bob Bowcock:** I'll have to concur; we will confer with everybody and kind of see what they want to do.

**Mark Kinsey:** Okay. I don't hear any concerns expressed by the other Appropriative Pool members. Okay.

**Ken Manning:** Then go ahead before next month, schedule separate meetings.

**Robert DeLoach:** Please.

**Ken Manning:** I'll get together with both chairs to work out times for the meetings.

**Mark Kinsey:** Any other business before the Appropriative Pool?

**Robert DeLoach:** Closed session?

**Mark Kinsey:** Any other business before the Non-Ag Pool?

**Allen Hubsch:** No other business. There is a confidential session that's on the calendar and it isn't indicated... I'd make a point of order that the this is the first time I went back and looked at agendas, this is the first time that the sentence under confidential session possible action reads, "Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action" in all prior agendas that I looked at anyways it says "Pursuant to Rules & Regulations of the pool committee" and I thought this change was to reflect that they couldn't find those Rules and Regulations. I note that this is actually incorrect because Article 2.6 of the Watermaster Rules and Regulations does not apply to any Pool. In fact, the Rules and Regulations state specifically that there are, that in, that the Pools are supposed to meet pursuant to their own Rules and Regulations. I think what we would like to do is, we assume, this wasn't, you know, doesn't indicate who it was for that we're both in closed session and we are going to be in separate closed session. Is that what you want to do?

**Bob Bowcock:** Yes.

**Mark Kinsey:** Yes, that is fine. As far as the Appropriative Pool there is two items there. We would reverse the order and talk about the FTI contract first and then I would like staff and legal counsel to give us an overview of the recent Non-Ag Pool motion; how it fits in with the Judgment, and after you do that then we request that you leave so the Appropriative Pool can have deliberations and talk about possible approaches.

**Ken Manning:** Very good. Sheri, could I ask you to work with the Overlying Non-Ag Pool chair in finding a location for them to hold a closed session?

**Sheri Rojo:** Sure.

**Mark Kinsey:** Alright. Now the other part would be is, given that we may adjourn at different times, certainly we don't want to wait an hour or two or how long you are going to be, nor do I think you want to wait for us.

**Bob Bowcock:** If we take any action we will give it to her, and if we don't we will give her the time.

**Mark Kinsey:** So the meetings will be adjourned separately.

**Someone:** Okay – okay.

**Bob Bowcock:** Well, you can adjourn and then I will ask you another question. It doesn't need to be on the record.

**Mark Kinsey:** Okay. We can't adjourn until after the closed session.

**Bob Bowcock:** Oh, so you are just going to go into closed session?

**Mark Kinsey:** Yes.

**Bob Bowcock:** Michael's coming into your closed session to do what?

**Mark Kinsey:** Just to give an overview of a motion and to discuss effluents of the Judgment and then I am going to ask him to leave for that specific reason.

**Bob Bowcock:** Okay.

**Mark Kinsey:** Michael, do you think it is necessary to clarify ..... (Recording secretary can't understand what Mr. Kinsey is saying)



**Michael Fife:** Sure, are we still on the record? Okay, this is to clarify the role of staff and legal counsel in the closed sessions. There are two items on the Appropriative Pool closed sessions; one is the FTI contract, that is the auction administrator; the Appropriative Pool did request that since Watermaster did all of the initial discussions with the auction administrator and worked with them that we give a report on those continuing discussions. We intend to do that. And then we have also been asked to give staff and legal counsel's factual perspective on what is going on with the Non-Agricultural Pool. Staff and legal counsel represent the Board; we do not represent the Appropriative Pool. It is not appropriate for us to give advice or have strategic discussions with the Pool, and so once we have given our factual perspective, the perspective of staff, and answered any questions, it would our intention to leave the meeting so that the Appropriative Pool can have whatever strategy discussion they want to have.

**Allen Hubsch:** Yeah, I'd like to comment on that. There was discussion that, you know, having transcriptions for the benefit of the Non-Ag Pool maybe should be paid for by the Non-Ag Pool. I can foresee that a significant amount of staff and counsel time is going to be devoted to opposing the Non-Ag Pool, essentially, for the benefit for the Appropriative Pool. So we are going to start doing benefits analysis of different administrative expenses. We are going to have to consider, um, yeah, it's going to be very difficult, as I am sure everybody appreciates.

**Mark Kinsey:** Any other comments before the Appropriative Pool goes into closed session? I would ask that the Non-Ag Pool maybe locate....

**Ken Manning:** Yes, Sheri will find one of the two rooms either the Auxiliary or Conference room.

**Bob Bowcock:** Why don't we go in the big one?

The regular open meeting was convened to hold its confidential session at 2:20 p.m.

#### VI. OTHER BUSINESS

#### VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

1. Overlying Non-Agricultural Pool Water Sale
2. FTI Contract

The Appropriative Pool closed session was convened at 3:10 p.m.

**Mark Kinsey:** The Appropriative Pool came out of closed session at 3:10 p.m. for items VII 1 and 2, there is no reportable action taken. Meeting adjourned.

**Bob Bowcock:** Called the Non-Agricultural Pool meeting back into order at 3:09 p.m. no action was taken, the meeting is adjourned to 1:00 p.m., January 11<sup>th</sup> via teleconference.

**Michael Fife:** January 11<sup>th</sup> – you mean February?

**Bob Bowcock:** Yeah, it's literally one week from today – 1:00 on Thursday to 1:00 on Thursday. And we will prepare an agenda and send it to you. Anyone opposed?

#### VIII. FUTURE MEETINGS

February 4, 2010	1:00 p.m.	Joint Appropriative & Non-Agricultural Pool Mtg. @ CBWM
February 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
February 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
February 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
February 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

**Meeting Adjournments:** (see above)

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

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



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# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### B. FINANCIAL REPORTS

1. Cash Disbursements for the month of January 2010
2. Watermaster Check Detail for the month of January 2010
3. Combining Schedule for the Period July 1, 2009 through January 31, 2010
4. Treasurer's Report of Financial Affairs for the Period January 1, 2010 through January 31, 2010
5. Budget vs. Actual July 2009 through January 2010







# CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730  
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**KENNETH R. MANNING**  
Chief Executive Officer

## STAFF REPORT

**DATE:** March 4, 2010  
**TO:** Committee Members  
**SUBJECT:** Cash Disbursement Report

### SUMMARY

**Issue** – Record of cash disbursements for the month of January 2010.

**Recommendation** – Staff recommends the Cash Disbursements for January 2010 be received and filed as presented.

**Fiscal Impact** – Funds disbursed were included in the FY 2009-2010 Watermaster Budget.

### BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

### DISCUSSION

Total cash disbursements during the month of January 2010 were \$2,494,704.61. The most significant expenditures during the month were City of Ontario in the amount of \$691,085.73, Aqua Capital Management LP in the amount of \$459,138.34, and Reliant Energy, Etiwanda in the amount of \$304,980.88.

### Actions:

3-04-10 Appropriative Pool  
3-04-10 Non-Agricultural Pool  
3-11-10 Agricultural Pool  
3-18-10 Advisory Committee  
3-25-10 Watermaster Board

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**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**January 2010**

Type	Date	Num	Name	Amount
Jan 10				
Bill Pmt -Check	1/5/2010	13809	JAMES JOHNSTON	-810.00
Bill Pmt -Check	1/5/2010	13810	W.C. DISCOUNT MOBILE AUTO DETAILI...	-100.00
Bill Pmt -Check	1/7/2010	13811	APPLIED COMPUTER TECHNOLOGIES	-2,386.25
Bill Pmt -Check	1/7/2010	13812	AQUA CAPITAL MANAGEMENT LP	-6,826.14
Bill Pmt -Check	1/7/2010	13813	ARROWHEAD MOUNTAIN SPRING WATER	-44.33
Bill Pmt -Check	1/7/2010	13814	ASSOCIATION OF GOVERNMENT ACCO...	-175.00
Bill Pmt -Check	1/7/2010	13815	BOWCOCK, ROBERT	-375.00
Bill Pmt -Check	1/7/2010	13816	CALPERS	-4,094.99
Bill Pmt -Check	1/7/2010	13817	CAMACHO, MICHAEL	-250.00
Bill Pmt -Check	1/7/2010	13818	CINDY NAVAROLI	-712.50
Bill Pmt -Check	1/7/2010	13819	CITISTREET	-2,068.34
Bill Pmt -Check	1/7/2010	13820	CITY OF RANCHO CUCAMONGA	-21.00
Bill Pmt -Check	1/7/2010	13821	CLARK PLUMBING SPECIALTIES, INC.	-101.12
Bill Pmt -Check	1/7/2010	13822	DE BOOM, NATHAN	-250.00
Bill Pmt -Check	1/7/2010	13823	DELUXE BUSINESS FORMS & SUPPLIES	-76.95
Bill Pmt -Check	1/7/2010	13824	DURRINGTON, GLEN	-250.00
Bill Pmt -Check	1/7/2010	13825	FEENSTRA, BOB	-500.00
Bill Pmt -Check	1/7/2010	13826	HETTINGA, PETER	-125.00
Bill Pmt -Check	1/7/2010	13827	HSBC BUSINESS SOLUTIONS	-245.67
Bill Pmt -Check	1/7/2010	13828	HUITSING, JOHN	-375.00
Bill Pmt -Check	1/7/2010	13829	KONICA MINOLTA BUSINESS SOLUTIONS	-447.82
Bill Pmt -Check	1/7/2010	13830	KOOPMAN, GENE	-250.00
Bill Pmt -Check	1/7/2010	13831	KUHN, BOB	-125.00
Bill Pmt -Check	1/7/2010	13832	LOS ANGELES TIMES	-48.00
Bill Pmt -Check	1/7/2010	13833	MET LIFE SMALL BUSINESS CENTER	-50.00
Bill Pmt -Check	1/7/2010	13834	MIJAC ALARM	-141.00
Bill Pmt -Check	1/7/2010	13835	MWH LABORATORIES	-10,157.00
Bill Pmt -Check	1/7/2010	13836	OLEGARIO ROCHA	-220.00
Bill Pmt -Check	1/7/2010	13837	PARK PLACE COMPUTER SOLUTIONS, I...	-2,175.00
Bill Pmt -Check	1/7/2010	13838	PAYCHEX	-323.58
Bill Pmt -Check	1/7/2010	13839	PIERSON, JEFFREY	-1,125.00
Bill Pmt -Check	1/7/2010	13840	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/7/2010	13841	PREMIERE GLOBAL SERVICES	-153.08
Bill Pmt -Check	1/7/2010	13842	STANDARD INSURANCE CO.	-553.01
Bill Pmt -Check	1/7/2010	13843	STAPLES BUSINESS ADVANTAGE	-827.53
Bill Pmt -Check	1/7/2010	13844	STATE COMPENSATION INSURANCE FU...	-912.10
Bill Pmt -Check	1/7/2010	13845	STATE WATER RESOURCES CONTROL ...	0.00
Bill Pmt -Check	1/7/2010	13846	VANDEN HEUVEL, GEOFFREY	-125.00
Bill Pmt -Check	1/7/2010	13847	VANDEN HEUVEL, ROB	-125.00
Bill Pmt -Check	1/7/2010	13848	VERIZON	-427.56
Bill Pmt -Check	1/7/2010	13849	VILLEGAS, VICTORIA E.	-160.00
Bill Pmt -Check	1/7/2010	13850	VISION SERVICE PLAN	-64.98
Bill Pmt -Check	1/7/2010	13851	W.C. DISCOUNT MOBILE AUTO DETAILI...	-75.00
Bill Pmt -Check	1/7/2010	13852	WESTERN DENTAL SERVICES, INC.	-28.06
Bill Pmt -Check	1/7/2010	13853	WHITEHEAD, MICHAEL	-125.00
Bill Pmt -Check	1/7/2010	13854	WILLIS, KENNETH	-250.00
Bill Pmt -Check	1/7/2010	13855	YUKON DISPOSAL SERVICE	-142.88
Bill Pmt -Check	1/7/2010	13856	CALPERS	-226.80
General Journal	1/9/2010	10/01/03	PAYROLL	-8,513.31
General Journal	1/9/2010	10/01/03	PAYROLL	-25,670.30
Bill Pmt -Check	1/14/2010	13857	AMERON	-99,380.21
Bill Pmt -Check	1/14/2010	13858	AQUA CAPITAL MANAGEMENT LP	-459,138.34
Bill Pmt -Check	1/14/2010	13859	AUTO CLUB SPEEDWAY	-71,475.99
Bill Pmt -Check	1/14/2010	13860	CSI	-160,271.11
Bill Pmt -Check	1/14/2010	13861	MOBILE COMMUNITY MGMT	-133,343.29
Bill Pmt -Check	1/14/2010	13862	ONTARIO, CITY OF*	-691,085.73
Bill Pmt -Check	1/14/2010	13863	PRAXAIR	-226,243.71
Bill Pmt -Check	1/14/2010	13864	RELIANT ENERGY, ETIWANDA	-304,980.88
Bill Pmt -Check	1/14/2010	13865	SAN BERNARDINO COUNTY - DEPT. AIR...	-9,327.72
Bill Pmt -Check	1/14/2010	13866	SOUTHERN CALIFORNIA EDISON COMP...	-10,775.13
Bill Pmt -Check	1/14/2010	13867	AGWA	-1,000.00
Bill Pmt -Check	1/14/2010	13868	DIRECTV	-79.99
Bill Pmt -Check	1/20/2010	13869	ACWA SERVICES CORPORATION	-230.79
Bill Pmt -Check	1/20/2010	13870	BANC OF AMERICA LEASING	-3,215.74
Bill Pmt -Check	1/20/2010	13871	BANK OF AMERICA	-1,656.64
Bill Pmt -Check	1/20/2010	13872	GUARANTEED JANITORIAL SERVICE, INC.	-865.00
Bill Pmt -Check	1/20/2010	13873	INLAND EMPIRE UTILITIES AGENCY	-161,886.25
Bill Pmt -Check	1/20/2010	13874	MCI	-1,237.85

**CHINO BASIN WATERMASTER**  
**Cash Disbursement Detail Report**  
**January 2010**

Type	Date	Num	Name	Amount
Bill Pmt -Check	1/20/2010	13875	MWH LABORATORIES	-156.00
Bill Pmt -Check	1/20/2010	13876	NEVADA WATER RESOURCES ASSOCIA...	-80.00
Bill Pmt -Check	1/20/2010	13877	PETTY CASH	-380.84
Bill Pmt -Check	1/20/2010	13878	PITNEY BOWES CREDIT CORPORATION	-10.28
Bill Pmt -Check	1/20/2010	13879	REID & HELLYER	-9,254.20
Bill Pmt -Check	1/20/2010	13880	RUTH CAZDEN	-750.00
Bill Pmt -Check	1/20/2010	13881	SAFEGUARD DENTAL & VISION	-7.68
Bill Pmt -Check	1/20/2010	13882	SOURCE 1 PRINTING, PACKAGING & ME...	-4,397.78
Bill Pmt -Check	1/20/2010	13883	STAPLES BUSINESS ADVANTAGE	-97.07
Bill Pmt -Check	1/20/2010	13884	TELECOM SERVICES	-192.50
Bill Pmt -Check	1/20/2010	13885	THE STANDARD INSURANCE COMPANY	-156.56
Bill Pmt -Check	1/20/2010	13886	UNION 76	-47.18
Bill Pmt -Check	1/20/2010	13887	UNITED PARCEL SERVICE	-120.44
General Journal	1/23/2010	10/01/05	PAYROLL	-7,606.54
General Journal	1/23/2010	10/01/05	PAYROLL	-26,601.80
Bill Pmt -Check	1/27/2010	13888	CALPERS	-4,094.99
Bill Pmt -Check	1/27/2010	13889	CUCAMONGA VALLEY WATER DISTRICT	-5,792.00
Bill Pmt -Check	1/27/2010	13890	CUCAMONGA VALLEY IAAP	-50.00
Bill Pmt -Check	1/27/2010	13891	FIRST AMERICAN REAL ESTATE SOLUTI...	-125.00
Bill Pmt -Check	1/27/2010	13892	INLAND EMPIRE UTILITIES AGENCY	-662.74
Bill Pmt -Check	1/27/2010	13893	PRE-PAID LEGAL SERVICES, INC.	-103.60
Bill Pmt -Check	1/27/2010	13894	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,119.48
Bill Pmt -Check	1/27/2010	13895	SPAM SOAP, INC	-201.60
Bill Pmt -Check	1/27/2010	13896	STANDARD INSURANCE CO.	-553.01
Bill Pmt -Check	1/27/2010	13897	STAULA, MARY L	-136.61
Bill Pmt -Check	1/27/2010	13898	VERIZON WIRELESS	-529.48
Bill Pmt -Check	1/27/2010	13899	SOLINST CANADA LTD.	-416.00
Bill Pmt -Check	1/27/2010	13900	CITISTREET	-1,838.34
Bill Pmt -Check	1/27/2010	13901	PUBLIC EMPLOYEES' RETIREMENT SYS...	-6,576.14
Bill Pmt -Check	1/27/2010	13902	PUBLIC EMPLOYEES' RETIREMENT SYS...	-7,119.48
Jan 10				<b>-2,494,704.61</b>



11:12 AM  
02/18/10

CHINO BASIN WATERMASTER  
Check Detail  
January 2010

Type	Num	Date	Name	Account	Paid Amount
Bill Pmt -Ch...	13871	1/20/2010	BANK OF AMER...	1012 · Bank of America Gen'l Ckg	
Bill	1024...	12/31/2009		6054 · Computer Software	-127.00
				6191 · Conferences	-111.30
				6112 · Subscriptions/Publications	-216.41
				7103.6 · Grdwtr Qual - Supplies	-26.08
				6312 · Meeting Expenses	-244.69
				6212 · Meeting Expense	-244.69
				6174 · Transportation	-30.00
				6909.1 · OBMP Meetings	-28.89
				6141.3 · Admin Meetings	-342.58
				6191 · Conferences	-285.00
TOTAL					-1,656.64

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CHINO BASIN WATERMASTER  
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL  
FOR THE  
PERIOD JULY 1, 2009 THROUGH JANUARY 31, 2010

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATIVE AGRICULTURAL NON-AGRIC. POOL	POOL ADMINISTRATIVE AGRICULTURAL NON-AGRIC. POOL	GROUNDWATER REPLENISHMENT	GROUNDWATER OPERATIONS SB222	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2009-2010
Administrative Revenues									
Administrative Assessments		7,115,654		225,016				7,340,670	\$7,340,639
Interest Revenue		18,677	1,425	842			3	20,947	191,540
Mutual Agency Project Revenue									148,410
Grant Income									0
Miscellaneous Income	111,000	188						111,188	0
Total Revenues	111,000	7,134,519	1,425	225,858			3	7,472,805	7,660,789
Administrative & Project Expenditures									
Watermaster Administration	347,974							347,974	580,238
Watermaster Board-Advisory Committee	31,923							31,923	61,901
Pool Administration		14,576	79,307	4,358				98,241	229,860
Optimum Basin Mgmt Administration		744,678						744,678	1,557,820
OBMP Project Costs		2,141,247						2,141,247	4,109,362
Debt Service		567,042						567,042	1,131,233
Education Funds Use									375
Mutual Agency Project Costs									10,000
Total Administrative/OBMP Expenses	379,897	3,452,967	79,307	4,358				3,931,105	7,680,789
Net Administrative/OBMP Expenses	(268,897)	(3,452,967)							
Allocate Net Admin Expenses To Pools		187,871	71,281	9,744					
Allocate Net OBMP Expenses To Pools		2,016,321	765,024	104,581					
Allocate Debt Service to App Pool		567,042							
Agricultural Expense Transfer*		915,612	(915,612)						
Total Expenses	3,701,422	118,663	1,425	107,175				3,931,105	7,680,789
Net Administrative Income	3,433,097							3,433,097	
Other Income/(Expense)									
Replenishment Water Assessments					7,073,804			7,073,804	0
Interest Revenue					13,504			13,504	0
Water Purchases									0
Balance Adjustment									0
Other Water Purchases					(2,166,022)			(2,166,022)	0
Groundwater Replenishment					(1,019,746)			(1,019,746)	0
Net Other Income					3,901,540			3,901,540	0
Net Transfers To/(From) Reserves	7,443,240		1,425	107,175	3,901,540		3	7,443,240	
Working Capital, July 1, 2009									
Working Capital, End Of Period	5,942,967	470,719	256,577	4,166,457	158,251		995	10,995,966	
	9,376,064	472,144	363,752	8,067,997	158,251		998	18,439,206	18,439,206
08/09 Assessable Production	84,716,450	32,142,764	4,393,990					121,253,204	
08/09 Production Percentages	69.867%	26.509%	3.624%					100.000%	

\*Fund balance transfer as agreed to in the Peace Agreement.

Financial Statements 08-1009-12 (Combining December 31) Sheet 1

Prepared by Sheri Rojo, Chief Financial Officer /Assistant General Manager

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**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2010**

<b>DEPOSITORIES:</b>		
Cash on Hand - Petty Cash	\$	500
Bank of America		
Governmental Checking-Demand Deposits	\$	1,334,376
Zero Balance Account - Payroll		-
Local Agency Investment Fund - Sacramento		17,394,199
<b>TOTAL CASH IN BANKS AND ON HAND</b>		<b>1/31/2010</b>
<b>TOTAL CASH IN BANKS AND ON HAND</b>		<b>12/31/2009</b>
<b>PERIOD INCREASE (DECREASE)</b>		<b>\$ 3,211,289</b>

**CHANGE IN CASH POSITION DUE TO:**

Decrease/(Increase) in Assets:	\$	-
Accounts Receivable		
Assessments Receivable	5,658,410	
Prepaid Expenses, Deposits & Other Current Assets	46,909	
(Decrease)/Increase in Liabilities	(11,874)	
Accounts Payable	(25,537)	
Accrued Payroll, Payroll Taxes & Other Current Liabilities	(2,456,619)	
Transfer to/(from) Reserves	-	
<b>PERIOD INCREASE (DECREASE)</b>	<b>\$</b>	<b>3,211,289</b>

**SUMMARY OF FINANCIAL TRANSACTIONS:**

	Petty Cash	Gov't'l Checking Demand	Zero Balance Account Payroll	Local Agency Investment Funds	Totals
Balances as of 12/31/2009	\$ 500	\$ 623,087	\$ -	\$ 14,894,199	\$ 15,517,786
Deposits	-	5,705,994	-	-	5,705,994
Transfers	-	(2,568,392)	68,392	2,500,000	-
Withdrawals/Checks	-	(2,426,313)	(68,392)	-	(2,494,705)
Balances as of 1/31/2010	\$ 500	\$ 1,334,376	\$ -	\$ 17,394,199	\$ 18,729,075
<b>PERIOD INCREASE OR (DECREASE)</b>	<b>\$ -</b>	<b>\$ 711,289</b>	<b>\$ -</b>	<b>\$ 2,500,000</b>	<b>\$ 3,211,289</b>

**CHINO BASIN WATERMASTER  
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD  
JANUARY 1 THROUGH JANUARY 31, 2010**

**INVESTMENT TRANSACTIONS**

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
1/20/2010	Deposit	L.A.I.F.	\$ 2,500,000				

**TOTAL INVESTMENT TRANSACTIONS**      \$ 2,500,000

\* The earnings rate for L.A.I.F. is a daily variable rate; 0.6% was the effective yield rate at the Quarter ended December 31, 2009.

**INVESTMENT STATUS  
January 31, 2010**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 17,394,199			
<b>TOTAL INVESTMENTS</b>	<b>\$ 17,394,199</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 through January 2010

	<u>Jul '09 - Jan 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
4010 · Local Agency Subsidies	111,000	148,410	-37,410	75%
4110 · Admin Asmnts-Approp Pool	7,115,654	7,185,411	-69,757	99%
4120 · Admin Asmnts-Non-Agri Pool	225,016	155,427	69,589	145%
4700 · Non Operating Revenues	20,947	191,540	-170,593	11%
4900 · Miscellaneous income	188			
<b>Total Income</b>	<u>7,472,805</u>	<u>7,680,788</u>	<u>-207,983</u>	<u>97%</u>
<b>Gross Profit</b>	7,472,805	7,680,788	-207,983	97%
<b>Expense</b>				
6010 · Salary Costs	270,708	487,838	-217,130	55%
6020 · Office Building Expense	56,632	102,500	-45,868	55%
6030 · Office Supplies & Equip.	18,816	43,500	-24,684	43%
6040 · Postage & Printing Costs	41,994	84,300	-42,306	50%
6050 · Information Services	74,407	148,500	-74,093	50%
6060 · Contract Services	79,036	98,000	-18,964	81%
6080 · Insurance	15,934	16,730	-796	95%
6110 · Dues and Subscriptions	17,455	17,000	455	103%
6140 · WM Admin Expenses	1,728	3,000	-1,272	58%
6150 · Field Supplies	271	2,800	-2,529	10%
6170 · Travel & Transportation	15,933	37,800	-21,867	42%
6190 · Conferences & Seminars	13,014	26,500	-13,486	49%
6200 · Advisory Comm - WM Board	11,097	18,078	-6,981	61%
6300 · Watermaster Board Expenses	20,826	43,823	-22,997	48%
8300 · Appr PI-WM & Pool Admin	14,577	23,069	-8,492	63%
8400 · Agri Pool-WM & Pool Admin	16,780	25,114	-8,334	67%
8467 · Ag Legal & Technical Services	55,777	98,000	-42,223	57%
8470 · Ag Meeting Attend -Special	6,750	12,000	-5,250	56%
8471 · Ag Pool Expense	0	65,000	-65,000	0%
8500 · Non-Ag PI-WM & Pool Admin	4,358	6,677	-2,319	65%
6500 · Education Funds Use Expens	0	375	-375	0%
9500 · Allocated G&A Expenditures	-257,954	-488,230	230,276	53%
	<u>478,139</u>	<u>872,374</u>	<u>-394,235</u>	<u>55%</u>
6900 · Optimum Basin Mgmt Plan	663,967	1,399,371	-735,404	47%
6950 · Mutual Agency Projects	0	10,000	-10,000	0%
9501 · G&A Expenses Allocated-OBMP	80,711	148,448	-67,737	54%
	<u>744,678</u>	<u>1,557,819</u>	<u>-813,141</u>	<u>48%</u>
7101 · Production Monitoring	57,010	107,047	-50,037	53%
7102 · In-line Meter Installation	20,440	56,179	-35,739	36%
7103 · Grdwtr Quality Monitoring	113,015	214,362	-101,347	53%



CHINO BASIN WATERMASTER  
Profit & Loss Budget vs. Actual  
July 2009 through January 2010

	<u>Jul '09 - Jan 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7104 · Gdwtr Level Monitoring	181,701	366,956	-185,255	50%
7105 · Sur Wtr Qual Monitoring	3,328	43,912	-40,584	8%
7107 · Ground Level Monitoring	85,367	550,059	-464,692	16%
7108 · Hydraulic Control Monitoring	200,227	567,022	-366,795	35%
7109 · Recharge & Well Monitoring Prog	2,413	9,152	-6,739	26%
7200 · PE2- Comp Recharge Pgm	1,096,286	1,478,560	-382,274	74%
7300 · PE3&5-Water Supply/Desalte	32,340	96,003	-63,663	34%
7400 · PE4- Mgmt Plan	65,844	91,985	-26,141	72%
7500 · PE6&7-CoopEfforts/SaltMgmt	76,819	163,727	-86,908	47%
7600 · PE8&9-StorageMgmt/Conj Use	29,214	29,550	-336	99%
7690 · Recharge Improvement Debt Pymt	567,041	1,131,233	-564,192	50%
7700 · Inactive Well Protection Prgm	0	5,066	-5,066	0%
9502 · G&A Expenses Allocated-Projects	177,243	339,782	-162,539	52%
	<u>2,708,288</u>	<u>5,250,595</u>	<u>-2,542,307</u>	<u>52%</u>
<b>Total Expense</b>	<u>3,931,105</u>	<u>7,680,788</u>	<u>-3,749,683</u>	<u>51%</u>
<b>Net Ordinary Income</b>	3,541,700		3,541,700	100%
<b>Other Income/Expense</b>				
<b>Other Income</b>				
4225 · Interest Income	13,504			
4210 · Approp Pool-Replenishment	4,887,364			
4220 · Non-Ag Pool-Replenishment	9,478			
4600 · Groundwater Sales	2,176,962			
<b>Total Other Income</b>	<u>7,087,308</u>			
<b>Other Expense</b>				
5010 · Groundwater Replenishment	475,884			
5100 · Other Water Purchases	2,709,884			
9999 · To/(From) Reserves	7,443,240			
<b>Total Other Expense</b>	<u>10,629,008</u>			
<b>Net Other Income</b>	<u>-3,541,700</u>			
<b>Net Income</b>	<u>0</u>		<u>0</u>	<u>0%</u>



# CHINO BASIN WATERMASTER

## I. CONSENT CALENDAR

### C. INTERVENTION INTO THE AGRICULTURAL POOL





# 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:** March 4, 2010  
**TO:** Committee Members  
**SUBJECT:** Intervention into Agricultural Pool

### SUMMARY

**Recommendation** – Staff recommends approval of the Intervention of Rafael Treto into the Agricultural Pool.

### BACKGROUND

According to Paragraph 60 of the Judgment:

"[Any] person newly proposing to produce water from the Chino Basin may become a party to this Judgment upon filing a petition in intervention. Said intervention must be confirmed by order of this Court. Such intervener shall thereafter be a party bound by this judgment and entitled to the rights and privileges accorded under the Physical Solution herein, through the pool to which the Court shall assign such intervener."

According to Watermaster's Rules and Regulations section 2.27:

"Watermaster will receive and make recommendations regarding petitions for intervention and accumulate them for filing with the Court from time to time (Judgment paragraph. 60 and Order re Intervention Procedures, July 14, 1978.)"

Watermaster received a petition to Intervene into the Judgment from Rafael Treto dated December 10, 2009. Treto recently drilled a well on his property at 13160 Bon View Avenue in Ontario. The City does not have a potable water line in this area. The five-acre farm at this address has five cows, 12 horses, approximately two acres of grass, and a small house. The estimated annual water production is approximately ten acre-feet, and as such, the well will be metered.

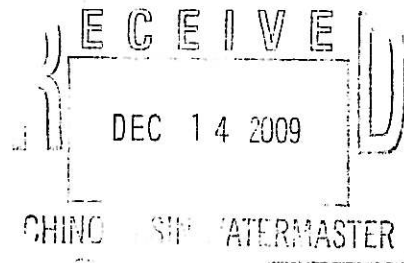
Staff recommends approval of the intervention into the Agricultural Pool.



**Actions:**

- 3-04-10 Appropriative Pool
- 3-04-10 Non-Agricultural Pool
- 3-11-10 Agricultural Pool
- 3-18-10 Advisory Committee
- 3-25-10 Watermaster Board

Date: 12/10/2009



Chino Basin Watermaster  
9641 San Bernardino Road  
Rancho Cucamonga, CA 91730  
Attn: Kenneth R. Manning, CEO

Subject: Intervention into Chino Basin Watermaster

Dear Mr. Manning:

I, or the company I represent (see below), request intervention into the Chino Basin Watermaster Judgment. I/we request that the Watermaster attorneys process the Intervention paperwork through the Court.

Number of wells One

Permission is granted to obtain drilling logs from DeChenne Water Well Drilling Co.

Location(s) of wells (including addresses, parcel numbers, and landmarks): 13160 Bonview Ave.  
Ontario CA, 91761

Type of usage (Irrigation, Dairy, Domestic, etc.)

Domestic

Property Owner (Well Owner) Information:

Name: Rafael Treto  
Address: 14163 Peral Ct. Chino CA 91710  
Phone: (909) 393-9248 Email: treto@sbcglobal.net

Property Occupant (Well User) Information (if different from Owner):

Name: SAME  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Representative Handling Intervention:

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Sincerely,

Signed: Rafael Treto Print name Rafael Treto

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# CHINO BASIN WATERMASTER

## II. BUSINESS ITEM

- A. NON-AGRICULTURAL POOL  
INFORMATION REQUEST – *FOR  
DISCUSSION ONLY*





# 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:** March 4, 2010  
**TO:** Non-Agricultural Pool Members  
**SUBJECT:** Pools regarding interpretation of the Purchase and Sale Agreement

### SUMMARY

Staff requests input from the Pools regarding interpretation of the Purchase and Sale Agreement with reference to the question of the date of transfer of the Non-Agricultural Pool water out of the individual accounts of the Non-Agricultural Pool members. The answer to this question has implications regarding the application of storage losses to this water.

### DISCUSSION

On multiple occasions in February the Non-Agricultural Pool has requested information from staff concerning the date on which the June 30, 2007 water in Non-Agricultural Pool storage was transferred out of the accounts of the Non-Agricultural Pool members and where that water is currently located.

In response, Mr. Manning requested legal counsel to prepare a memorandum outlining the issues associated with this transfer. The primary issue concerns the application of losses to the account. Currently Watermaster staff has assumed that the water remained in the Non-Agricultural Pool members' accounts until the end of fiscal year 2009 (ie., June 2009) and has debited the losses from those accounts resulting in negative storage balances for some Non-Agricultural Pool parties. Watermaster has not yet applied losses for FY 09-10.

Watermaster counsel responded to Mr. Manning's request with the attached memorandum. The conclusion of legal counsel's analysis is that the *Purchase and Sale Agreement* is silent as to the effective date of transfer of the water out of the Non-Agricultural Pool storage accounts and thus to the question of the application of losses to the account. Legal counsel recommended reference of the issue to the Pools for input about how the *Purchase and Sale Agreement* should be construed.

No action is requested at this time.

**Actions:**

- March 4, 2010 Appropriative Pool –
- March 4, 2010 Non-Agricultural Pool –
- March 11, 2010 Agricultural Pool –
- March 18, 2010 Advisory Committee –
- March 25, 2010 Watermaster Board –



## Memorandum

Michael T. Fife  
805.882.1453 tel  
805.965.4333 fax  
[mfife@bhfs.com](mailto:mfife@bhfs.com)

Scott S. Slater  
805.882.1420 tel  
805.965.4333 fax  
[sslater@bhfs.com](mailto:sslater@bhfs.com)

**DATE:** February 24, 2010  
**TO:** Ken Manning  
**FROM:** General Counsel  
**RE:** Non-Agricultural Pool Information Request

---

At the February 18, 2010 Advisory Committee meeting, the Non-Agricultural Pool requested information concerning the date on which the Non-Agricultural Pool's June 30, 2007 stored water (in the language of the Purchase and Sale Agreement, the "Storage Transfer Quantity") was transferred, and into whose name the water was transferred. The answer to this question may implicate policy decisions, particularly with regard to the question of how losses will be applied to the Storage Transfer Quantity, if at all. The Purchase and Agreement is silent on the question of possession and how losses were to be assessed in the period of time between the execution of the Agreement and the date at which Watermaster tendered payment. This memorandum has been prepared to summarize these issues, facilitate discussion and to create a framework to receive input from the Pools.

### I. Date of Transfer

#### A. Facts

On January 14, 2010, Watermaster tendered the first payment under the Purchase and Sale Agreement to the members of the Non-Agricultural Pool. This tender of payment was accompanied by a letter from Watermaster which described the current balance of each Pool member's storage account. The storage balances described in these letters were based on an assumption that the Storage Transfer Quantity remained in the accounts of the Non-Agricultural Pool members until at least the end of the fiscal year 2009 (June 30, 2009). Because the water remained with the Non-Agricultural Pool members for the two years from June 30, 2007 until June 30, 2009, the Non-Agricultural Pool members' storage accounts were charged for two years of 2% losses. However, since the Purchase and Sale Agreement specified that the amount of water to be transferred (the Storage Transfer Quantity) is, "equivalent to the total quantity of water held in storage by the members of the Overlying (Non-Agricultural) Pool held in storage on June 30, 2007 . . ." with various adjustments, Watermaster then transferred this amount out of the storage accounts. The net result of this procedure is that some members of the Non-Agricultural Pool

now have negative storage balances. In particular, California Steel now has a negative balance of approximately 185 acre-feet. As a negative balance, this amount should be charged to such parties as a replenishment obligation.

Losses on the water have not yet been applied for fiscal year 2009-2010.

## **B. Analysis**

While it is convenient to speak of Watermaster bookkeeping in terms of a physical transfer of water that occurs at a discrete point in time, the reality of Watermaster's customary practice and procedure focuses on an "effective date" for such activities, with the actual bookkeeping changes taking place during the yearly process of developing the Assessment Package consistent with Paragraph 29 of the Judgment.

Establishing an effective date as to when a transfer of possession of the Storage Transfer Quantity occurred has implications for Watermaster accounting and as to how losses are imposed.

The Purchase and Sale Agreement was approved by the Court on December 21, 2007. For purposes of its internal accounting, Watermaster immediately debited the storage account for the Non-Agricultural Pool and transferred legal ownership of 8,530 acre-feet from Vulcan to San Antonio Water Company (the "Special Transfer Quantity") as provided in Paragraph I of the Purchase and Sale Agreement. Conversely, Watermaster's internal accounting has continued to assess storage losses of 2% against the quantity of stored water in the Non-Agricultural Pool members' storage accounts because possession of the water had not fully transferred to Watermaster and Watermaster assumed that the groundwater remained within the possession of the Non-Agricultural Pool until at least the end of FY 2008-2009.

If this accounting approach were validated, it would have to be harmonized with the obligation of the Non-Agricultural Pool to make available a specific quantity of water held in storage "equivalent to the total quantity of water held in storage ... on June 30, 2007" less applicable deductions for desalter replenishment and the Special Transfer Quantity. The practical implication is that this would require the Non-Agricultural Pool to call upon its members to make-up the loss to satisfy the stated amount, but it would protect the expectation of Watermaster that a specific quantity would be transferred by its tender of payment in accordance with the price schedule.

A second view might be that despite Watermaster's internal accounting, given that the Non-Agricultural Pool had no right to produce the stored water, that the burden associated with a delay in exercising its rights under the Purchase and Sale Agreement should be borne by Watermaster with a segregation of the stored water occurring on the date the Agreement was approved. In effect, the stored water would be deemed to have been placed in escrow beyond the right of either the Non-Agricultural Pool or Watermaster to access at the time of approval of the Purchase and Sale Agreement in 2007. The delay in the functional close of escrow on the Storage Transfer Quantity was within the control of Watermaster. Consequently, the initially designed Storage Transfer Quantity should bear the uniform loss of 2% per year and Watermaster's actual purchase would be reduced by the quantity of the loss. This approach may have implications for the timeliness of a Paragraph 31 Motion review of the removal of the water from the Non-Agricultural Pool storage accounts since such removal will be deemed to have occurred in 2007.

A third view might be that the full amount of water held in storage by the Non-Agricultural Pool as of June 30, 2007 (the "Storage Quantity") is already to be assessed a 10% contribution

for desalter replenishment. Since neither the Non-Agricultural Pool nor the Watermaster had the right to produce the water during the two years between the Court approval and the effective date of Watermasters' delivery of its Notice of Intent to Purchase, the burden should be satisfied from the dedicated quantity for desalter replenishment. In this way the Non-Agricultural Pool would receive the expected remuneration for the water and Watermaster would pay the schedule price on a per acre-foot basis. However, the intended dedication towards desalter replenishment would be credited (reduced) by the uniform losses. Thus, instead of at 10% dedication to desalter replenishment, a 6 percent (10% – 2% [2008]– 2% [2009]) would be assessed. This approach would require Court validation in order to reconcile it with the Peace II Agreement section 9.2.

## **II. Location of Stored Water**

Paragraph (4) of the November 5, 2009 *Plan Regarding Disposition Of Water Purchased From The Non-Agricultural Pool Pursuant To The Peace II Purchase And Sale Agreement* (aka "Plan B") directed Watermaster to create a storage account called the "Purchased Water Account" and to hold the Storage Transfer Quantity in that account. Plan B says:

(4) Watermaster shall hold the Purchased Water Account in trust for the members of the Appropriative Pool, and shall allocate the water held in the Purchased Water Account according to direction from the Appropriative Pool. However, pursuant to the Purchase and Sale Agreement and the Peace II Agreement, the water may only be used pursuant to a Storage and Recovery Program or for use as Desalter Replenishment.

Watermaster is currently holding the Storage Transfer Quantity pursuant to this direction. Watermaster lacks discretion to use the Storage Transfer Quantity for other than a permissible purpose. The exact allocation and ultimate disposition of the Storage Transfer Quantity may require an approval of a Storage and Recovery Agreement. However, having tendered payment in accordance with the price schedule, possession of the water now lies with Watermaster, subject to a resolution of the uniform loss issue identified above.



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# CHINO BASIN WATERMASTER

## IV. INFORMATION

1. Newspaper Articles





## Old water deals haunt Mentone

**Redlands' purchases of companies adds leverage in annexation efforts**

Joy Juedes, Staff Writer

Created: 02/21/2010 06:02:18 AM PST

The history of Redlands' involvement in how Mentone residents receive water and sewer services is a complex and touchy subject.

In 1997, Redlands voters passed Measure U. The measure requires all noncity residents receiving water and sewer services from Redlands to sign an agreement saying they would not protest if Redlands wanted to annex the area.

Through annexation, Redlands would incorporate parts or all of Mentone into the city.

"Basically people in Mentone feel hijacked by the city of Redlands," said Cheryl Tubbs, a Mentone resident and water services consultant who served on the San Bernardino Valley Water Conservation District board for 16 years.

The problem for Mentone residents, she said, is both Redlands and San Bernardino County charge for services. And the possibility of annexation causes blood to rise as much as getting the services from Redlands.

"It's the higher cost and piece by piece they're

annexing Mentone into Redlands, and Mentone does not want to be part of Redlands," she said.

Redlands Water Resources Manager Chris Diggs said Mentone residents benefit from Redlands' presence there.

"There is no other water provider out there so we're not trying to be a big bully," he said.

Parts of Mentone are annexed if they are adjacent to Redlands, he said. Mentone and the Crafton area are considered in Redlands' sphere, so the city provides water and sewer services if residents request it, Diggs said.

He said Redlands charges Mentone residents the same as anyone else - they just have to pay a fee to the county's Local Agency Formation Commission, which must approve how they get services.

"They are all the standard fees any other customer would have," he said.

### History

The history of water supply in Mentone goes back to the 1800s. At one time, Mentone had several water companies. Mentone Water Co., Mentone Domestic Water Co., Greenspot Water Co., and Redlands Zanja were a few companies offering water.

In 1926, Redlands bought water rights in Mill Creek. A few years later, Redlands bought

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**Mentone Water Co.**

Mentone Domestic Water Co. has provided water to Mentone residents since 1900.

W.J. Tench dug the first well himself at what is now Mentone Boulevard and Agate Avenue. His company supplied water to residents and orange growers, and to the railroad for steam engines. His system covered a good chunk of Mentone, west of Agate and down to Wabash Avenue.

His descendent, William B. Tench, dug another well in 1972 and continued to sell water to residents of the Crafton and Mentone areas. His son, Duwayne Tench, inherited the company at his father's death in 1975, and sold it to the city of Redlands in 1978.

"What kind of angered old-timers up here was he didn't consult anyone," said George Everett, a minister who has lived in Mentone about 40 years. "There was a group that would have bought it for sure."

That began fueling Mentone residents' anger with Redlands, he said.

"But it was not Redlands' fault," Everett said. "They had the opportunity, and probably had to spend lot of money maintaining those old lines Tench put in 70, 80 years ago."

The city did have to replace pipes in what Redlands designated the Tench area, Diggs said.

A few longtime residents and business owners declined to comment on Redlands' supplying water and sewer, saying they did not want to cause more friction.

Ernie Givens, president of the Mentone Area Community Association, said there used to be a few water districts in Mentone.

"There were all these people who owned them, and they got old," he said. "(They said) 'Well, w e'll sell out,' and who's the prime candidate? Redlands."

He said costs have gone up because water is treated and sent back.

"Now it's a \$12 household, and then you have your water use you pay for, so right off the top it costs \$12 more for anyone outside of Redlands city limits," he said.

"The Mentone people are saying Redlands is taking our water and shipping it back to them, which is true, but they were the only ones stepping up to the plate when Tench and others wanted to sell," he said.

"What can you do? They have control."

**Getting services**

Most of Mentone is on septic systems, and people can get a septic tank if the property is more than half an acre, Tubbs said. If a property owner not contiguous to Redlands wants sewer

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services, the owner must pay to be connected to the line, she said.

"So property owners feel it's unfair because they're in the jurisdiction of the county for water rights," she said.

Many cities provide services outside their boundaries, but Redlands and the county seem to double up in Mentone, she said.

"There is a problem in both the city and county requiring water and sewer services to be provided and people are paying twice," she said.

"To me that's the biggest part of the story - between the county and city, one hand does not know what the other is doing," she said.

Land-use entitlement is through the county and water and sewer are through the city, she said.

She said Redlands' and the county's involvement in Mentone affects development because of the cost of getting services.

"Getting everybody in the same room is what needs to be done so business owners don't get hijacked on costs," she said.

Diggs said Mentone is broken into service areas so there is not duplication. Residents must go through the county for approval to receive services, he said.

"Once they get approval from LAFCO and the

(city) council approves, we can offer them water," he said.

He said residents do not need to receive services from Redlands.

"They can drill a well or they can drill a septic system - it depends on the size of the lot or how close it is to existing sewer lines," he said. "If so they need approval by the local board."

He said Redlands needs county approval to offer services because areas like Mentone are in the county's jurisdiction.

Because the process of getting services is so complicated, city employees "walk them through the process and hold their hand," said city program manager Ross Wittman.

Whatever the case, the pro-annexation agreement is now part of Redlands' municipal code, Diggs said.

"We don't have the power to change that," he said.

Tubbs said people associate being in the county with being more rural. Redlands annexing Mentone might diminish that character, some residents might argue.

"Back in the '70s it was quite a community - we had a chamber, Rotary club - then it all died away," Everett said.

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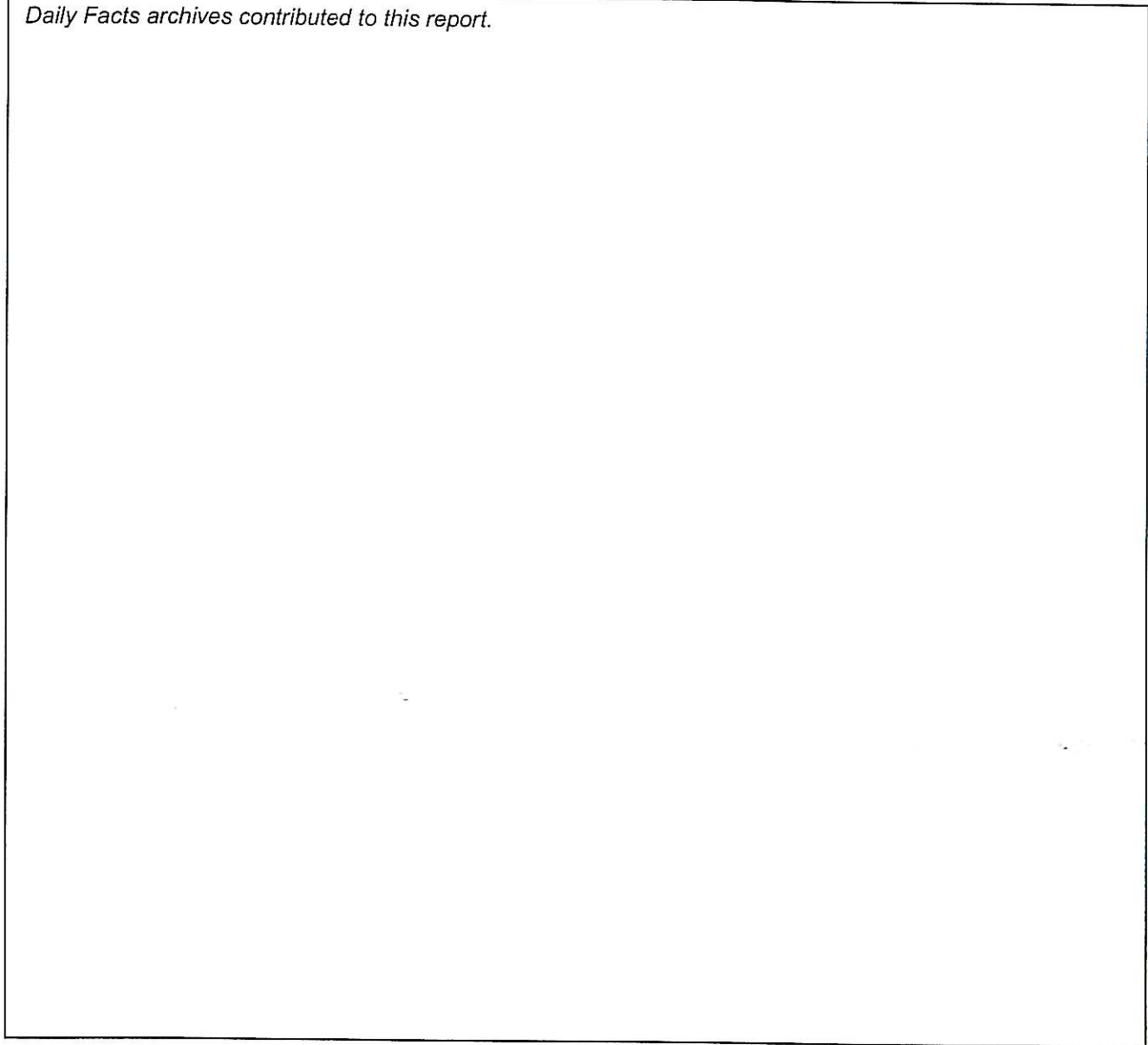
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## Bottleneck at Delta must be opened

Jeff Kightlinger

Created: 12/26/2009 07:37:59 PM PST

Heading into 2010, one thing is certain about the water situation for the Inland Valley and all of Southern California:

No matter how much it rains, the water shortage facing the region and much of the state will not be over. A tightening bottleneck exists at the hub of the statewide water system - Northern California's Sacramento-San Joaquin Delta. The problem is akin to a freeway with most of its lanes closed at rush hour. This statewide problem has only been getting worse in recent years. And it severely compromises Southern California's ability to take advantage of a wet winter and replenish our water storage network.

Local and regional water districts have taken aggressive actions to lower demand and to fairly distribute available supplies. Gov. Arnold Schwarzenegger and the state Legislature have approved sweeping legislation to address the Delta crisis and statewide water issues.

What is needed now is continued water efficiency in and around our homes and businesses and continued action by the Obama administration in Washington to address the Delta bottleneck, both short- and long-term. The interim federal action plan announced

Tuesday shows promise.

Eastern Los Angeles County and western San Bernardino County rely on supplies that come across the Delta, transported via the aqueduct system of the State Water Project to replenish the groundwater basins. The Metropolitan Water District of Southern California is in charge of importing this supply, as well as water from the Colorado River, for six counties with 19 million residents.

As a sign of the severity of the problem, the state has notified Metropolitan that the region's allocation of Northern California supplies through the Delta may be only 5 percent of a full, traditional delivery. This is the lowest initial prediction of available state project supplies in the history of this project.

It's still December. Much can change between now and the end of the rainy season. In April, Metropolitan will decide the extent of necessary mandatory conservation for the coming year needed by water districts in the Inland Valley and throughout the district's service area. This decision will signal the severity of any shortage.

The best Metropolitan can realistically hope for is an average supply of water from Northern California. Yet, because of restrictions in the Delta, it would take a very wet winter to provide an average amount of water supply. An average rain year would provide a below-average supply, and so on. Only so much supply can pass through the Delta bottleneck until something is done.

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The Delta is where the rivers of the Sierra Nevada merge before heading west into San Francisco Bay. It was once one of nature's great mixing zones, where tidal pulses from the Bay and river water would mingle in wetlands that provided food and habitat to countless fish and bird species.

Today's Delta is in an ecological free-fall. Ninety-five percent of the original wetlands are gone because of levees. Ninety-five percent of aquatic life in the Delta does not belong there, with various invasive species dominating the food chain.

Wastewater discharges by local communities may be contributing to the problem as well. So are water diversions both within and upstream of the Delta.

The outdated and inaccurate perception held by many is that Southern California drains the North's water. In reality, Southern California on average has diverted only 4 percent of the runoff from this massive Delta watershed. Four percent. This region, however, has been uniquely vulnerable to the problems in the Delta because of the regulatory response to the broader crisis in the ecosystem.

The State Water Project - along with the similar federal delivery system that serves the San Joaquin Valley, the Central Valley Project - have been the focus of enforcement actions under the state and federal endangered species acts. They

are the two large "knobs" in a very complicated ecosystem that invite adjustment.

New "biological opinions" to address various fish species (smelt, salmon, and sturgeon) have restricted the flow of supplies across the Delta to the aqueduct facilities in the southern Delta.

In dry years, the bottleneck isn't the primary problem. When traffic is light, a one-lane freeway can handle the load. It will be a wet winter - either this one or some year in the future - when the bottleneck will create its biggest impact. As much as 200 billion gallons of water that Metropolitan could normally count on will not be delivered because of these restrictions. As a comparison, that is roughly enough water to refill the now half-empty Diamond Valley Lake Reservoir in southwest Riverside County and have about 60 billion gallons left over to store somewhere else.

Short term, the Obama administration can build on the interim federal action plan for the Delta to help address this bottleneck in two important ways. There is considerable flexibility to operate the Delta water projects within the existing restrictions that federal agencies can exercise. There are also a number of experimental projects that await federal approval that should protect fisheries while allowing more pumping.

Long term, the Delta needs a different system to convey water that can operate in harmony with a recovering ecosystem. State agencies, water districts and key environmental groups have

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taken the lead in drafting a comprehensive solution through a process called the Bay Delta Conservation Plan. Ultimately, federal wildlife agencies must approve and implement this plan. Federal leadership and ownership of this process will be absolutely necessary.

Next year, Southern California's water supplies will depend on how much it rains and snows, particularly in Northern California; how the federal government regulates the Delta; and how much water is available from the Colorado River, which has its own set of legal challenges and supply limitations.

Metropolitan has reduced by nearly 20 percent the imported supplies it provided to communities and farmers compared to a few years ago. The district has also drawn down about half of its reserves in the process. This pattern is not sustainable; it cannot last indefinitely.

A combination of actions - expanding conservation, increasing local supplies through recycling and desalination and addressing the Delta bottleneck - can put the state and region on a much more reliable path in the years ahead.

*Jeffrey Kightlinger is general manager of the Metropolitan Water District of Southern California.*

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# San Antonio Heights resident places water stock on eBay

Sandra Emerson, Staff Writer

Created: 02/22/2010 03:50:50 PM PST

SAN ANTONIO HEIGHTS - A community resident's effort to determine what a fair price would be for water stock from San Antonio Water Company led him to an unusual destination - eBay.

Bob Taylor decided to put a quarter share on the online auction and shopping Web site because he was unsure what to sell it for.

"We wanted to sell it at a fair price and it seemed like the best way we could have set a price," Taylor said. "I never would have known if it was too high or too low."

Charles Moorrees, water company general manager, said he was surprised to hear that the share was put on eBay, but added there were no rules against the action.

"It's their personal property," Moorrees said. "It's like their IBM stock. They can take off with it."

San Antonio Water in October held a water stock auction for delinquent shares of water. Monte Vista Water Company in Montclair outbid San Antonio Heights residents and wound up with

four shares of stock for \$264,000.

Monte Vista Water's acquisition upset many residents who now can't get water to their property unless they own a share of San Antonio Water.

"I think people should know what's available and what other people are willing to pay for it," Taylor said. "I really prefer some residents to buy it."

**Link:** [eBay auction](#)

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## Being water-wise saves money, resources

Diana Sholley, Staff Writer

Created: 02/19/2010 07:15:46 PM PST

Though heavy rains have moistened Southern California's dry soil, it hasn't lessened the state's dehydrated condition or provided any long-term answers to its water woes.

"We're still in a drought," said Debby Figoni, conservation specialist/education coordinator for the Chino Basin Water Conservation District (CBWCD).

"Cutting back on water usage will conserve our resources, be better for the environment and benefit everyone. So many people want to conserve - they just don't know how," she said.

The CBWCD is taking people from just wanting to conserve water to conserving water - by showing them how.

Based in Montclair, the CBWCD is a public agency serving Chino, Montclair and parts of Chino Hills, Upland, Ontario and Rancho Cucamonga.

Its mission is to protect the Chino Groundwater Basin, educate individuals and organizations in water conservation and promote the efficient use of water resources.

In helping to meet its goal, the CBWCD has started free, user-friendly workshops that offer the public useful tips on being water wise. The workshops are open to anyone.

"Water Wise Gardening (The Basics) is like Water Wise Landscaping 101," Figoni said. "It sets a foundation and is a gateway to other workshops."

Those who attend Water Wise Gardening (The Basics) will leave with the knowledge and ability to go home and make changes that will have a positive impact on their water consumption.

The workshops are on site in the district's conference room and includes an informative tour of its beautifully maintained garden that's filled with many examples of drought-tolerant plants, ground cover and foliage.

Other workshops include:

- Water Wise Gardening: Irrigation, Soil and Fertilizers
- Water Wise Gardening: Plants and Planting
- Water Wise Gardening: Preparation and Design
- Water Wise Gardening: Maintenance, Pruning and Integrated Pest Management
- Backyard Composting.

Informative handouts will be provided with each

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workshop and there is always plenty of printed material available at the CBWCD office on water-saving tips, water-wise nurseries and a plant list.

"About 60 percent of the water the typical household uses comes from outside irrigation," Fioni said. "We can teach people how to remove their water-guzzling lawns and replace them with water wise wonderlands."

Attending the workshops will teach participants how to implement drought-tolerant landscaping that can reduce water consumption up to 40 percent.

Water wise gardening is also economical, Fioni said. "If you put in the right plants, the need and cost for pesticides and fertilizer goes way down," she said. "Everything will grow more naturally in the right environment."

Even if people want to keep their turf lawns, workshops can show them how to reduce their water consumption. "Just switching the sprinkler head makes a huge difference," she said.

Many people are hesitant to trade in their lush green because they associate "drought-tolerant" with succulents and cactus, but there are many types of ground cover, flowering plants and fragrant shrubs that make any landscape lively and interesting.

"Landscaping can be overwhelming. I try and make it easy to understand and clear," said

Water Wise workshop instructor Juan Zamora. "I want to show how to use water wisely and have a lot of fun."

Zamora's teaching style includes lots of show-and-tell paired with hands-on learning. When the workshop's over, participants can go home and apply the methods.

"Our goal is to get the message out and have those people in the workshops tell other people," he said. "It's not hard to be water wise, it just takes a little bit of education."

[diana.sholley@inlandnewspapers.com](mailto:diana.sholley@inlandnewspapers.com) , 909-483-9381

**WATER WISE GARDENING WORKSHOPS**

Where: Chino Basin Water Conservation District, 4594 San Bernardino St., Montclair

Information: 909-626-2711, [www.cbwcd.org](http://www.cbwcd.org)

Schedule:

- Feb. 27, 9 a.m. to 12:30 p.m.: Water Wise Gardening Workshop (The Basics)
- March 20, 9-11 a.m.: Backyard Composting Workshop
- April 24, 9 a.m. to 12:30 p.m.: Water Wise Gardening Workshop (The Basics)
- May 1, 9 a.m. to 12:30 p.m.: Water Wise

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Gardening Workshop (Irrigation, Soil and Fertilizers)

- May 22, 9 a.m. to 12:30 p.m.: Water Wise Gardening Workshop (Plants and Planting)
- June 12, 9 a.m. to 12:30 p.m.: Water Wise Gardening Workshop (Preparation and Design)
- June 26, 9 a.m. to 12:30 p.m. Water Wise Gardening Workshop (Maintenance, Pruning and Integrated Pest Management)
- July 17, 9-11 a.m.: Backyard Composting Workshop

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# Water agencies meet, discuss self-sufficiency

Liset Marquez, Staff Writer

Created: 02/08/2010 10:31:50 PM PST  
ONTARIO - With dwindling water supplies, agencies throughout California are grappling with how to survive under the current drought conditions.

Regional water experts convened Monday to discuss options to be more self-sufficient, such as groundwater, recycling and conservation.

"I don't know if there is one solution to self-sufficiency. There is no silver bullet, but you and your water agencies will have to figure out yourself," Chino Basin Watermaster CEO Ken Manning said to the others in attendance.

An issue of concern to many water agencies was "fixing the Delta" or paying for infrastructure investments needed in the Sacramento-San Joaquin Delta. A judge has halted much of the water pumping there to protect the tiny delta smelt fish.

A \$11.1 billion bond has been created to overhaul the state's water system and will be on the ballot in November.

"The whole idea on the bond and selling an \$11 billion bond in this environment is not going to be easy," Manning said.

If passed by voters, the Safe, Clean and Reliable Drinking Water Supply Act of 2010 would pay for new dams, groundwater cleanup, conservation and habitat restoration. A significant component of the bond is dedicating \$2.25 billion in funding to Delta sustainability.

The court order has already affected many water agencies, which have had their rates increased by their major supplier, said Chris Frahm, a San Diego-based attorney who lobbies for the California Groundwater Coalition, which represents groundwater managers from agencies across the state.

In some cases, farmers could no longer afford to water their crops and orchards, Frahm said. This has resulted in lost jobs, she said.

The bond has received support from several state water agencies but has been opposed by other groups, including the Planning and Conservation League, Frahm said.

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The bond, because of its environmental impacts and the current economy, will be hotly contested, Frahm said.

If it does not pass, Frahm said she believes the bond will not go away.

The water conference was organized by the Association of Ground Water Agencies and the American Ground Water Trust.

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# Water district seeks hikes

## Rising costs from MWD cited in proposal by Walnut Valley

By Jonathan Riggs Correspondent

The nearly 100,000 customers of the Walnut Valley Water District will likely pay higher rates for their water after March 1, officials said.

The increase is intended to offset rising supplier costs, pending final approval of a price-restructuring proposal to be discussed at a public hearing this month.

The district encompasses an area of about 29 square miles with over 26,000 service connections serving nearly 100,000 multi-use customers in six communities, including all of Diamond Bar and a portion of Pomona.

nia. Because of dry conditions and reduced supplies, the MWD has raised rates 37 percent since January. Officials project an additional increase of 20 percent in January 2011.

"We're responding to their increases — 98 percent of this is based on their costs while 2 percent are internal costs," Holmes said. "If we only had to base the rate on the internal costs, we wouldn't have the increase."

Since the last time the Walnut Valley district raised rates, July 2005, it has absorbed a 58 percent increase in wholesale water costs from the MWD and the Three Valleys Municipal Water District.

Despite saving an estimated \$750,000 by capping departmental budgets and reducing full-time

employees, officials project an almost \$5 million deficit for the 2009-10 fiscal year.

"People are very concerned how that the cost of things are going up. We are very sympathetic to the issues our customers raised and are doing everything we can," Holmes said. "We have an affordable rate plan for people who meet the requirements to get a reduction."

A public hearing to consider the proposed rate increases will be held at 6 p.m. Feb. 18 at the South Coast Air Quality Management District main auditorium, 21865 Copley Drive, Diamond Bar.

Protests must be submitted in writing to the board secretary and received before the close of the meeting, but all will be considered by the

board of directors, an opportunity some citizens are already anticipating.

Officials stressed that the proposed rate hike is only being done out of necessity.

"We have attempted to hold this off for as long as we can," Holmes said. "These are our customers; they're the reason we exist. We are here to serve them in a positive way with a safe, reliable supply of water."

Customers have already received e-mailing detailing how their bill will be affected but can visit [www.wvd.com](http://www.wvd.com) for conservation tips, contact information and a table of current, proposed and projected average residential water rates. For more information or to request an additional copy of e-mailing, call 909-348-8219 from 8 a.m. to 4 p.m. Monday through Friday.

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